



Tel.: +45 96 79 19 00
skagen@bdo.dk
www.bdo.dk

BDO Statsautoriseret revisionsaktieselskab
Spliidsvej 25 A, Box 170
DK-9990 Skagen
CVR no. 20 22 26 70

RUTHS HOTEL A/S
HANS RUTHS VEJ 1, 9990 SKAGEN
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2017
30th FINANCIAL YEAR

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 22 May 2018**

Jens Kofoed Stadum

CONTENTS

	Page
Company Details	
Company Details.....	3
Statement and Report	
Statement by Board of Directors and Board of Executives.....	4
Independent Auditor's Report.....	5-6
Management's Review	
Financial Highlights.....	7
Management's Review	8
Financial Statements 1 January - 31 December	
Income Statement.....	9
Balance Sheet.....	10
Cash Flow Statement.....	11
Notes.....	12-13
Accounting Policies.....	14-16

COMPANY DETAILS

Company	Ruths Hotel A/S Hans Ruths Vej 1 9990 Skagen CVR No.: 11 81 09 85 Established: 1 January 1988 Registered Office: Frederikshavn Kommune Financial Year: 1 January - 31 December
Board of Directors	Jens Kofoed Stadum, Chairman Jonathon Bond Mark Philip Sørensen Anne-Marie Krog Dorte Krak
Board of Executives	Peter Christian Jensen
Auditor	BDO Statsautoriseret revisionsaktieselskab Spliidsvej 25 A, Box 170 9990 Skagen
Bank	Spar Nord Bank A/S Sct. Laurentii Vej 36 9990 Skagen Sparekassen Vendsyssel Sct. Laurentii Vej 33 9990 Skagen
Law Firm	HjulmandKaptain Frederikshavnsvej 215 9800 Hjørring

STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of Ruths Hotel A/S for the financial year 1 January - 31 December 2017.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the Company's financial position at 31 December 2017 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2017.

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the Review.

We recommend the Annual Report be approved at the Annual General Meeting.

Skagen, 22 May 2018

Board of Executives

Peter Christian Jensen

Board of Directors

Jens Kofoed Stadum
Chairman

Jonathon Bond

Mark Philip Sørensen

Anne-Marie Krog

Dorte Krak

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Ruths Hotel A/S

Opinion

We have audited the Financial Statements of Ruths Hotel A/S for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, cash flows, notes and a summary of significant 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 assets, liabilities and financial position of the Company at 31 December 2017 and of the results of the Company operations and cash flows for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the 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 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 as 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 Responsibility for the Financial Statements

Our objectives are to obtain reasonable assurance about 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 applicable in Denmark will always detect a material misstatement when it exists. Misstatements can 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 users taken 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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.

INDEPENDENT AUDITOR'S REPORT

- 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 Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

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

Skagen, 22 May 2018

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Allan Andersen
State Authorised Public Accountant
MNE no. 31387

FINANCIAL HIGHLIGHTS

	2017 DKK '000	2016 DKK '000	2015 DKK '000	2014 DKK '000	2013 DKK '000
Income statement					
Gross profit/loss.....	23.697	22.903	20.069	19.237	18.185
Operating profit/loss before depreciation/EBITDA.....	4.496	4.496	2.930	2.263	2.046
Operating profit/loss.....	2.034	1.934	844	501	414
Financial income and expenses, net.....	-10	32	63	92	95
Profit/loss for the year before tax.....	2.024	1.966	906	593	513
Profit/loss for the year.....	2.024	1.966	906	593	513
Balance sheet					
Balance sheet total.....	124.415	122.997	99.431	98.760	96.941
Equity.....	117.641	115.868	93.650	92.743	92.150
Cash flows					
Cash flows from operating activities.....	4.891	6.613	1.829	2.943	3.529
Cash flows from investment-related activities.....	-2.559	-1.815	-2.541	-2.099	-1.934
Cash flows from financing activities.....	-250	0	0	0	0
Total cash flows.....	2.082	4.798	-712	844	1.595
Investment in tangible fixed assets.....	-2.585	-1.877	-2.541	-2.099	-2.060
Ratios					
Rate of return.....	2,0	2,1	1,0	0,6	0,5
Solvency ratio.....	94,6	94,2	94,2	93,9	95,1
Return on equity.....	1,7	1,9	1,0	0,6	0,6

The ratios stated in the list of key figures and ratios have been calculated as follows:

Rate of return:	$\frac{\text{Profit/loss on ordinary activities} \times 100}{\text{Average invested capital}}$
Invested capital:	Intangible fixed assets (ex goodwill) + tangible assets + inventories + receivables + other working current assets - trade payables - other provisions - other long and short term working liabilities
Solvency ratio:	$\frac{\text{Equity ex. minorities, at year end} \times 100}{\text{Total equity and liabilities, at year end}}$
Return on equity:	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

The ratios follow in all material respects the recommendations of the Danish Finance Society.

MANAGEMENT'S REVIEW

Principal activities

The principal activities comprise hotel operations and food service, administration of real estate as well as other business related hereto in the opinion of the Board of Directors.

Development in activities and financial position

The results and financial development of the company were better than foreseen.

The company achieved a profit of DKK ('000) 2,024 in 2017 against DKK ('000) 1,966 in 2016. The results of the company for 2017 are considered satisfactory.

Significant events after the end of the financial year

No events have occurred after the end of the financial year of material importance for the company's financial position.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2017 DKK	2016 DKK
GROSS PROFIT		23.696.784	22.902.832
Staff costs.....	1	-18.970.588	-18.406.375
Depreciation, amortisation and impairment.....		-2.692.219	-2.561.965
OPERATING PROFIT		2.033.977	1.934.492
Other financial income.....		5.089	35.280
Other financial expenses.....		-15.506	-3.295
PROFIT BEFORE TAX		2.023.560	1.966.477
Tax on profit/loss for the year.....		0	0
PROFIT FOR THE YEAR		2.023.560	1.966.477
PROPOSED DISTRIBUTION OF PROFIT			
Proposed dividend for the year.....		500.000	250.000
Retained earnings.....		1.523.560	1.716.477
TOTAL		2.023.560	1.966.477

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2017 DKK	2016 DKK
Land and buildings.....		100.963.091	101.064.936
Other plant, tools and equipment.....		3.621.045	3.626.208
Tangible fixed assets.....	2	104.584.136	104.691.144
Equity investments in associated enterprises.....		20.000	0
Fixed asset investments.....	3	20.000	0
FIXED ASSETS.....		104.604.136	104.691.144
Raw materials and consumables.....		1.076.590	943.004
Finished goods and goods for resale.....		85.366	36.932
Inventories.....		1.161.956	979.936
Trade receivables.....		1.518.005	1.752.274
Other receivables.....		738.342	1.269.656
Prepayments and accrued income.....		2.763	6.867
Receivables.....		2.259.110	3.028.797
Other securities and equity investments.....		20.000	0
Current investments.....		20.000	0
Cash and cash equivalents.....		16.369.341	14.297.451
CURRENT ASSETS.....		19.810.407	18.306.184
ASSETS.....		124.414.543	122.997.328
EQUITY AND LIABILITIES			
Share capital.....		16.600.000	16.600.000
Retained earnings.....		100.541.100	99.017.540
Proposed dividend.....		500.000	250.000
EQUITY.....	4	117.641.100	115.867.540
Bank debt.....		36.430	47.276
Prepayments received from customers.....		91.650	300.028
Trade payables.....		380.995	362.463
Payables to owners and management.....		22.696	40.272
Other liabilities.....		3.003.861	3.183.717
Accruals and deferred income.....		3.237.811	3.196.032
Current liabilities.....		6.773.443	7.129.788
LIABILITIES.....		6.773.443	7.129.788
EQUITY AND LIABILITIES.....		124.414.543	122.997.328
Contingencies etc.	5		
Charges and securities	6		

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	2017 DKK	2016 DKK
Profit/loss for the year.....	2.023.560	1.966.477
Reversed depreciation of the year.....	2.692.219	2.561.965
Reversed realisation profits/loss.....	-66.600	-37.758
Change in inventory.....	-182.020	-71.197
Change in receivables.....	769.688	998.401
Change in current liabilities (ex bank and tax).....	-345.499	1.194.998
CASH FLOWS FROM OPERATING ACTIVITY.....	4.891.348	6.612.886
Purchase of tangible fixed assets.....	-2.585.212	-1.876.998
Sale of tangible fixed assets.....	66.600	62.000
Purchase of financial assets.....	-40.000	0
CASH FLOWS FROM INVESTING ACTIVITY.....	-2.558.612	-1.814.998
Dividend paid in the financial year.....	-250.000	0
CASH FLOWS FROM FINANCING ACTIVITY.....	-250.000	0
CHANGE IN CASH AND CASH EQUIVALENTS.....	2.082.736	4.797.888
Cash and cash equivalents at 1 January.....	14.250.175	9.452.287
CASH AND CASH EQUIVALENTS AT 31 DECEMBER.....	16.332.911	14.250.175
Specification of cash and cash equivalents at 31 December:		
Cash and cash equivalents.....	16.369.341	14.297.451
Bank debt.....	-36.430	-47.276
CASH AND CASH EQUIVALENTS, NET DEBT.....	16.332.911	14.250.175

NOTES

	2017 DKK	2016 DKK	Note			
Staff costs			1			
Average number of employees 47 (2016: 47)						
Wages and salaries.....	17.189.103	16.686.404				
Pensions.....	791.596	738.430				
Social security costs.....	371.614	416.743				
Other staff costs.....	618.275	564.798				
	18.970.588	18.406.375				
 Tangible fixed assets			 2			
		Other plant, tools and equipment				
	Land and buildings					
Cost at 1 January 2017.....	131.888.059	22.399.505				
Additions.....	1.240.272	1.344.940				
Disposals.....	0	-1.798.620				
Cost at 31 December 2017.....	133.128.331	21.945.825				
Depreciation and impairment losses at 1 January 2017.....	30.823.124	18.773.297				
Reversal of depreciation of assets disposed of.....	0	-1.798.620				
Depreciation for the year.....	1.342.116	1.350.103				
Depreciation and impairment losses at 31 December 2017....	32.165.240	18.324.780				
Carrying amount at 31 December 2017.....	100.963.091	3.621.045				
 Fixed asset investments		Equity investments in associated enterprises	 3			
Additions.....		20.000				
Cost at 31 December 2017.....		20.000				
Carrying amount at 31 December 2017.....		20.000				
 Equity		Share capital	Retained earnings	Proposed dividend	Total	 4
Equity at 1 January 2017.....	16.600.000	99.017.540	250.000	115.867.540		
Dividend paid.....			-250.000	-250.000		
Proposed distribution of profit.....		1.523.560	500.000	2.023.560		
Equity at 31 December 2017.....	16.600.000	100.541.100	500.000	117.641.100		

NOTES**Note****Contingencies etc.****5****Contingent assets**

The company has at 31 December 2017 an unrecognised deferred tax asset of DKK ('000) 25,206.

Operating lease

The company has entered into an operating lease contract with an average annual lease payment of DKK ('000) 31.

The lease contract has a residual term of 16 months with a total residual lease payment of DKK ('000) 42.

Contingent liabilities

The company has no contingent liabilities.

Charges and securities

The company has issued mortgage deeds of a total amount of DKK ('000) 5,000. The amount has been provided as security for bank balances.

6

ACCOUNTING POLICIES

The annual report of Ruths Hotel A/S for 2017 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.

The annual report is prepared consistently with the accounting principles used last year.

INCOME STATEMENT

Net revenue

Net revenue from sale is recognised in the income statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Other operating income

Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible fixed assets.

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other external expenses

Other external expenses include cost of sales, advertising, administration, buildings, bad debts, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

Financial income and expenses in general

Financial income and expenses include interest income and expenses, realised and unrealised gains and losses arising from transactions in foreign currencies. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Tax on profit for the year

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

ACCOUNTING POLICIES

BALANCE SHEET

Tangible fixed assets

Land and buildings, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment. Land is not depreciated.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Buildings.....	20-50 years	40 %
Other plant, fixtures and equipment.....	5 years	0 %

Profit or loss on disposal of tangible fixed assets is stated at the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Fixed asset investments

Equity investments in associates are measured at cost. If the cost exceeds the net realisable value, this is written down to the lower value.

Impairment of fixed assets

The carrying amount of intangible and tangible fixed assets together with investments, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, the amount is written down to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, the amount is written down to the lower value.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The cost of finished goods and work in progress includes cost of raw materials, consumables, direct payroll cost and indirect production cost. Indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, cost of factory administration and management and capitalised development costs relating to the products.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by impairment losses to meet expected losses.

ACCOUNTING POLICIES

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Investments

Investments, recognised as current assets, comprise current investments that are measured at cost. If the cost exceeds the net realisable value, this is written down to the lower value.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

Debts are measured at amortised cost, substantially corresponding to nominal value.

Accruals, liabilities

Accruals recognised as liabilities include payments received regarding income in subsequent years.

CASH FLOW STATEMENT

The cash flow statement shows the company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

Cash flows from operating activities:

Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

Cash flows from investing activities:

Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

Cash flows from financing activities:

Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

Cash and cash equivalents:

Cash and cash equivalents include bank overdraft and cash in hand.