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RUTHS HOTEL A/S
HANS RUTHS VEJ 1, 9990 SKAGEN
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2021
34rd FINANCIAL YEAR

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 28 April 2022**

Anne-Marie Krog

CONTENTS

	Page
Company Details	
Company Details.....	3
Statement and Report	
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.....	13-14
Accounting Policies.....	15-17

COMPANY DETAILS

Company	Ruths Hotel A/S Hans Ruths Vej 1 9990 Skagen CVR No.: 11 81 09 85 Established: 1 January 1988 Municipality: Frederikshavn 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

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 2021.

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 2021 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2021.

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, 28 April 2022

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 2021, 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 2021 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 Management Commentary.

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

Based on the work we have performed, we conclude that 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, 28 April 2022

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Allan Andersen
State Authorised Public Accountant
MNE no. mne31387

FINANCIAL HIGHLIGHTS

	2021 DKK '000	2020 DKK '000	2019 DKK '000	2018 DKK '000	2017 DKK '000
Income statement					
Gross profit/loss.....	32,744	29,807	24,884	24,473	23,697
Operating profit/loss before depreciation and amortisation (EBITDA)..	8,917	9,115	5,105	5,080	4,726
Operating profit/loss of main activities...	5,870	6,418	2,333	2,192	2,034
Financial income and expenses, net.....	-138	-94	1	0	-10
Profit/loss for the year before tax.....	5,733	6,324	2,334	2,192	2,024
Profit/loss for the year.....	5,733	6,324	2,334	2,192	2,024
Balance sheet					
Total assets.....	144,653	142,088	129,163	125,991	124,415
Equity.....	133,224	127,491	121,167	119,333	117,641
Cash flows					
Cash flows from operating activities.....	12,736	7,456	5,695	4,960	4,891
Cash flows from investing activities.....	-13,161	-7,956	-1,031	-7,736	-2,559
Cash flows from financing activities.....	-1	18	-500	-500	-250
Total cash flows.....	-426	-482	4,164	-3,276	2,082
Investment in property, plant and equipment.....	-8,661	-7,477	-1,031	-7,736	-2,585
Key ratios					
Equity ratio.....	92.1	89.7	93.8	94.7	94.6

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) 5,733 in 2021 against DKK ('000) 6,324 in 2020. The results of the company for 2021 are considered satisfactory.

Profit/loss for the year compared to the expected development

As the year 2020 the year has been challenging due to the Covid-19 situation. For some period, the hotel and restaurant have been forced to close down, but in the remaining year we have experienced an extraordinary demand, especially during the summer season.

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.

Future expectations

It is expected that the results for 2022 will be at same level as 2021.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2021 DKK	2020 DKK
GROSS PROFIT	1	32,743,996	29,806,748
Staff costs.....	2	-23,826,906	-20,692,002
Depreciation, amortisation and impairment.....		-3,046,602	-2,696,719
OPERATING PROFIT		5,870,488	6,418,027
Income from other equity investments and securities.....		-20,000	0
Other financial income.....		14,842	3,240
Other financial expenses.....		-132,450	-96,858
PROFIT BEFORE TAX		5,732,880	6,324,409
Tax on profit/loss for the year.....		0	0
PROFIT FOR THE YEAR	3	5,732,880	6,324,409

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2021 DKK	2020 DKK
Land and buildings.....		108,393,789	107,352,882
Other plant, tools and equipment.....		9,691,834	5,118,347
Property, plant and equipment.....	4	118,085,623	112,471,229
Equity investments in associated enterprises.....		0	20,000
Financial non-current assets.....	5	0	20,000
NON-CURRENT ASSETS.....		118,085,623	112,491,229
Raw materials and consumables.....		2,458,045	1,713,417
Finished goods and goods for resale.....		73,307	154,507
Inventories.....		2,531,352	1,867,924
Trade receivables.....		2,097,455	2,026,610
Other receivables.....		492,613	8,362,333
Prepayments and accrued income.....	6	127,199	95,098
Receivables.....		2,717,267	10,484,041
Other securities and equity investments.....		5,000,000	500,000
Current investments.....		5,000,000	500,000
Cash and cash equivalents.....		16,318,302	16,745,103
CURRENT ASSETS.....		26,566,921	29,597,068
ASSETS.....		144,652,544	142,088,297
EQUITY AND LIABILITIES			
Share capital.....	7	16,600,000	16,600,000
Retained earnings.....		116,624,125	110,891,245
EQUITY.....		133,224,125	127,491,245
Bank debt.....		23,707	25,173
Prepayments and deposit.....		257,600	229,700
Trade payables.....		1,332,295	264,118
Payables to group enterprises.....		500,000	500,000
Other liabilities.....		4,283,284	9,000,018
Accruals and deferred income.....	8	5,031,533	4,578,043
Current liabilities.....		11,428,419	14,597,052
LIABILITIES.....		11,428,419	14,597,052
EQUITY AND LIABILITIES.....		144,652,544	142,088,297
Contingencies etc.	9		
Charges and securities	10		

EQUITY

	Share capital	Retained earnings	Total
Equity at 1 January 2021.....	16,600,000	110,891,245	127,491,245
Proposed profit allocation, Note3.....		5,732,880	5,732,880
Equity at 31 December 2021.....	16,600,000	16,624,125	33,224,125

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	2021 DKK	2020 DKK
Profit/loss for the year.....	5,732,880	6,324,409
Depreciation and amortisation, reversed.....	3,046,602	2,696,719
Reversed realisation gains.....	0	-2,600
Profit/loss from associated enterprises.....	20,000	0
Change in inventories.....	-663,428	-356,126
Change in receivables (ex tax).....	7,766,774	-7,791,313
Change in current liabilities (ex bank, tax, instalments payable and overdraft facility).....	-3,167,167	6,584,446
CASH FLOWS FROM OPERATING ACTIVITY.....	12,735,661	7,455,535
Purchase of property, plant and equipment.....	-8,660,996	-7,476,668
Sale of property, plant and equipment.....	0	900
Instalments on non-current lending and current investments.....	-4,500,000	-480,000
CASH FLOWS FROM INVESTING ACTIVITY.....	-13,160,996	-7,955,768
Change in bank overdraft.....	-1,466	18,280
CASH FLOWS FROM FINANCING ACTIVITY.....	-1,466	18,280
CHANGE IN CASH AND CASH EQUIVALENTS.....	-426,801	-481,953
Cash and cash equivalents at 1. januar.....	16,745,103	17,227,056
CASH AND CASH EQUIVALENTS AT 31. DECEMBER.....	16,318,302	16,745,103
Cash and cash equivalents at 31 December comprise:		
Cash and cash equivalents.....	16,318,302	16,745,103
CASH AND CASH EQUIVALENTS, NET DEBT.....	16,318,302	16,745,103

NOTES

	2021 DKK	2020 DKK	Note
Special items			1
Compensation Covid-19.....	2,415,000	2,685,265	
	2,415,000	2,685,265	
Staff costs			2
Average number of employees	55	52	
Wages and salaries.....	21,719,212	19,046,898	
Pensions.....	1,164,106	946,570	
Social security costs.....	482,638	420,371	
Other staff costs.....	460,950	278,163	
	23,826,906	20,692,002	
Remuneration of Executive Board and Board of Directors.....	1,477,320	1,946,010	
	1,477,320	1,946,010	
Proposed profit allocation			3
Retained earnings.....	5,732,880	6,324,409	
	5,732,880	6,324,409	
Property, plant and equipment			4
	Land and buildings	Other plant, tools and equipment	
Cost at 1 January 2021.....	143,845,862	27,451,286	
Additions.....	2,591,453	6,069,543	
Disposals.....	0	-8,419,888	
Cost at 31 December 2021.....	146,437,315	25,100,941	
Depreciation and impairment losses at 1 January 2021.....	36,492,980	22,332,939	
Reversal of depreciation of assets disposed of.....	0	-8,419,888	
Depreciation for the year.....	1,550,546	1,496,056	
Depreciation and impairment losses at 31 December 2021...	38,043,526	15,409,107	
Carrying amount at 31 December 2021.....	108,393,789	9,691,834	

NOTES

			Note
Financial non-current assets			5
		Equity investments in associated enterprises	
Cost at 1 January 2021.....		20,000	
Disposals.....		-20,000	
Carrying amount at 31 December 2021.....		0	
	2021	2020	
	DKK	DKK	
Prepayments and accrued income			6
Costs.....	127,199	95,098	
	127,199	95,098	
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 2021 an unrecognised deferred tax asset of DKK ('000) 21,454.			
Contingent liabilities			
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 22 months with a total remaining lease payment of DKK ('000) 61.			
Charges and securities			10
There are none charges and securities.			

ACCOUNTING POLICIES

The Annual Report of Ruths Hotel A/S for 2021 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 investments in associates

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

Income from other securities

Income from other securities include interest income, realised and unrealised exchange gains and losses.

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.