
BC Hospitality Group A/S

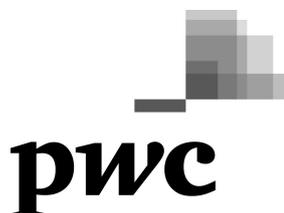
Center Boulevard 5, DK-2300 København S

Annual Report for 1 January - 31 December 2020

CVR No 37 93 98 38

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
15/6 2021

Mette Kapsch
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of BC Hospitality Group A/S for the financial year 1 January - 31 December 2020.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2020 of the Company and of the results of the Company operations for 2020.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 15 June 2021

Executive Board

Christian Folden Lund
CEO

Jacob Kjær
CFO

Board of Directors

David Robson Overby
Chairman

Henrik Gram

Mette Kapsch

Jimmi Smidt
Staff Representative

Independent Auditor's Report

To the Shareholder of BC Hospitality Group A/S

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 BC Hospitality Group A/S 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 ("the 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 Financials 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.

Independent Auditor's Report

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 judgement and maintain professional scepticism 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.

Independent Auditor's Report

- 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, 15 June 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Torben Jensen
statsautoriseret revisor
mne18651

Claus Carlsson
statsautoriseret revisor
mne29461

Company Information

The Company

BC Hospitality Group A/S
Center Boulevard 5
DK-2300 København S

CVR No: 37 93 98 38

Financial period: 1 January - 31 December

Municipality of reg. office: København

Board of Directors

David Robson Overby, Chairman
Henrik Gram
Mette Kapsch
Jimmi Smidt

Executive Board

Christian Folden Lund
Jacob Kjær

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2020 TDKK	2019 TDKK	2018 TDKK	2017** TDKK	2016* TDKK
Key figures					
Profit/loss					
Revenue	261,089	892,243	959,224	143,386	941,803
Gross profit/loss	111,584	331,798	327,324	49,694	357,723
Profit/loss before financial income and expenses	-180,252	-28,665	11,572	-14,603	-3,548
Net financials	-5,155	-991	-2,144	-1,424	-8,239
Net profit/loss for the year	-141,019	-23,493	5,347	-12,292	-10,462
Balance sheet					
Balance sheet total	445,739	467,538	409,827	430,490	397,126
Equity	78,031	219,695	175,188	-5,238	7,054
Investment in property, plant and equipment	19,118	38,719	61,322	7,764	34,978
Number of employees	423	751	740	772	669
Ratios					
Gross margin	42.7%	37.2%	34.1%	34.7%	38.0%
Solvency ratio	17.5%	47.0%	42.7%	-1.2%	1.8%
Return on equity	-94.7%	-11.9%	6.3%	-1,353.7%	-296.6%

For definitions of ratios, see under accounting policies.

*The financial periode covers 18 August 2016 - 30 October 2017.

**The financial period covers 31 October 2017 - 31 December 2017.

Management's Review

The financial statements of BC Hospitality Group A/S for 2020 have been prepared in accordance with the provision of the Danish Financial Statement Act applying to large enterprises of reporting class C.

The Annual Report has been prepared under the same accounting policies as last year.

Key activities

The Company's activities are in the hospitality area.

BC Hospitality Group A/S operates Copenhagen Marriott, AC Hotel Bella Sky Copenhagen, Bella Center Copenhagen activities through long term lease agreements of the properties for the activities, and Crowne Plaza Copenhagen Tower through a management agreement.

Development in the year

2020 will, in general, go down in history as a dramatic and extraordinary year with one general topic, the global Covid-19 crisis.

Specific industries were significantly affected by the consequences of the global pandemic and will continue to be so for a long period ahead. Regarding the hospitality industry in particular, the impact of the Covid-19 crisis is substantial, and the industry is challenged both on a national and a global level.

Considering BC Hospitality Group A/S is one of the leading businesses in the Danish hospitality industry and among the largest congress exhibition venues in the Northern part of Europe, the most tangible impact of the Covid-19 crisis has been the consequences of the national lockdown and closure of national borders etc. Almost all conference and congress activity, as well as fairs seized overnight and the number of visitors at our hotels and venues dwindled to less than a third compared to a normal year.

One of the most severe effects in BC Hospitality Group A/S was laying off some 500 staff members due to necessary costs cuts because of historical low activity level. As a consequence of these lay-offs, an internal Job Fair was initiated to assist the laid-off employees in moving on to the next job and upgrade educational skills. The Job Fair was a great success and benefitted from solid support from private and public partners, and many former employees secured new employment.

An important leap forward was taken with hybrid meetings and conferences accommodating the customers during times challenged by assembly bans, travel restrictions etc. On top of that, a few previous 'live' fairs were turned into a digital success. Before the pandemic locked the world down, we managed to execute several events e.g., CIFF in connection with Copenhagen Fashion Week in February and LEGO World.

Management's Review

The low infection numbers during summer 2020 changed the perception and as a consequence, our expectations were that activities would be close to back to normal in the second half of 2020. CIFF in August and Bogforum in November were planned accordingly with the necessary precautions. However, the pandemic picked up again in late summer resulting in re-evaluation of the plans. Out of consideration for a very challenged fashion industry, CIFF was temporarily transformed into an alternative meeting and marketplace called "Elevated Order Days". Bogforum in November was cancelled.

All in all, 2020 turned all business activities and our daily lives upside down, and it will take a considerable amount of time before the world, our industry and business is fully back to normal.

Results for the year

Considering the global Covid-19 crisis and the derived very low business activity, it makes little sense to compare figures in-between years, as 2020 in every aspect was a very special year.

Gross profit DKK 111.6 million for 2020 compared to gross profit of DKK 331.8 million for 2019.

BC Hospitality Group A/S also operates Crowne Plaza Copenhagen Towers and including this revenue, consolidated revenue totalled DKK 316.5 million for 2020, compared to DKK 1,061 million in 2019.

Other income relates to compensation schemes under Covid-19 for salary compensation, fixed cost compensation and cancelled, modified or postponed arrangements compensation.

Furthermore, goodwill, other intangible and tangible assets was impaired with DKK 64.3 million.

Management's Review

Subsequent events and outlook for 2021

Adaptability and flexibility are more important terms than ever in a world where the Covid-19 global pandemic has set the agenda for the past year and will continue to have a huge impact on 2021 as well.

Early 2021 brought optimism in the form of vaccines to Denmark. Also, part of our Bella Center Copenhagen is turned into a local vaccine center. It is satisfying to contribute to returning the country to normal.

The construction of our 14,000 square meters new congress and multi-purpose arena is progressing according to schedule, and it will be ready for opening as planned in 2021. The opening of the new arena will improve Bella Center Copenhagen's relative attractiveness compared to its European competitors and will further consolidate Copenhagen's position as an attractive international congress city. We will continue to be front runners when it comes to sustainability, high-quality service and digital solutions.

Our conference and meeting unit has until recently been branded under Comwell Conference Center Copenhagen brand. By the end of 2020, the corporation with Comwell was terminated as a natural consequence of the construction of our new arena integrating the conference business in our own brand by introducing Bella Sky Conference & Events in January 2021.

The number of enquiries covering all types and sizes of events from 2022 and onwards are increasing steadily confirming the optimistic signs, and the light at the end of the tunnel is becoming clearer day by day.

On 15 June 2021 Management completed a business restructuring affecting agreements with the Company's bank, hotel property owners, main shareholder and new shareholders. New liquidity by cash subscription from issuance of new shares was obtained, existing credit facility was expanded and new or amendments to lease agreements with the hotel property owners were obtained.

The financial effect of these agreements was that liquidity of some DKK 200 million was obtained, financial debt was written off with some DKK 90 million, new or amendments to lease agreements with the hotel property owners were obtained with additional rent discounts and changes in lease terms. Hereby BCHG Hospitality have a strong foundation for continued operation the upcoming years

Management has estimate the effect of Covid-19 on the expected revenue and net profit of the Company. The potential continued effect of Covid-19 can have an impact on expected revenue and net profit. Management estimates the loss for the year 2021 to be in the range of DKK 30 million to DKK 50 million before the potential positive effect of further cost compensation packages.

Management's Review

Hosting Moments That Matter

“Hosting Moments That Matter” is our reason to be. The business is developed within four focus areas: Focus on customers, improve financials and administration, live out responsible hospitality and enhance our team.

It applies for the guests we serve, as well as for the people we work with. Hospitality is the business of “here and now” as it cannot be undone. Our purpose is to create positive impacts in real life that continue to live in the memories for all involved based on our core values: Mutual Respect, Winning Spirit, Service Heroes and Responsible Hospitality all represented in Hosting Moment That Matters.

An extra dimension was added to our concept by implementing special procedures securing our customers' and staff's safety in connection with Covid-19. We have taken all the necessary precautions in accordance with the authorities' recommendations. Furthermore, we have our own medical specialists in our day-to-day Covid-19 preparedness securing the best possible implementation of our many health professional steps.

Careers That Matter

The employees will always be the heart of our business, also in difficult times. Our “Careers That Matter” workshops create awareness of how and why any employee can establish their own Personal Development plan. Unfortunately, these workshops and initiatives were put on hold during 2020 but they will be offered again as soon as possible.

Initiatives and acknowledgements

Hotel Crowne Plaza Copenhagen Towers won the 2019 IHG Europe Star Award in the category “Responsible Business Award”. It is a huge acknowledgement and an accolade that means a lot for our efforts and work with sustainability.

Management's Review

Focus on sustainability

The BC Hospitality Group will continue to be committed to holding Responsible Hospitality at the heart of everything we do, no matter the situation, inspiring and advocating for sustainable change. It is more important than ever.

Despite the challenges, we will expand our focus on zero-waste and our climate impact. We will focus on activities post-Covid 19, building back an even more sustainable and resilient organisation.

Responsible Hospitality covers the range from environmental issues to inclusion, diversity, and equality, and though we, unfortunately, had to terminate the employment of many employees during 2020, our organisation continues to be diverse and remains focused on providing equal opportunities.

Our Responsible Hospitality report 2020 summarising all activity, partnerships and initiatives in 2020. The report is also available at www.responsiblehospitality.dk.

Statement of corporate social responsibility in accordance with section 99(a) of the Danish Financial Statement Act.

Regarding the statement of corporate social responsibility by section 99a of the Danish Financial Statements Act, reference is made to the above-mentioned CSR report "Responsible Hospitality Report 2020".

Statement regarding the underrepresented gender in accordance with section 99(b) of the Danish Financial Statement Act.

With respect to the report on the underrepresented gender in accordance with section 99b of the Danish Financial Statements Act, in which the Company is required to report on diversity in the composition of the Board of Directors and gender representation at other executive levels of the Company, it should be noted that the Company has equal representation on the Board of Directors (1 woman and 2 men) and at other executive levels (group executive and management levels).

Uncertainty relating to recognition and measurement

Recognition and measurement in the annual report have not been subject to any judgment with significant uncertainty.

Income Statement 1 January - 31 December

	Note	2020 TDKK	2019 TDKK
Revenue	3	261,089	892,243
Other operating income	4	199,621	34
Cost of goods sold		-29,600	-151,746
Other external expenses		-319,526	-408,733
Gross profit/loss		111,584	331,798
Staff expenses	5	-193,034	-328,040
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	6	-98,667	-32,423
Other operating expenses		-135	0
Profit/loss before financial income and expenses		-180,252	-28,665
Financial income	7	1,031	1,324
Financial expenses	8	-6,186	-2,315
Profit/loss before tax		-185,407	-29,656
Tax on profit/loss for the year	9	44,388	6,163
Net profit/loss for the year		-141,019	-23,493

Distribution of profit

Proposed distribution of profit

Retained earnings		-141,019	-23,493
		-141,019	-23,493

Balance Sheet 31 December

Assets

	Note	2020 TDKK	2019 TDKK
Goodwill		0	53,218
Intangible assets under construction		0	13,267
Completed development projects		9,680	0
Intangible assets	10	9,680	66,485
Other fixtures and fittings, tools and equipment		45,340	72,199
Leasehold improvements		51,871	44,369
Property, plant and equipment	11	97,211	116,568
Investments in subsidiaries	12	0	50
Receivables from group enterprises		66,200	66,200
Deposits		64,679	64,503
Fixed asset investments		130,879	130,753
Fixed assets		237,770	313,806
Inventories		2,144	5,299
Trade receivables		30,064	64,419
Receivables from group enterprises		4,472	20,849
Other receivables		94,290	28,869
Deferred tax asset		32,805	3,853
Prepayments		16,492	12,153
Receivables		178,123	130,143
Cash at bank and in hand		27,702	18,290
Currents assets		207,969	153,732
Assets		445,739	467,538

Balance Sheet 31 December

Liabilities and equity

	Note	2020 TDKK	2019 TDKK
Share capital	13	1,000	1,000
Reserve for hedging transactions		-609	0
Retained earnings		77,640	218,695
Equity		78,031	219,695
Credit institutions		75,001	0
Lease obligations		3,866	5,595
Trade payables		20,094	0
Payables to group enterprises		6,151	0
Deposits		9,633	14,903
Other payables		10,291	4,990
Long-term debt	14	125,036	25,488
Credit institutions	14	62,496	55,603
Lease obligations	14	1,737	2,284
Prepayments received from customers		48,911	73,583
Trade payables	14	75,833	30,221
Payables to group enterprises	14	16,405	0
Deposits		6,198	11,709
Other payables	14	31,092	48,955
Short-term debt		242,672	222,355
Debt		367,708	247,843
Liabilities and equity		445,739	467,538
Covid-19 and capital resources	1		
Subsequent events	2		
Contingent assets, liabilities and other financial obligations	15		
Related parties	16		
Accounting Policies	17		

Statement of Changes in Equity

	Share capital TDKK	Reserve for hedging transactions TDKK	Retained earnings TDKK	Total TDKK
2020				
Equity at 1 January	1,000	0	218,695	219,695
Effect of merger with BCHG SPV on 1 January 2020	0	0	-36	-36
Fair value adjustment of hedging instruments	0	-759	0	-759
Tax effect	0	150	0	150
Net profit/loss for the year	0	0	-141,019	-141,019
Equity at 31 December	1,000	-609	77,640	78,031
2019				
Equity at 1. januar 2019	1,000	0	174,188	175,188
Contribution from group	0	0	68,000	68,000
Net profit/loss for the year	0	0	-23,493	-23,493
Equity at 31 December 2019	1,000	0	218,695	219,695

Notes to the Financial Statements

1 Covid-19 and capital resources

Following the outbreak of Covid-19, the Company has experienced a significant reduction of activities in its hotel and conference business. Management expects that it will take time to recover fully even though optimism spreads in society and among our customers with a long-term reopening plan for the country as a fact, and the vaccine programmes launched on both a national and international level. Due to the significant reduction of activities, the Company realised a significant loss for 2020 and 2021 has also started with losses.

The Company obtained a loan from the Company's bank, Nordea, guaranteed by Vækstfonden's scheme for financing for companies affected by Covid-19, amounting to DKK 100 million in June 2020. The Company has utilised the compensation schemes under Covid-19 for salary compensation, fixed cost compensation and cancelled, modified or postponed arrangements compensation and expects to continue to use the compensation schemes available.

The Company has, during 2020, significantly reduced its number of employees. Furthermore, the Company entered into amended lease agreements in 2020 with the owners of the properties from which hotel and conference business are carried out.

The result of the Covid-19 outbreak was a significant loss and consequently the liquidity was very tight during 2020. Since the beginning of 2021 the business operations have been in close contact with various stakeholders in the form of the Company's bank, hotel property owners, and the main shareholder, who have contributed with liquidity via postponed payments and increased credit facilities.

On 15 June 2021 Management completed a business restructuring affecting agreements with the Company's bank, hotel property owners, main shareholder and new shareholders. New liquidity by cash subscription from issuance of new shares was obtained, existing credit facility was expanded and new or amendments to lease agreements with the hotel property owners were obtained.

Management submits the Annual Report on the basis of continued operations as the completed business restructuring ensure the needed liquidity up to and beyond 31 December 2021.

Notes to the Financial Statements

2 Subsequent events

To date, the Company's hotel and conference businesses have been and are still significantly negatively impacted by the effects of Covid-19. Consequently, the Company has incurred further losses in 2021

At 15 June 2021, the BCHG Holding A/S group completed a business restructuring affecting the Company. Various agreements between BCHG Holding group's and the Company's stakeholders in the form of main shareholder, bank, hotel property owners and "Marriott International" as well as a new investor group was concluded. The conditions of these agreements were fulfilled at 15 June 2021 and the agreements has become effective.

The financial effect of these agreements was that liquidity of some DKK 200 million was obtained, financial debt was written off with some DKK 90 million, new or amended lease agreements with the hotel property owners were obtained with additional rent discounts and changes in lease terms.

	2020 TDKK	2019 TDKK
3 Revenue		
Geographical segments		
Revenue, Denmark	261,089	892,243
	261,089	892,243
Business segments		
Hotel	77,346	387,268
Area & Entry	116,868	217,730
Technique & Services	22,855	93,237
Food & Beverage	44,020	194,008
	261,089	892,243
4 Other operating income		
Covid-19 compensation for fixed costs, salary and arrangements	199,621	0
Other income	0	34
	199,621	34

Notes to the Financial Statements

	2020 <u>TDKK</u>	2019 <u>TDKK</u>
5 Staff expenses		
Wages and salaries	165,967	289,759
Pensions	16,000	24,076
Other social security expenses	2,900	6,600
Other staff expenses	8,167	7,605
	<u>193,034</u>	<u>328,040</u>
Including remuneration to the Executive Board and Board of Directors of:		
Executive Board	9,958	8,462
Board of Directors	83	90
	<u>10,041</u>	<u>8,552</u>
Average number of employees	<u>423</u>	<u>751</u>
6 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Amortisation of intangible assets	6,550	2,088
Depreciation of property, plant and equipment	27,802	30,335
Impairment of intangible assets	54,057	0
Impairment of property, plant and equipment	10,258	0
	<u>98,667</u>	<u>32,423</u>
7 Financial income		
Interest received from group enterprises	721	460
Other financial income	310	864
	<u>1,031</u>	<u>1,324</u>
8 Financial expenses		
Other financial expenses	6,186	2,315
	<u>6,186</u>	<u>2,315</u>

Notes to the Financial Statements

	2020 <u>TDKK</u>	2019 <u>TDKK</u>
9 Tax on profit/loss for the year		
Current tax for the year	-3,425	-8,946
Deferred tax for the year	-28,952	2,758
Adjustment of tax concerning previous years	-12,011	25
	<u>-44,388</u>	<u>-6,163</u>
10 Intangible assets		
	Goodwill <u>TDKK</u>	Completed development projects <u>TDKK</u>
Cost at 1 January	63,230	13,267
Additions for the year	<u>0</u>	<u>3,801</u>
Cost at 31 December	<u>63,230</u>	<u>17,068</u>
Impairment losses and amortisation at 1 January	10,011	0
Impairment losses for the year	50,057	4,000
Amortisation for the year	<u>3,162</u>	<u>3,388</u>
Impairment losses and amortisation at 31 December	<u>63,230</u>	<u>7,388</u>
Carrying amount at 31 December 2020	<u>0</u>	<u>9,680</u>
Amortised over	<u>20 years</u>	

Notes to the Financial Statements

11 Property, plant and equipment

	Other fixtures and fittings, tools and equipment TDKK	Leasehold improvements TDKK
Cost at 1 January	132,138	50,184
Additions for the year	2,984	16,134
Disposals for the year	-5,387	0
Transfers for the year	-3,965	3,965
Cost at 31 December	<u>125,770</u>	<u>70,283</u>
Impairment losses and depreciation at 1 January	59,936	5,815
Impairment losses for the year	3,805	6,453
Depreciation for the year	21,658	6,144
Reversal of impairment and depreciation of sold assets	-4,969	0
Impairment losses and depreciation at 31 December	<u>80,430</u>	<u>18,412</u>
Carrying amount at 31 December 2020	<u>45,340</u>	<u>51,871</u>

12 Investments in subsidiaries

Cost at 1 January	<u>0</u>	<u>50</u>
Carrying amount at 31 December 2020	<u>0</u>	<u>50</u>

Carrying amount of TDKK 0 is due to merger with BCHG SPV on 1 January 2020

Notes to the Financial Statements

13 Share capital

The share capital consists of 1,000,000 shares of a nominal value of TDKK 1. No shares carry any special rights.

The share capital has developed as follows:

	2020	2019	2018
	TDKK	TDKK	TDKK
Share capital at 1 January	1,000	1,000	1,000
Capital increase	0	0	0
Capital decrease	0	0	0
Share capital at 31 December	1,000	1,000	1,000

14 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2020	2019
	TDKK	TDKK
Credit institutions		
After 5 years	8,333	0
Between 1 and 5 years	66,668	0
Long-term part	75,001	0
Other short-term debt to credit institutions	62,496	55,603
	137,497	55,603
Lease obligations		
Between 1 and 5 years	3,866	5,595
Long-term part	3,866	5,595
Within 1 year	1,737	2,284
	5,603	7,879
Trade payables		
Between 1 and 5 years	20,094	0
Long-term part	20,094	0
Other short-term trade payables	75,833	30,221
	95,927	30,221

Notes to the Financial Statements

14 Long-term debt (continued)

	2020	2019
	TDKK	TDKK
Payables to group enterprises		
Between 1 and 5 years	6,151	0
Long-term part	6,151	0
Other short-term debt to group enterprises	16,405	0
	22,556	0
Deposits		
Between 1 and 5 years	9,633	14,903
Long-term part	9,633	14,903
Other deposits	6,198	11,709
	15,831	26,612
Other payables		
Between 1 and 5 years	10,291	4,990
Long-term part	10,291	4,990
Other short-term payables	31,092	48,955
	41,383	53,945

Notes to the Financial Statements

	2020 TDKK	2019 TDKK
15 Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	32,274	185,565
Between 1 and 5 years	419,565	736,471
After 5 years	2,646,489	3,006,900
	3,098,328	3,928,936

Guarantee obligations

The Company is guarantor with primary liability for whatever amount BCHG Holding A/S and BCHG Properties A/S may owe Nordea Danmark in the future, including interest and expenses in the event of default.

Other contingent liabilities

The Solstra Investments A/S group's Danish companies are jointly and severally liable for tax on the group's income subject to joint taxation. The total amount is disclosed in the Annual Report of Solstra Investments A/S, which is the administration company for joint taxation purposes.

The Company has the obligation to perform maintenance of rented hotel buildings, both interior and exterior. There is the risk that one of the hotel buildings may require replacement of part of the facade. For the timebeing, it is not possible to evaluate and conclude the extent of the replacement. The Company expects that the main contractor will cover expenses related to the replacement.

Notes to the Financial Statements

16 Related parties

Related parties are considered to be the Board of Directors, key management, Solstra Investments A/S and Solstra Investments A/S' subsidiaries.

Basis

Controlling interest at 31 December 2020

Alshair Fiyaz, Monaco	Ultimate owner
ALFI Mark Trust, Liechtenstein	Ultimate parent company
Makerina Investments Ltd., Cyprus	Intermediate parent company
Solstra Holdings Cyprus Ltd., Cyprus	Intermediate parent company
Solsta Investments A/S, Copenhagen	Intermediate parent company
Bella Solstra A/S, Copenhagen	Intermediate parent company
BCHG Holding A/S, Copenhagen	Immediate parent company

BCHG Holding A/S is holding 100 % of the votes in the company

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

The Company has had transactions related to intercompany payables and management fees. Interests for group enterprises are disclosed in the income statement and note 7 and 8.

Consolidated Financial Statements

The Company is included in the Consolidated Financial Statements of Solstra Investments A/S and the ultimate parent company ALFI Mark Trust, Liechtenstein. As a result of the legislation in Liechtenstein the Consolidated Financial Statements are not published.

Name	Place of registered office
Solstra Investments A/S	Copenhagen

At 15 June 2021 BCHG Holding A/S was acquired by a group of new investors; TMC Invest 2021 ApS, Vækstfonden and Nordea Danmark, Filial Af Nordea Bank Abp, Finland. TMC Invest 2021 ApS obtained controlling interest.

Notes to the Financial Statements

17 Accounting Policies

The Annual Report of BC Hospitality Group A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

For 2020 the company has decided to present cost for software licenses, subscriptions etc. as other external costs instead of as part of property, plant and equipment. Comparative figures for 2019 has changed to be based on same approach. The effect of this reclassification of 2019 figures is reduction of depreciations with TDKK 7,907 now presented as other external costs as well as reduction of equipment with TDKK 2,144 now presented under prepayment in the balance sheet.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of , the Company has not prepared a cash flow statement.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the inte-

Notes to the Financial Statements

17 Accounting Policies (continued)

rest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Notes to the Financial Statements

17 Accounting Policies (continued)

Revenue

Information on business segments and geographical segments based on the Company's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Cost of goods sold

Cost of goods sold comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Notes to the Financial Statements

17 Accounting Policies (continued)

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Government grants

Government grants, such as economic stimulus packages, are recognised when it is reasonably certain that the Company complies with the conditions for receiving the grant, and it is reasonably certain that the Company will receive the grant. The grant is systematically recognised in the income statement over the period to which it relates, or immediately if the grant is not conditional upon incurrence of future costs or investments. Government grants are recognised as other operating income, or in the balance sheet if the purpose of the grant is investment in an asset.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 20 years.

Completed developments projects relates to the development of new ERP solution which is measured at cost less accumulated amortisation. The new ERP solution is amortised on a straight-line basis over its useful life, which is assessed at 5 years.

Notes to the Financial Statements

17 Accounting Policies (continued)

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

Notes to the Financial Statements

17 Accounting Policies (continued)

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment 3-20 years

Leasehold improvements are depreciated over 3-20 years or the remaining lease term if shorter than expected useful lives

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 14,100 are expensed in the year of acquisition

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

Notes to the Financial Statements

17 Accounting Policies (continued)

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in 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 will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

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

Notes to the Financial Statements

17 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Gross margin

$$\frac{\text{Gross profit x 100}}{\text{Revenue}}$$

Solvency ratio

$$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$$

Return on equity

$$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$$