SSTS A/S

Annual Report
for the year 2019

The Annual General Meeting adopted the annual report on 10.09.2020

Chairman of the General Meeting

Henrik Kaltoft

SSTS A/S
Nytorv 5
1450 Copenhagen K
Denmark

Reg. no. 30 27 85 93

Content

Statement by the Board of Directors and Management 3

Independent Auditor's Report 4

Management' review 6

Profit & Loss Account 10

Balance Sheet 11

Statement of changes in Equity 13

Cash Flow Statement 14

Notes to the Accounts 15

Notes to the Accounts - Accounting Policies 19

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 for the financial year 2019.

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

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at December 31, 2019 and of the results of the Group's and the Company's operations and cash flows for the financial year 2019.

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

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

Copenhagen, September 10 2020

Board of Directors:

Arnar Thorisson
Chairman

Tapio Kiiskinen

Claus Hincheli Hejlesen

Sigurdur Kiernan

Managing director:

Claus Hincheli Hejlesen

Independent Auditor's Report

To the shareholders of SSTS A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of SSTS A/S for the financial year 1 January – 31 December 2019 comprising income statement, balance sheet, statement of changes in equity, cash flow statement for the group, accounting policies and notes for the Group as well as for the parent company. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2019 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to Going Concern

We draw attention to note 13 in the financial statements, which described that COVID-19 is expected to have a material negative effect on the KILROY Group’s earnings and liquidity in 2020. As stated in note 13, there exists uncertainty related to what extent the group's earnings and cash flow will be impacted by COVID-19 in the coming years and whether additional external financing needed to continue as a going concern will be obtained , which may cast doubt on the group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists.
Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of financial statement users made on the basis of these consolidated financial statements and parent company financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

— identify and assess the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of

not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

— obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

— evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

— conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a 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 Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, September 10 2020

KPMG
Statsautoriseret Revisionspartnerselskab
CVR-no. 25 57 81 98

Anja Bjørnholt Lüthcke
State Authorised Public Accountant
mne26779

Management's review

Company information

SSTS A/S
Nytorv 5
1450 Copenhagen K

Phone:	33 48 07 00
Web:	www.kilroy.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)
Tapio Kiiskinen
Claus Hincheli Hejlesen
Sigurdur Kiernan

Managing Director:

Claus Hincheli Hejlesen

Auditors:

KPMG
Statsautoriseret Revisionspartnerskab
Dampfærgevej 28
2100 Copenhagen

Annual General Meeting:

The annual general meeting will take place on September 10 2020 at the company address.

Keyfigures

		2019	2018	2017	2016	2015
Profit & Loss Accounts (mDKK)						
Turnover		1.696	1.620	1.660	1.622	1.580
EBITDA		32	24	40	52	52
Ordinary operating profit (EBIT)		12	6	27	41	42
Net financial income		3	-1	17	25	8
Profit before income tax (EBT)		16	6	44	66	50
Net profit for the year		7	1	35	55	37
Balance Sheet (mDKK)						
Cash and bonds		218	203	200	215	241
Current assets		383	388	386	348	319
Total assets		430	445	433	392	364
Capital expenditure		10	38	16	13	13
Equity		93	99	125	119	91
Current liabilities		331	340	305	270	271
Cash flow from operating activities		31	44	37	25	54
Key Figures						
EBITDA - Margin (%)	EBITDA / Turnover	1,9	1,5	2,4	3,2	3,3
EBIT - Margin (%)	EBIT / turnover	0,7	0,4	1,6	2,5	2,6
Return on assets (%)	EBIT / total assets	2,9	1,4	6,3	10,4	11,4
Return on equity (%)	Net profit / average equity	7,8	0,9	28,8	51,9	43,0
Liquidity ratio (%)	Current assets / current liabilities	115,8	114,0	126,7	129,3	117,8
Equity ratio (%)	Equity / total assets	21,7	22,2	28,8	30,4	25,0
Earnings per share (DKK)	Net profit / number of shares	46,7	6,7	233,3	366,7	246,7
Cash flow per share (DKK)	Cash flow from operating activities / number of shares	206,7	293,3	246,7	166,7	360,0
Proposed Dividend (DKK million)		0,0	37,4	35,0	35,0	20,0
Average number of full-time employees (FTE)		413	415	383	369	348

Management's review

Main activities
SSTS' only activity is share holding of the KILROY Group. Extended information about the financial year 2019 can be found in the annual report for the KILROY Group on kilroy.net/about.

Development in activities, finances, and other events during the year
The Group closed 2019 with a profit before tax (EBT) of DKK 16 million, which equals a return on equity of 9%, compared with 2% in 2018. Thus, the financial result of the Group did not meet all targets set for 2019, as sales were slightly below expectations. The profitability was in the large range, but is still lower than our long-term aspirations.

Net sales for the Group totals to kDKK 1.696 (2018: kDKK 1.620). Profit after tax and minority interest amounts to tDKK 7.455 (2018: tDKK 952).

Equity after minority interests is per December 31, 2019 calculated at kDKK 91.462 (2018: kDKK 97.804) and total assets are kDKK 429.574 (2018: kDKK 445.309).

Uncertainty relating to recognition and measurement
There have not been any uncertainty regarding recognition and measurement in the annual report.

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

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

The financial risk of doing business in multiple countries and currencies is reduced through cautious execution by the KILROY Group’s cash management function, which has established policies to ensure that currency exposure is mitigated to the extent possible.
KILROY Group only hedges commercial exposures. The primary financial instruments include currency forward contracts.

Dividend
Due to COVID-19 no dividend is proposed for the financial year 2019.

Organization
The average number of employees (full-time equivalents) was 413 (2018: 415). There will continuously be invested in significant resources in training and upgrading of the Group's operating companies.

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

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

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

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

Due to other priorities, all focus areas of 2019 did not get the attention that was originally intended. Thus, certain focus areas of 2020 will remain as those for the previous year.

As planned, climate impact held our attention during 2019. Our aim to offer our customers a credible solution for carbon offsetting turned out to be a bit more complicated than we expected. An issue for many of these programs has been the ack of audit of the involved projects. The KILROY Group has, in consultation with independent advisors, entered a partnership with myclimate.org for the carbon offsetting program.

Further information about CSR strategies and policies can be found on kilroy.net/about-us/policies.

Events after the balance sheet date and outlook for 2020

Except for the COVID-19 virus and any other external events beyond the Group's control, the expectation for 2020 is that the KILROY Group will deliver a turnover in the range of DKK 300 - 400 million and a negative EBITDA in the range of DKK 100-130 million. These figures are substantially lower than budgeted due to the impact from the COVID-19 virus. At the time of the approval of the 2019 accounts, the markets in which the Group operates are still facing widespread travel restrictions. Until these bans are lifted, it will be difficult to assess the final impact on the 2020 result.

For further assessment of the risks related to COVID 19 we refer to note 13.

No other material events than the COVID 19 virus have occurred since the balance sheet date that would affect the assessment of the Annual Report for 2019.

Profit & Loss Account 1 January to 31 December 2019

	Notes	Group 2019 (tDKK)	Group 2018 (tDKK)	Parent 2019 (tDKK)	Parent 2018 (tDKK)
Operating income:					
Turnover	1	1.696.158	1.620.099	0	0
Cost of products		-1.397.773	-1.332.047	0	0
Gross profit		298.385	288.052	0	0
Operating expenses:					
Salaries and other personnel expenses	2	-176.887	-182.692	0	0
Other operating expenses	3	-89.457	-81.625	-10	-9
		-266.344	-264.317	-10	-9
Operating profit before depreciation and amortisation (EBITDA)		32.041	23.735	-10	-9
Depreciations and amortizations	4	-19.602	-17.333	0	0
Operating profit before net financial income (EBIT)		12.439	6.402	-10	-9
Dividend from subsidiaries		-	-	0	33.000
Financial income, net	5	3.447	-597	-300	-80
Net financial income		3.447	-597	-300	32.920
Profit before income tax (EBT)"		15.886	5.805	-310	32.911
Tax	6	-8.431	-4.853	68	19
Profit for the year		7.455	952	-242	32.930
Gain/loss attributable to minority interest		1.169	867	0	0
Result attributable to SSTS A/S	7	8.624	1.819	-242	32.930

Balance Sheet as at 31 December 2019

	Notes	Group 2019 (tDKK)	Group 2018 (tDKK)	Parent 2019 (tDKK)	Parent 2018 (tDKK)
Assets:					
Software		24.614	27.817	0	0
Goodwill		15.203	20.132	0	0
Total intangible fixed assets	4	39.817	47.949	0	0
Land and buildings		544	604	0	0
Leasehold improvements		2.814	4.154	0	0
IT hardware and other equipments		2.658	3.935	0	0
Total property, plant and equipment	4	6.016	8.693	0	0
Shares in subsidiaries	8, 13	0	0	37.400	37.400
Shares in associated companies	8	621	605	0	0
Total financial fixed assets		621	605	37.400	37.400
Total non-current assets		46.454	57.247	37.400	37.400
Inventories		1.522	1.880	0	0
Trade receivables		87.979	80.295	0	0
Amounts due from affiliated companies		0	0	0	0
Tax receivables		0	2.535	77	19
Other receivables		7.758	10.648	0	0
Prepaid expenses and accrued income	9	39.716	58.398	0	0
Intra group loans		27.966	31.767	0	0
Bonds and securities		91.750	88.535	0	0
Cash and cash equivalents		126.429	114.004	536	539
Total current assets		383.120	388.062	613	558
Total assets		429.574	445.309	38.013	37.958

Balance Sheet as at 31 December 2019

	Notes	Group 2019 (tDKK)	Group 2018 (tDKK)	Parent 2019 (tDKK)	Parent 2018 (tDKK)
Equity:					
Share capital		15.000	15.000	15.000	15.000
Reserve for own shares		0	0	0	0
Proposed dividend		0	10.000	0	10.000
Retained earnings		78.306	73.801	12.707	12.949
		93.306	98.801	27.707	37.949
Minority interests		-1.844	-997	-	-
Total equity		91.462	97.804	27.707	37.949
Provisions:					
Other provisions		1.891	1.891	0	0
Deferred tax	6	2.490	3.468	0	0
Total provisions		4.381	5.359	0	0
Long-term liabilities:					
Long-term debt	10	2.818	1.873	0	0
Total long-term liabilities		2.818	1.873	0	0
Current liabilities:					
Short-term of long-term debt	10	374	373	0	0
Trade creditors		212.869	214.703	0	0
Loans from group entities		0	0	10.297	0
Other payables		29.421	27.636	0	0
Tax payables		1.585	0	0	0
Accrued liabilities	11	86.664	97.561	9	9
Total current liabilities		330.913	340.273	10.306	9
Total liabilities		333.731	342.146	10.306	9
Total equity and liabilities		429.574	445.309	38.013	37.958

Contingent assets, liabilities and collaterals	12
Uncertainty in relation to going concern	13
Subsidiaries	14
Related parties	15
Accounting policies	16

Statement of changes in Equity

	Group		Parent	
	2019 (tDKK)	2018 (tDKK)	2019 (tDKK)	2018 (tDKK)
Share capital at the beginning of the year	15.000	15.000	15.000	15.000
Capital adjustments	0	0	0	0
Share capital at the end of the year	15.000	15.000	15.000	15.000
Reserve for own shares beginning of the year	0	-1.038	0	-1.038
Additions	0	0	0	0
Disposals	0	1.038	0	1.038
Reserve for own shares at the of the year	0	0	0	0
Retained earnings at the beginning of the year	69.801	110.651	-1.038	18.457
Correction to preivous years	0	-4.000	0	0
Extraordinary dividend paid during the year	69.801	106.651	-1.038	18.457
Retained earnings at the beginning of the year	69.801	106.651	12.949	18.457
Exchange rate and other adjustments	-119	-1.269	0	-1.038
Extraordinary dividend paid during the year	0	-27.400	0	-27.400
Proposed dividend	0	-10.000	0	-10.000
Net result of the year	8.624	1.819	-242	32.930
Retained earnings at the end of the year	78.306	69.801	12.707	12.949
Proposed dividend beginning of the year	10.000	0	10.000	0
Proposed dividend	0	10.000	0	10.000
Paid dividend	-10.000	0	-10.000	0
Proposed dividend at the of the year	0	10.000	0	10.000
Total equity	93.306	94.801	27.707	37.949
Minority shareholders' share of equity beginning of the year	-997	0		
Additions/Disposals	-847	-997		
Dividend paid	0	0		
Minority shareholders' share of equity end of the year	-1.844	-997		
Total Group shareholders' equity	91.462	93.804		

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	
	2019	2018
Cash flows from operating activities:	(tDKK)	(tDKK)
Profit for the year - before net finance income	12.439	6.402
Adjustment for:		
Depreciations and amortizations	19.602	17.333
Exchange rates and other adjustments	-97	-243
Working capital	31.944	23.492
Change in inventories	358	-442
Change in receivables	9.898	-9.656
Change in other provisions	0	0
Change in trade creditors	-1.833	14.963
Change in other liabilities	-6.838	22.319
Cash flow from operating activities before financial items	33.529	50.676
Net interest income	3.063	1.196
Paid taxes	-5.448	-7.732
	31.144	44.140
Cash flow from investing activities:		
Purchase/sale of shares	0	-4.447
Purchase/sale of bond	-3.215	808
Purchase of plant, operating equipment etc.	-10.279	-16.444
Cash flow from investing activities	-13.494	-20.083
Cash flow from financial activities:		
Loans to subsidiaries	3.801	4.753
Bankdebt	945	1.873
Dividends paid/received	-9.971	-27.400
Cash flow from financial activities	-5.225	-20.774
Net cash flow from operating, investing and financing activities	12.425	3.283
Cash and cash equivalents at the beginning of the year	114.004	110.721
Cash and cash equivalents at the end of the year	126.429	114.004

Notes

1. Turnover

	Group		Parent	
	2019	2018	2019	2018
Turnover by geographical markets	(tDKK)	(tDKK)	(tDKK)	(tDKK)
Belgium	48.570	39.315	0	0
Denmark	888.840	820.078	0	0
Finland	133.330	131.208	0	0
Iceland	40.920	34.079	0	0
Netherlands	210.565	207.854	0	0
Norway	235.181	223.546	0	0
Poland	8.407	13.267	0	0
Sweden	130.345	150.752	0	0
Total turnover	1.696.158	1.620.099	0	0

2. Salaries and other personnel expenses

	Group		Parent	
	2019	2018	2019	2018
	(tDKK)	(tDKK)	(tDKK)	(tDKK)
Salaries and wages	159.068	155.732	0	0
Hereof remuneration to parent's management and board of directors tDKK 1.693 (2018: tDKK 1.841)				
Pensions	6.817	10.185	0	0
Other social security costs	0	6.693	0	0
Total salaries and related expenses	165.885	172.610	0	0
Other personnel costs	11.002	10.082	0	0
Total salaries and other personnel expenses	176.887	182.692	0	0
Average number of employees (full year equivalents)	413	415	0	0

3. Fees to auditors appointed at the general meeting

	Group		Parent	
	2019	2018	2019	2018
	(tDKK)	(tDKK)	(tDKK)	(tDKK)
Statutory	1.001	949	6	8
Tax assistance	72	72	0	0
Other fees	244	342	0	0
	1.317	1.363	6	8

4. 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 2019	67.872	1.297	11.115	12.906	82.085	175.275
Exchange rate adjustments	25	0	-2	-7	-7	9
Additions in year	0	0	399	598	9.282	10.279
Disposals in year	-1.433	0	-42	0	0	-1.475
Cost at the end of 2018	66.464	1.297	11.470	13.497	91.360	184.088
Depreciations and amortizations at the beginning of 2019	-47.740	-693	-6.961	-8.971	-54.268	-118.633
Exchange rate adjustments	-29	3	-1	9	-2	-20
Depreciations and amortizations in year	-3.492	-63	-1.694	-1.877	-12.476	-19.602
Depreciations and amortizations at the end of 2019	-51.261	-753	-8.656	-10.839	-66.746	-138.255
Carrying amount at the end of 2019	15.203	544	2.814	2.658	24.614	45.833
Carrying amount at the end of 2018	20.132	604	4.154	3.935	27.817	56.642

5. Financial income, net

	Group		Parent	
	2019	2018	2019	2018
	(tDKK)	(tDKK)	(tDKK)	(tDKK)
Financial income	3.447	-597	0	0
Financial expenses	0	0	-300	-80
Financial income, net	3.447	-597	-300	-80

Of the parent company´s financial expenses, tDKK 297 is interest to subsidiaries (2018: tDKK 76).

Notes, continued:

6. Tax

	Group		Parent	
	2019 (tDKK)	2018 (tDKK)	2019 (tDKK)	2018 (tDKK)
Current tax charge	9.428	5.790	-68	-19
Adjustments to previous year´s tax charge	-252	-824	0	0
Change in deferred tax and other changes	-745	-113	0	0
	8.431	4.853	-68	-19
Deferred tax at the beginning of the year	3.468	3.696	0	0
Exchange rate and other adjustments	-235	-182	0	0
Change in deferred tax, net	-743	-46	0	0
Deferred tax at the end of the year	2.490	3.468	0	0
Paid corporate taxes	5.374	7.658	-74	-74

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.

7. Proposed appropriation of net result

	Group		Parent	
	2019 (tDKK)	2018 (tDKK)	2019 (tDKK)	2018 (tDKK)
Extraordinary diividend paid during the year	0	27.400	0	27.400
Proposed dividend	0	10.000	0	10.000
Transfer from retained earnings	8.624	-35.581	-242	-4.470
	8.624	1.819	-242	32.930

8. Shares in associated companies and subsidiaries

	Group		Parent	
	2019 (tDKK)	2018 (tDKK)	2019 (tDKK)	2018 (tDKK)
Cost at the beginning of the year	605	2.478	37.400	37.400
Exchange rates adjustments	16	0	0	0
Disposals of shares	0	-1.873	0	0
Cost at the end of the year	621	605	37.400	37.400

9. Prepaid expenses and accrued income

Deferred expenses and earned, but not paid incentives.

10. Long-term debt

	Group		Parent	
	2019 (tDKK)	2018 (tDKK)	2019 (tDKK)	2018 (tDKK)
Bank loan	903	1.275	0	0
Capital loan	2.289	971	0	0
	3.192	2.246	0	0
Bank loan, short-term of long-term debt	-374	-373	0	0
	2.818	1.873	0	0

11. Advance payments

Primarily prepayments from travel ordered for 2020.

12. Contingent assets, liabilities and secured debt

	Group		Parent	
	2019 (tDKK)	2018 (tDKK)	2019 (tDKK)	2018 (tDKK)
Rent, lease and other contractual obligations within one year	14.062	18.008	0	0
Rent and lease obligations between one and five years	31.578	35.920	0	0
Rent and lease obligations over five years	5.179	9.474	0	0
	50.819	63.402	0	0
The KILROY Group has issued guarantees/letters of credit, which are secured by an equal cash pledge of deposits	58.752	57.546	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 321 thousand as at 31 December 2019 (2018: negative fair value of DKK 79 thousand). All forward contracts expire in the financial year 2020.

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

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

13. Uncertainty in relation to going concern

As per end of August 2020 it is beyond doubt that the COVID-19 pandemic will have a material negative effect on the KILROY Group's earnings and liquidity in 2020.

The rapid spread of the COVID-19 virus in early 2020 continued much longer than most people expected and the virus still prompts more or less worldwide travel restrictions. This has unleashed an unprecedented number of cancellations and reimbursements to the Group's customers, and effectively halted all sales of new travel products for an undetermined period.

In the Spring most international travel bans had been set to apply until around mid-April. Months later travel bans remain in most countries and it remains unclear how and when countries will open up their borders. However, management expects that most travel bans will continue until the end of 2020 and then only gradually open with many restrictions and limitations.

In the markets where the Group operates, various forms of financial support and relief packages have been made available from the governments. This includes state guarantees for reimbursement of costs related to cancelled travel arrangements and the KILROY Group has been making use of all relevant and available financial aid.

Many efforts and resources are globally allocated towards developing a vaccine against COVID-19 and as per end of August 2020, quite a few states and global pharmaceutical companies signal that a vaccine is upcoming. Still, no exact date has been promised by any. It is also unknown how and when an efficient vaccine would be made available for everyone. Those uncertainties makes it impossible to predict when people's daily life and eagerness for travel will normalize.

Based on experience from other major events such as terror and natural disasters, it is management's expectation that, after the crisis has passed, most of the Group's customer segments will quickly return to buy new travel arrangements. The younger customers, especially, have shown resilience.

With the above taken into consideration a revised sales estimate for 2020 has been prepared together with a detailed liquidity overview until end of 2020 and a high-level liquidity overview until end of 2022.

The liquidity budget as of mid September 2020 show that based on the received support from relief packages including the financing already provided from the Danish Travel Foundation (RGF-DK) the KILROY Group is able to continue operations until March 2021. In order to continue as a going concern beyond March 2021 KILROY GROUP is in the process of negotiating additional external financing. It is management assessment that the financing will be granted to the Group by the end of September 2020 and based hereon management has assessed that the KILROY Group is a going concern. However there is uncertainty related to what extent the group's earnings and cash flow will be impacted by COVID-19 in the coming years and whether additional external financing needed to continue as a going concern will be obtained , which may cast doubt on the group's ability to continue as a going concern.

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	17.839	9.324	99.796	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 2019.

Related party transactions

	Group		Parent	
	2019 (tDKK)	2018 (tDKK)	2019 (tDKK)	2018 (tDKK)
Sales of services to a subsidiary	0	0	0	0
Purchase of services from a subsidiary	0	0	-297	-76
	0	0	-297	-76

Remuneration to the Management and Board of Directors is disclosed in note 2.
Intercompany balances with subsidiary are disclosed in the balance sheet, and expensed interest is disclosed in note 5.

Notes, continued:

16. Accounting Policies

General

The Annual Report for 2019 for SSTS A/S is presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class large-C companies.

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

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

Correction to previous years

In connection with the preparation of the financial statements for 2019, Management has discovered that the financial statements for 2017 and 2018 included an error regarding recognition of the divestments of shares in Ski Group A/S. The transaction was recognised in 2017 and 2018 as best estimate on the basis of the expected figures, based on budget and received unaudited figures. However the determining years figures turned out surprisingly lower than previous years and budget. The reason most likely being related to errors in the earlier received information. Due to the materiality, Management has treated the error in accordance with the provisions in section 52(2) of the Danish Financial Statements Act regarding correction of errors in previous years, and thus the comparative figures and equity 1 January 2019 have been restated in the financial statements for 2019. The restatement has entailed a reduction of DKK 4 million in equity at 31 December 2018. Total assets have been reduced by DKK 4 million.

Consolidated Accounts

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

The consolidated accounts are prepared by adding items of a similar nature in the accounts of SSTS A/S and it's subsidiaries.

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

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

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

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

Business combinations

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

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

Notes, continued:

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

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

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

Profit and Loss Account

Turnover

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

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

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

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

Cost of products

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

Sales and administrative costs

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

Salaries and other personnel expenses

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

Result from shares in subsidiaries

Net profits or losses in subsidiaries contains only of received dividend by the cost method.

Financial income and expenses

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

Tax

SSTS A/S is jointly taxed with Danish subsidiaries, 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.

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

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

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

Deferred tax is provided under the liability method, and covers all temporary differences between accounting and tax values of the assets and liabilities.

Deferred tax is, furthermore, provided for re-taxation of tax-deductible losses realised in non-Danish associated companies, if the re-taxation is expected to be realised by the associated companies' departure from the Danish joint taxation scheme.

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

Notes, continued:

Balance Sheet

Intangible assets

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

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

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

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

Property, plant and equipment

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

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

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

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

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

Shares in associated companies

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

Other financial assets

Other financial assets are recognised at amortised cost.

Inventories

Goods for resale are measured at cost price.

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

Receivables

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

Prepaid expenses

Prepaid expenses are measured at cost.

Intra group loans

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

Bonds and securities

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

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 seperate item under equity.

Provisions

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

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

Notes, continued:

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

Rent and leasing
The Group have entered into operational rental agreements for offices and equipment for multi-year periods.

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

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

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

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

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

Changes in the fair value of derivative financial instruments designated as or qualifying for recognition as a hedge of future transactions are recognised as other receivables or other payables and in equity until the realisation of the hedged transactions. If the future transaction results in the recognition of assets or liabilities, amounts that were previously recognised in equity are transferred to the cost of the assets or liabilities. If the future transaction results in income or costs, amounts that were previously recognised in equity are transferred to the income statement for the period when the hedged item affects the income statement.

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

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

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

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

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

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

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

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

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