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RUTHS HOTEL A/S
HANS RUTHS VEJ 1, 9990 SKAGEN
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2020
33rd FINANCIAL YEAR

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 11 May 2021**

Anne-Marie Krog

CONTENTS

	Page
Company Details	
Company Details.....	3
Statement and Report	
Board of Directors Statement and Management's Statement.....	4
Independent Auditor's Report.....	5-6
Management Commentary	
Financial Highlights.....	7
Management Commentary.....	8
Financial Statements 1 January - 31 December	
Income Statement.....	9
Balance Sheet.....	10
Equity.....	11
Cash Flow Statement.....	12
Notes.....	13-15
Accounting Policies.....	16-18

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	Anne-Marie Krog, chairman Helle Dyhr Jensen Mark Murray Preston Mark Philip Sørensen Peter Christian Bühlmann Jensen
Executive Board	Tom Boye
Auditor	BDO Statsautoriseret revisionsaktieselskab Spliidsvej 25 A, Box 170 9990 Skagen
Bank	Sparekassen Vendsyssel Sct. Laurentii Vej 33 9990 Skagen Handelsbanken Nibevej 6 9200 Aalborg SV
Law Firm	HjulmandKaptain Frederikshavnsvej 215 9800 Hjørring

BOARD OF DIRECTORS STATEMENT AND MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Ruths Hotel A/S for the financial year 1 January - 31 December 2020.

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 assets, liabilities and financial position at 31 December 2020 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2020.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

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

Skagen, 21 April 2021

Executive Board

Tom Boye

Board of Directors

Anne-Marie Krog
Chairman

Helle Dyhr Jensen

Mark Murray Preston

Mark Philip Sørensen

Peter Christian Bühlmann Jensen

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 2020, which comprise income statement, balance sheet, statement of changes in equity, 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 2020** and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2020 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 evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's Responsibilities 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 Responsibilities for the Audit of 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 Commentary

Management is responsible for the Management Commentary.

Our opinion on the Financial Statements does not cover the Management Commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the Management Commentary and, in doing so, consider whether the Management Commentary is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management Commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management Commentary 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 Commentary.

Skagen, 21 April 2021

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Allan Andersen
State Authorised Public Accountant
MNE no. mne31387

FINANCIAL HIGHLIGHTS

	2020 DKK '000	2019 DKK '000	2018 DKK '000	2017 DKK '000	2016 DKK '000
Income statement					
Gross profit/loss.....	29,807	24,884	24,473	23,697	22,903
Operating profit/loss before depreciation and amortisation/EBITDA....	9,115	5,105	5,080	4,726	4,496
Operating profit/loss of main activities...	6,418	2,333	2,192	2,034	1,934
Financial income and expenses, net.....	-94	1	0	-10	32
Profit/loss for the year before tax.....	6,324	2,334	2,192	2,024	1,966
Profit/loss for the year.....	6,324	2,334	2,192	2,024	1,966
Balance sheet					
Total assets.....	142,088	129,163	125,991	124,415	122,997
Equity.....	127,491	121,167	119,333	117,641	115,868
Cash flows					
Cash flows from operating activities.....	7,456	5,695	4,960	4,891	6,613
Cash flows from investing activities.....	-7,956	-1,031	-7,736	-2,559	-1,815
Cash flows from financing activities.....	0	-500	-500	-250	0
Total cash flows.....	-500	4,164	-3,276	2,082	4,798
Investment in property, plant and equipment.....	-7,476,668	-1,031,158	-7,736	-2,585	-1,877
Key ratios					
Equity ratio.....	89.7	93.8	94.7	94.6	94.2

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

Equity ratio:
$$\frac{\text{Equity ex. minorities, at year end} \times 100}{\text{Total equity and liabilities, at year end}}$$

MANAGEMENT COMMENTARY

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 and economic conditions

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

The Company achieved a profit of DKK ('000) 6,324 in 2020 against DKK ('000) 2,334 in 2019. The results of the Company for 2020 are considered satisfactory.

Profit/loss for the year compared to the expected development

The results for the year are higher than budgeted for at the beginning of the year.

The year has been different according to the Covid-19 situation. The hotel and restaurant have been forced to close down for 3 period and for 3 month in total. The company have chosen to support the government's recommendation and by a firm commitment to our staff, we have kept all permanent employees in the closing down period and made use of the aid packages.

The remaining year we have experiences an extraordinary demand. However, during the summer season it was extraordinary busy due to the lack of opportunity for traveling for our guests.

For 2020 no dividends are paid out. Ruths Hotel has a long term commitment to invest in Gl. Skagen and has prioritized to invest in several refurbishment project in the lock down period to make important upgrades of the facilities of the hotel and restaurants.

Significant events after the end of the financial year

After the end of the financial year, we have seen an continuing outbreak of the Covid-19 virus.

The Company started in march with hotel services with "in room dining" and takeaway activities.

In view of the Company's liquidity and an assessment of the aid packages, it is Management's assessment that the Company will be able to get through the current situation and the management is confident that the outlook for 2021 is positive.

Except as described above, no events have happened from the balance sheet date and to this date that will change our assessment the Annual Report.

Future expectations

It is expected that the results for 2021 will not be on the level of the results in 2020.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2020 DKK	2019 DKK
GROSS PROFIT	1	29,806,748	24,883,962
Staff costs.....	2	-20,692,002	-19,778,764
Depreciation, amortisation and impairment.....		-2,696,719	-2,772,089
OPERATING PROFIT		6,418,027	2,333,109
Other financial income.....		3,240	1,622
Other financial expenses.....		-96,858	-864
PROFIT BEFORE TAX		6,324,409	2,333,867
Tax on profit/loss for the year.....		0	0
PROFIT FOR THE YEAR	3	6,324,409	2,333,867

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2020 DKK	2019 DKK
Land and buildings.....		107,352,882	104,779,435
Other plant, tools and equipment.....		5,118,347	2,911,846
Property, plant and equipment.....	4	112,471,229	107,691,281
Equity investments in associated enterprises.....		20,000	20,000
Financial non-current assets.....	5	20,000	20,000
NON-CURRENT ASSETS.....		112,491,229	107,711,281
Raw materials and consumables.....		1,713,417	1,400,008
Finished goods and goods for resale.....		154,507	111,790
Inventories.....		1,867,924	1,511,798
Trade receivables.....		2,026,610	2,303,940
Other receivables.....		8,362,333	312,767
Prepayments and accrued income.....	6	95,098	76,021
Receivables.....		10,484,041	2,692,728
Other securities and equity investments.....		500,000	20,000
Current investments.....		500,000	20,000
Cash and cash equivalents.....		16,745,103	17,227,056
CURRENT ASSETS.....		29,597,068	21,451,582
ASSETS.....		142,088,297	129,162,863
EQUITY AND LIABILITIES			
Share capital.....	7	16,600,000	16,600,000
Retained earnings.....		110,891,245	104,566,836
EQUITY.....		127,491,245	121,166,836
Bank debt.....		25,173	6,893
Prepayments and deposit.....		229,700	217,975
Trade payables.....		264,118	696,224
Payables to group enterprises.....		500,000	500,000
Other liabilities.....		9,000,018	2,971,795
Accruals and deferred income.....	8	4,578,043	3,603,140
Current liabilities.....		14,597,052	7,996,027
LIABILITIES.....		14,597,052	7,996,027
EQUITY AND LIABILITIES.....		142,088,297	129,162,863
Contingencies, etc.	9		
Charges and securities	10		

EQUITY

	Share capital	Retained earnings	Total
Equity at 1 January 2020.....	16,600,000	104,566,836	121,166,836
Proposed profit allocation, Note3.....		6,324,409	6,324,409
Equity at 31 December 2020.....	16,600,000	10,891,245	27,491,245

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	2020 DKK	2019 DKK
Profit/loss for the year.....	6,324,409	2,333,867
Depreciation and amortisation, reversed.....	2,696,719	2,772,089
Reversed realisation gains.....	-2,600	0
Change in inventories.....	-356,126	-133,393
Change in receivables (ex tax).....	-7,791,313	-620,799
Change in current liabilities (ex bank, tax, instalments payable and overdraft facility).....	6,584,446	1,343,023
CASH FLOWS FROM OPERATING ACTIVITY.....	7,455,535	5,694,787
Purchase of property, plant and equipment.....	-7,476,668	-1,031,158
Sale of property, plant and equipment.....	900	0
Other cash flows from investing activities.....	-480,000	0
CASH FLOWS FROM INVESTING ACTIVITY.....	-7,955,768	-1,031,158
Dividends paid in the financial year.....	0	-500,000
CASH FLOWS FROM FINANCING ACTIVITY.....	0	-500,000
CHANGE IN CASH AND CASH EQUIVALENTS.....	-500,233	4,163,629
Cash and cash equivalents at 1 January.....	17,220,163	13,056,534
CASH AND CASH EQUIVALENTS AT 31 DECEMBER.....	16,719,930	17,220,163
Cash and cash equivalents at 31 December comprise:		
Cash and cash equivalents.....	16,745,103	17,227,056
Bank overdraft.....	-25,173	-6,893
CASH AND CASH EQUIVALENTS, NET DEBT.....	16,719,930	17,220,163

NOTES

			Note
Special items			1
Compensation Covid-19.....	2,685,265	0	
	2,685,265	0	
Staff costs			2
Average number of employees	52	51	
Wages and salaries.....	19,046,898	17,924,300	
Pensions.....	946,570	803,919	
Social security costs.....	420,371	429,316	
Other staff costs.....	278,163	621,229	
	20,692,002	19,778,764	
Remuneration of Executive Board and Board of Directors.....	1,946,010	1,792,915	
	1,946,010	1,792,915	
Proposed profit allocation			3
Retained earnings.....	6,324,409	2,333,867	
	6,324,409	2,333,867	
Property, plant and equipment			4
	Land and buildings	Other plant, tools and equipment	
Cost at 1 January 2020.....	139,803,470	24,037,868	
Additions.....	4,042,392	3,434,276	
Disposals.....	0	-20,858	
Cost at 31 December 2020.....	143,845,862	27,451,286	
Depreciation and impairment losses at 1 January 2020.....	35,024,036	21,126,022	
Reversal of depreciation of assets disposed of.....	0	-20,858	
Depreciation for the year.....	1,468,944	1,227,775	
Depreciation and impairment losses at 31 December 2020....	36,492,980	22,332,939	
Carrying amount at 31 December 2020.....	107,352,882	5,118,347	

NOTES

				Note
Financial non-current assets				5
			Equity investments in associated enterprises	
Cost at 1 January 2020.....			20,000	
Cost at 31 December 2020.....			20,000	
Carrying amount at 31 December 2020.....			20,000	
Investments in associates (DKK)				
Name and domicil	Equity	Profit for the year	Ownership	
GastroNorth ApS, Aalborg.....	65,005	-28,059	20 %	
Prepayments and accrued income				6
Costs.....		95,098	76,021	
		95,098	76,021	
Accruals include costs related to the coming financial year.				
Share capital				7
Allocation of share capital:				
Shares, 16,600 units in the denomination of 1,000 DKK.....		16,600,000	16,600,000	
		16,600,000	16,600,000	
Accruals and deferred income				8
Accruals include income related to the coming financial year.				
Contingencies, etc.				9
Contingent assets				
The Company has at 31 December 2020 an unrecognised deferred tax asset of DKK ('000) 22,743.				
Contingent liabilities				
Operating lease				
The Company has entered into an operating lease contract with an average annual lease payment of DKK ('000) 33.				
The lease contract has a remaining period of 34 months with a total remaining lease payment of DKK ('000) 94.				

NOTES**Note****Charges and securities**

There are none charges and securities.

10

ACCOUNTING POLICIES

The Annual Report of Ruths Hotel A/S for 2020 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, medium-size enterprises.

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.

Net revenue is recognised exclusive of VAT and less duties and discounts related to the sale.

Other operating income

Other operating income includes items of a secondary nature in relation to the Group's and the Company's activities, including profit from sale of intangible and tangible fixed assets. In addition, profit from sale of intangible and tangible fixed assets as well as business interruption and conflict compensations are included. Compensations are recognised when the income is deemed to be realisable.

Cost of sales

Cost of sales comprises 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, operating lease expenses, 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.

Income from equity interests in associates

Dividend received is recognised in the Company's income statement.

Financial income and expenses

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

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.....	5-10 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 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 assessed 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 recoverable amount 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.