

## Radisson Hospitality Denmark ApS

Amager Strandvej 60-64, 3.  
2300 Copenhagen S  
CVR No. 25578082

### Annual report 2020

The Annual General Meeting adopted the  
annual report on 21.07.2021

DocuSigned by:

*Tina Øster Larsen*

0AFF3EF7303C4D3...

---

**Tina Øster Larsen**

Chairman of the General Meeting

# Contents

Entity details	2
Statement by Management	3
Independent auditor's report	4
Management commentary	7
Income statement for 2020	11
Balance sheet at 31.12.2020	12
Statement of changes in equity for 2020	14
Notes	15
Accounting policies	19

# Entity details

## Entity

Radisson Hospitality Denmark ApS

Amager Strandvej 60-64, 3.

2300 Copenhagen S

CVR No.: 25578082

Registered office: Copenhagen

Financial year: 01.01.2020 - 31.12.2020

URL: [www.radissonblu.com](http://www.radissonblu.com)

## Board of Directors

Sergio Amodeo, Chairman

Sven Gösta Andreas Fondell

Inigo Capell Arrieta

Eva-Maria Margaretha Erauw

## Executive Board

Lars Gordon Nielsen, Chief Executive Officer

## Auditors

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab

Strandvejen 44

2900 Hellerup

CVR No.: 33771231

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Radisson Hospitality Denmark ApS for the financial year 01.01.2020 - 31.12.2020.

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 Entity's financial position at 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 21.07.2021

## Executive Board

DocuSigned by:



CD0FBF17853E48F

**Lars Gordon Nielsen**  
Chief Executive Officer

## Board of Directors

DocuSigned by:



D4507B6EE79248A...

**Sergio Amodeo**  
Chairman

DocuSigned by:



BD02C8EDBCD44B4

**Sven Gösta Andreas Fondell**

DocuSigned by:



9EABC022BE144E5

**Inigo Capell Arrieta**

DocuSigned by:



3E268E528F6A455

**Eva-Maria Margaretha Erauw**

# Independent auditor's report

## To the shareholder of Radisson Hospitality Denmark ApS

### Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2020, and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Radisson Hospitality Denmark ApS for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

### 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.

### 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, in our view, 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 in Management's Review.

### **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.
- 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.

Hellerup, 21.07.2021

**PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab**

CVR No. 33771231

DocuSigned by:

*Steffen Kaj Pedersen*

8246172F3E184D1...  
**Steffen Kaj Pedersen**

State-Authorised Public Accountant

Identification No (MNE) mne34357

DocuSigned by:

*Annika Søndergaard Nielsen*

787FEB8E02A4455...  
**Annika Søndergaard Nielsen**

State-Authorised Public Accountant

Identification No (MNE) mne45835

# Management commentary

## Financial highlights

	2020 EUR'000	2019 EUR'000	2018 EUR'000	2017 EUR'000	2016 EUR'000
<b>Key figures</b>					
Revenue	11,602	30,956	28,498	27,966	26,737
Gross profit/loss	(30)	198	153	139	83
Operating profit/loss	(30)	198	153	105	49
Net financials	(179,376)	35,960	(2,414)	3,103	(87,050)
Profit/loss for the year	(178,701)	37,953	(1,580)	3,889	(86,503)
Total assets	407,400	498,066	457,800	455,594	450,172
Equity	265,186	357,933	319,980	321,560	317,671
<b>Ratios</b>					
Return on equity (%)	(67.4)	10.6	(0.5)	1.2	(24.8)
Solvency ratio (%)	65.1	71.9	69.9	70.4	70.6

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Ratios	Calculation formula	Calculation formula reflects
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Solvency ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total Assets}}$	The financial strength of the entity



### Primary activities

The primary activities of Radisson Hospitality Denmark ApS comprise possession of investments and intellectual property rights related to the Group's running of hotels as well as management hereof.

The Radisson Hotel Group is one of the fastest growing hotel companies in the world. The hotels in the portfolio are mainly operated under the four key brands Radisson Blu, Park Inn, Radisson Red and Radisson Collection.

The Radisson Hotel Group develops the Radisson Blu and Park Inn by Radisson brands in the EMEA region under a master franchise agreement with Radisson Inc. (former: Carlson Companies) in the United States. Radisson benefits from Radisson Inc's global brand, booking system and other business initiatives. The contract with Radisson Inc is active until 2052, including Radisson AB's extension options.

The Radisson Hotel Group operates a portfolio of brands covering most of the hotel market segments: luxury, lifestyle, full first-class service and mid-market brands. Radisson Blu is a first-class, full-service brand, while Park Inn appeals to the mid-market. Radisson Red is targeting Lifestyle Select, and Radisson Collection is targeting the luxury segment.

The Radisson Hotel Group is focusing on hotel management and operation. Currently, all hotels in the Radisson portfolio are operated either by Radisson under a lease or a management agreement or by a separate operator using one of the Radisson brands under a franchise agreement.

### Development in activities and finances

Loss for the year amounts to EUR 178,701 thousand.

Results for 2020 were in line with the expected outlook in 2019 if income (loss) from investment in group enterprises are not considered. Investments are held at cost. Adjustments in 2020 primarily relates to subsidiaries divestment of shares and restructuring, which significantly impact the net result. The result in 2020 is impacted severely by the COVID-19 pandemic.

Radisson Hospitality Denmark ApS and the remaining companies of the Radisson Group are – like many other companies – affected by the trends in the global economy.

When observing the impairment losses on financial assets from investments in subsidiaries in the income statement, Management would like to emphasise that subsidiaries are recognised at cost and are written down to the lower of recoverable amount and carrying amount. The majority of the fluctuation in the impairment losses on financial assets from investments in subsidiaries results from the write-down of the capital contribution to group enterprises with negative equity and potential dividend distributed from the subsidiaries to Radisson Hospitality Denmark ApS.

Management would like to emphasize that the equity in the parent company (Radisson Hospitality AB) is at EUR 1,5 Mio only. The value of equity reflected in this Annual report is driven by the fact that subsidiaries are recognized at the lower of cost or 0 ( depending on the directly owned subsidiaries equity values) while negative equity values in subsidiaries are not recognized at a lower value than 0 in the annual report of this company.

### Outlook

The continuing COVID-19 restrictions in 2021 are expected to have a negative impact on 2021, as the restrictions has still been in force during a large part the first months of 2021. This results in hotels around the world has been closed down for a period in 2021 due to the restrictions which affects the Company's investments.

The results for 2021 will continuously be impacted by COVID-19 and the result for 2021 is expected to be at the same level as 2020.

### Particular risks

The key risk management objectives of Radisson Hospitality Denmark ApS can be summarised as follows:

- Ensure that the risks and benefits of new investments and contingent liabilities are in line with the financial objectives of the Radisson Group.
- Reduce cyclical risks through brand diversity, geographic representation and by ensuring a mix of leased, managed and franchised hotels.
- Review and assess the insurance programmes of the Radisson Group on an ongoing basis.
- Carefully evaluate investments in high-risk areas to match these with premium returns on investments.

### Operating risks

Radisson Hospitality Denmark ApS is subject to the operating risks common to the hotel industry, including:

- Changes in general economic conditions
- Changes in travel patterns and demand
- Cyclical oversupply of hotels
- The financial position of third-party property owners and franchisees
- Typical long-term leases and management contracts with guarantees
- Impact by local legislation in connection with the COVID-19 outbreak

### Financial exposure

Since the Company is financed through intercompany loans, the Company's risks from financing activities are limited.

### Currency exposure

Exposure to foreign currency fluctuations is mainly related to fluctuations in USD in connection with the settlement of royalties to Carlson.

### Credit risks

Credit risks related to financial assets equal the values recognised in the balance sheet.

### Cash flow risks

It is the policy of the Radisson Group that capital injections and placement of excess liquidity are managed centrally. At the same time, the Group has decided on objectives for liquidity reserves, such as excess cash and credit facilities, that are available to the Group at any time.

### Group credit facilities

The company is dependent on credit facilities being made available by other group companies. These credit facilities are subject to reoccurring renewal.

### Intellectual capital resources

The annual employee satisfaction survey looks at the employees' attitude to and perceptions of working conditions, career opportunities and management performance in the Radisson Group.

With the Radisson Hotel Group, training has a twofold purpose: career development and personal development.

The School for Management Training continued to attract members from all brands in 2020. Further, the Radisson Hotel Group uses tailored eLearning resources to supplement the school's face-to-face forum.

### **Statutory report on corporate social responsibility**

Radisson Hospitality Denmark ApS does not have a separate CSR policy developed and adjusted to the Company's operational conditions. The Radisson Group has by its "Responsible Business" policy, applied to all consolidated companies, an internal code of practice which must be complied with as regards CSR.

The three basic principles of the "Responsible Business" programme are:

- Taking responsibility for the health and safety of employees and guests
- Respecting social and ethical issues in the Company as well as in the community
- Reducing our negative impact on the environment

The full "Responsible Business" efforts are described here: <https://media.radissonhotels.net/image/responsible-business--corporate-use-only/businesscenter/16256-142211-m22829151.pdf>

### **Statutory report on the underrepresented gender**

With reference to section 99 b of the Danish Financial Statements Act. Radisson Hospitality ApS has achieved gender distribution in its board of directors. The board of directors consists of 4 people, where 25% is women and 75% is men.

As the company have no employees any further disclose about the underrepresented gender is not required.

# Income statement for 2020

	Notes	2020 EUR'000	2019 EUR '000
Revenue	3	11,602	30,956
Other external expenses		(11,632)	(30,758)
<b>Gross profit/loss</b>		<b>(30)</b>	<b>198</b>
Other financial income		217	0
Impairment losses on financial assets	4	(176,201)	39,255
Other financial expenses	5	(3,392)	(3,295)
<b>Profit/loss before tax</b>		<b>(179,406)</b>	<b>36,158</b>
Tax on profit/loss for the year	6	705	1,795
<b>Profit/loss for the year</b>	7	<b>(178,701)</b>	<b>37,953</b>

# Balance sheet at 31.12.2020

## Assets

	Notes	2020 EUR'000	2019 EUR'000
Goodwill		0	0
<b>Intangible assets</b>	8	<b>0</b>	<b>0</b>
Investments in group enterprises		406,155	496,403
<b>Financial assets</b>	9	<b>406,155</b>	<b>496,403</b>
<b>Fixed assets</b>		<b>406,155</b>	<b>496,403</b>
Tax receivable		1,245	1,663
<b>Receivables</b>		<b>1,245</b>	<b>1,663</b>
<b>Current assets</b>		<b>1,245</b>	<b>1,663</b>
<b>Assets</b>		<b>407,400</b>	<b>498,066</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2020 EUR'000</b>	<b>2019 EUR'000</b>
Contributed capital		83,000	83,000
Retained earnings		97,611	274,933
Proposed dividend		84,575	0
<b>Equity</b>		<b>265,186</b>	<b>357,933</b>
Payables to group enterprises		123,000	123,000
<b>Non-current liabilities other than provisions</b>		<b>123,000</b>	<b>123,000</b>
Payables to group enterprises		19,109	15,004
Other payables		105	2,129
<b>Current liabilities other than provisions</b>		<b>19,214</b>	<b>17,133</b>
<b>Liabilities other than provisions</b>		<b>142,214</b>	<b>140,133</b>
<b>Equity and liabilities</b>		<b>407,400</b>	<b>498,066</b>

Going concern	1
Events after the balance sheet date	2
Contingent liabilities	10
Related parties with controlling interest	11
Group relations	12

# Statement of changes in equity for 2020

	Contributed capital EUR'000	Retained earnings EUR'000	Proposed dividend EUR'000	Total EUR'000
Equity beginning of year	83,000	280,729	0	363,729
Corrections of material errors	0	(5,796)	0	(5,796)
<b>Adjusted equity, beginning of year</b>	<b>83,000</b>	<b>274,933</b>	<b>0</b>	<b>357,933</b>
Increase of capital	0	85,954	0	85,954
Profit/loss for the year	0	(263,276)	84,575	(178,701)
<b>Equity end of year</b>	<b>83,000</b>	<b>97,611</b>	<b>84,575</b>	<b>265,186</b>

Management would like to emphasize that the equity in the parent company (Radisson Hospitality AB) is at EUR 1,5 Mio only. The value of equity reflected in this Annual report is driven by the fact that subsidiaries are recognized at the lower of cost or 0 ( depending on the directly owned subsidiaries equity values) while negative equity values in subsidiaries are not recognized at a lower value than 0 in the annual report of this company.

# Notes

## 1 Going concern

The Company has received a letter of support from Radisson Hospitality AB stating that they will provide necessary support to ensure that the Company will be able to meet its obligations. The support letter is valid for at least the next 12 months from the date of the approval of the 2020 financial statements.

## 2 Events after the balance sheet date

No events materially affecting the Company's financial position at December 31, 2020 have occurred after the balance sheet date.

## 3 Revenue

	2020 EUR'000	2019 EUR'000
Denmark	11,602	30,874
Other Countries	0	82
<b>Total revenue by geographical market</b>	<b>11,602</b>	<b>30,956</b>

## 4 Impairment losses on financial assets

	2020 EUR'000	2019 EUR'000
Reversal of impairment losses from prior years	270	45,378
Write-down of investment	(176,471)	(6,123)
	<b>(176,201)</b>	<b>39,255</b>

## 5 Other financial expenses

	2020 EUR'000	2019 EUR'000
Financial expenses from group enterprises	3,284	3,286
Other interest expenses	0	7
Other financial expenses	108	2
	<b>3,392</b>	<b>3,295</b>

## 6 Tax on profit/loss for the year

	2020 EUR'000	2019 EUR'000
Current tax	(705)	(680)
Adjustment concerning previous years	0	(1,115)
	<b>(705)</b>	<b>(1,795)</b>



## 7 Proposed distribution of profit and loss

	2020 EUR'000	2019 EUR'000
Ordinary dividend for the financial year	84,575	0
Retained earnings	(263,276)	37,953
	<b>(178,701)</b>	<b>37,953</b>

## 8 Intangible assets

	Goodwill EUR'000
Cost beginning of year	509
<b>Cost end of year</b>	<b>509</b>
Amortisation and impairment losses beginning of year	(509)
<b>Amortisation and impairment losses end of year</b>	<b>(509)</b>
<b>Carrying amount end of year</b>	<b>0</b>

## 9 Financial assets

	Investments in group enterprises EUR'000
Cost beginning of year	663,713
Additions	85,953
<b>Cost end of year</b>	<b>749,666</b>
Impairment losses beginning of year	(167,310)
Impairment losses for the year	(176,471)
Reversal of impairment losses	270
<b>Impairment losses end of year</b>	<b>(343,511)</b>
<b>Carrying amount end of year</b>	<b>406,155</b>

Investments in subsidiaries	Registered in	Corporate form	Equity interest %	Equity EUR'000	Profit/loss EUR'000
Radisson Hotels ApS Danmark	Denmark	ApS	100.0	402,338	(178,067)
Radisson Russia A/S	Denmark	A/S	100.0	42	(425)
Radisson Loyalty Management A/S	Denmark	A/S	100.0	2,046	188
Radisson Cornerstone A/S under frivillig likvidation	Denmark	A/S	100.0	1,728	(605)

## 10 Contingent liabilities

### Disputes

The Radisson Hotel Group operates in a number of countries around the world and is always involved in several complex projects and business relationships in which professional disputes on various issues may arise. Most times these situations are resolved through negotiations and discussions. In some rare situations, these disputes may lead to major disagreements or claims of violation of the law. Provisions for claims due to known disputes are recorded whenever there is a situation in which it is more likely than not that Radisson will have an obligation to settle the dispute and in which a reliable estimate can be made regarding the outcome of such dispute. Currently no provisions for claims or disputes are recognized.

### Joint taxation

The Company is jointly taxed with all Danish subsidiaries of the Radisson Group and other Danish companies controlled by Jin Jiang International Holdings Co., Ltd. The Company has unlimited joint and several liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties under the joint taxation scheme.

The Company is jointly and severally liable with jointly registered group enterprises for the total VAT liability.

### Guarantees

Radisson Hospitality Denmark ApS has guaranteed a number of contractual obligations of the lease agreements and the management agreements entered into by other group enterprises, i.a. lease of the Group's hotels and performance guarantees as part of the management agreements with the Group's hotels in several countries.

The Company has also provided guarantees to a number of trading partners of and suppliers to the Group's operating companies.

## 11 Related parties with controlling interest

Related parties with a controlling interest in Radisson Hospitality Denmark ApS:

<b>Name</b>	<b>Registered office</b>	<b>Basis of influence</b>
Radisson Hospitality Denmark ApS	Copenhagen	Parent
Radisson Hotel Holdings AB	Stockholm	Parent
Radisson Hospitality AB	Stockholm	Parent
Aplite Holdings AB	Stockholm	Parent
Jin Jiang International Holdings Co., Ltd.	Shanghai, China	Ultimate parent

No transactions with related parties were made in the financial year 2020 which were not made on an arm's length basis.

## 12 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group: Jin Jiang International Holdings Co., Ltd, Shanghai, China  
The consolidated financial statements are not published.

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Radisson Hotel Group AB, Stockholm, Sweden

Group accounts are available at <https://web.rezidor.com/RHG%20Annual%20Report%20ENG%20final.pdf>

Management would like to emphasize that the equity in the parent company (Radisson Hospitality AB) is at EUR 1,5 Mio only. The value of equity reflected in this Annual report is driven by the fact that subsidiaries are recognized at the lower of cost or 0 ( depending on the directly owned subsidiaries equity values) while negative equity values in subsidiaries are not recognized at a lower value than 0 in the annual report of this company.

 

# Accounting policies

## Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied to these financial statements are consistent with those applied last year.

## Reporting currency

The annual report of Radisson Hospitality Denmark ApS is presented using EUR as the reporting currency.

## Consolidated financial statements

Referring to section 112 (1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The consolidated financial statement is prepared in Radisson Hotel Group AB.

Referring to section 96 (3) of the Danish Financial Statements Act, the fee to auditor is not shown in the financial statement. This is shown in the consolidated financial statement prepared in Radisson Hotel Group AB.

## Material errors in previous years

A material error has been identified in previous years which lead to Investments in group enterprises was overstated in the financial year 2019 with EUR 5,796 thousand. In accordance with paragraph 52 (2) in the Danish Financial Statements Act the misstatements has been adjusted on the Company's equity at the beginning of the year and the comparison figures has been changed. The material error causes the profit for the year 2019 decreases to EUR 37,591 thousand. Investments in group enterprises have decreased by EUR 5,796 thousand. The adjusted equity as of the beginning of year has decreased by EUR 5,796 thousand to EUR 357,933 thousand.

## Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

### Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Intangible assets and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

### Income statement

#### Revenue

Revenue primarily consists of fees from hotel activities including management and franchise fees as well as management and administration services, etc. The fees are taken to income in the related period.

#### Other external expenses

Other external expenses include fees and expenses relating to the Company's ordinary activities, including sale, marketing, etc. This item also includes write-downs of receivables recognised in current assets.

#### Other financial income

Other financial income comprises, interest income, including interest income on receivables from group enterprises, net capital gains on payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

#### Impairment losses on financial assets

Impairment losses on financial assets comprise of writ-downs for the year and reversal of write-drown from prior years from investment in group enterprises.

#### Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

#### Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Company is jointly taxed with all Danish subsidiaries in the Radisson Group and other Danish companies controlled by Jin Jiang International Holdings Co., Ltd. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

### Balance sheet

#### Goodwill

Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. The amortisation period is usually five years, however, in certain cases it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortisation period is considered to give a better reflection of the

benefit from the relevant resources.

Goodwill is written down to the lower of recoverable amount and carrying amount.

### **Investments in group enterprises**

Investments in group enterprises are measured at cost and are written down to the lower of recoverable amount and carrying amount.

If the equity value is negative, the amount is recognised under provisions if a legal or constructive obligation exists and a loss is expected.

### **Tax payable or receivable**

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

### **Deferred tax**

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

### **Dividend**

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

### **Other financial liabilities**

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

### **Cash flow statement**

Pursuant to section 86 (4) of the Danish Financial Statements Act, the Company has omitted to prepare a cash flow statement as its cash flows are included in the cash flow statement of Radisson Hotel Group AB.