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# ***Bella Operation A/S***

Center Boulevard 5, DK-2300 København S

## **Annual Report for 1 January - 31 December 2021**

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CVR No 37 93 98 38

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
29/4 2022

Jacob Kjær  
Chairman of the General  
Meeting



**pwc**

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# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Bella Operation A/S for the financial year 1 January - 31 December 2021.

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 2021 of the Company and of the results of the Company operations for 2021.

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, 30 March 2022

## Executive Board

Christian Folden Lund  
CEO

Jacob Kjær  
CFO

## Board of Directors

Martin Gaarn Thomsen  
Chairman

Christian Riis-Hansen

Peter Korsholm

Helle Kejser Nielsen  
Staff Representative

Elisabeth Kathenes Støle  
Staff Representative

# Independent Auditor's Report

To the Shareholder of Bella Operation 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 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Bella Operation A/S for the financial year 1 January - 31 December 2021, 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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, 30 March 2022

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Torben Jensen  
State Authorised Public Accountant  
mne18651

Claus Carlsson  
State Authorised Public Accountant  
mne29461

## **Company Information**

### **The Company**

Bella Operation 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**

Martin Gaarn Thomsen, Chairman  
Christian Riis-Hansen  
Peter Korsholm  
Helle Kejser Nielsen  
Elisabeth Kathenes Støle

### **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:

	2021 TDKK	2020 TDKK	2019 TDKK	2018 TDKK	2017* TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	251,454	261,089	892,243	959,224	143,386
Gross profit/loss	212,424	111,584	331,798	327,324	49,694
Profit/loss before financial income and expenses	28,739	-180,252	-28,665	11,572	-14,603
Net financials	-5,775	-5,155	-991	-2,144	-1,424
Net profit/loss for the year	17,644	-141,019	-23,493	5,347	-12,292
<b>Balance sheet</b>					
Balance sheet total	406,710	445,739	467,538	409,827	430,490
Equity	216,284	78,031	219,695	175,188	-5,238
Investment in property, plant and equipment	29,769	19,118	38,719	61,322	7,764
Number of employees	287	423	751	740	772
<b>Ratios</b>					
Gross margin	84.5%	42.7%	37.2%	34.1%	34.7%
Solvency ratio	53.2%	17.5%	47.0%	42.7%	-1.2%
Return on equity	12.0%	-94.7%	-11.9%	6.3%	-1,353.7%

For definitions of ratios, see under accounting policies.

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



# Management's Review

The financial statements of Bella Operation A/S for 2021 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.

Our Responsible Hospitality Report for 2021 is included as supplementary reporting.

## Key activities

### Hosting moments that matter

The company's primary activity is hosting moments that matter. Be it leisure or business, we believe in the power of bringing people together. Our purpose is to create positive impact that live on in the memory of all involved. And we aim to make Copenhagen an international top destination for major events and conferences while shaping the sustainable hospitality platform of the future.

Bella Operation A/S operate the hotels Copenhagen Marriott, AC Hotel Bella Sky Copenhagen and, through a management agreement, the Crowne Plaza Copenhagen Towers.

The company operating Crowne Plaza Copenhagen Towers was acquired 1 January 2022 and will going forward be operated in line with the other hotels in the group. See below for further details regarding the acquisition of CP Hotel A/S, the operating company of Crowne Plaza Copenhagen Towers. Bella Operation A/S also manages the operation of Bella Center Copenhagen and Bella Arena - including CIFF showrooms, International House, and the event brands CIFF, BogForum and others.

## Development in the year

### A new beginning: Rethinking our business and launching a new strategy

2021 started where the previous year left off, with the COVID-19 pandemic continuing to have a significant negative impact on the business performance of the company. But for us the year was also a new beginning. A year of rethinking, regrouping, renaming, and re-emerging after new owners were found and the restrictions were lifted.

The prolonged COVID-19 situation had eroded the equity of Bella Operation by the end of 2020 and we entered 2021 with significant financial difficulties. As one of the largest congress exhibition venues in Northern Europe, restrictions naturally continued to influence our business severely, shutting down almost all activities during the first half of 2021, resulting in a liquidity crisis and loss of equity. From the very beginning of the year the Group was operated (solely) based on acceptance from the Bank, which was given due to the ongoing process looking for new capital to re-establish the equity.

Not often do companies have the possibility to put operations on halt for months to rethink business, structure, and operations from the ground up. But due to COVID-19, we did.

With the backing of the bank to keep our business running, we developed a rescue plan that included cost

## Management's Review

cutting, restructuring and new equity. While travel restrictions, national lockdown and closure of borders shut down almost all activities during the first half of 2021, we were working on restructuring assets and rethinking operations.

### **New strategy and name launched**

As a result of this, we launched in October a new strategy that reduced complexity by realizing group synergies and unifying our delivery model in venues and hotels, while at the same time securing strong planning, process and service delivery for our partners and customers. As always with sustainability as a cornerstone in our way of work.

The turning point came when after negotiations in April and May, and the General Assembly of BCHG Holding A/S on 15 June 2021. The agreements included reduction of our debt, new agreements with the hotel owners and new equity from new owners, leaving the company in a better financial situation than pre-COVID and providing a solid financial foundation for future development and possible expansion.

The new beginning was marked by renaming the Group to Bellagroup.

### **Starting the long journey back to normal**

Business activities in venues and hotels were at a very low level during the first half of the year due to restrictions. This changed over the summer. Denmark was among the first countries to fully open during 2021. As restrictions eased, we reengaged the employees, COVID restrictions had forced us to let go. Getting hotels and venues ready for guests again and reopening AC Hotel Bella Sky after almost 1.5 years of lockdown was a big job, but a meaningful one that everyone at Bellagroup had been longing for.

We also opened the doors at Bella Arena, our new sustainable and long-awaited extension of the Bella Center. The venue, with its room for 7,000 seated guests, will as a stand-alone brand be focused on cultural events and concerts, while at the same time giving Bella Center the future option to host even larger international events with need of a spacious keynote speaker hall or to host several major events simultaneously.

After a slow start in the year, activities picked up again in the second half of 2021 and at Bellagroup we hosted the first major corporate events in Northern Europe. During the months from August until November, we experienced an increased demand for our services in both venues as well as hotel activities. During those months we moved closer to a normal activity level in a speed much faster than we had expected. We saw more activities in our venues, which reached the level pre-COVID. And we saw a period in which we were close to full occupancy at the hotels.

With COVID still lurking in late 2021, our focus was on safety as well as service as we successfully hosted a corporate dinner for +4.000 participants, BogForum with +30,000 guests and WindEurope's annual conference with 8.000 attendees from all over the world.

# Management's Review

## Results for the year

The financial result for 2021 clearly mirrors the above-described situation.

The full year net profit is the result of 8 months heavily impacted by COVID-19 and 4 months with lower COVID-19 impact. The results were close to break even, in the months less impacted by COVID-19.

The total result is a positive net profit of 18 mDKK, mainly because of the debt remission and capital restructuring in combination with governmental COVID-19 compensations.

## Outlook for 2022

### On the rebound and ready for growth

Unfortunately, the year ended with another lockdown in December and going into 2022, the global pandemic still has a significant impact on the hospitality industry and leads to unpredictability in terms of possible restrictions and lockdowns in the future.

But we remain optimistic due to the combination of high vaccine participation and new less severe variants of the virus on the one side, and a strong pipeline and strong liquidity on the other. There is a big belief in Bellagroup and we are in a strong position to show solid economic performance in the future. The latter based on the recapitalisation leaving the company financially in a much better position than pre-COVID, the experiences from the autumn with the return to pre-COVID levels faster than expected, and because the company over the year has built a strong order portfolio on the venue side.

2021 taught us that once lockdowns and restrictions are loosened, guests will be returning faster and in greater numbers than previously expected. Based on experiences from previous lockdowns and re-openings, we expect business to return in different pace for our business units. Hotels will rebound faster than our venues as leisure will return faster than business customers. Similarly, we expect national business to pick up faster than our international guests.

A full return for the company to the level of pre-COVID will likely take some years. That said, we are well under way and already have major events booked for 2022, 2023 and 2024.

We expect the result excluding other operating income for 2022 to be significantly better than 2021, even though the year have started with a full COVID-19 closure. The before mentioned pipeline in combination with the prolonged governmental compensations imply an expected positive Net Profit for 2022. The strong cash position is expected to be kept during the year.

# Management's Review

## Focus on sustainability

### Committed to responsible hospitality

Even through challenging times, Bella Group remains committed to building the sustainable hospitality platform of the future.

During 2021 we opened Bella Arena built with sustainable materials with an emphasis on energy efficiency and circularity that was pre-certified with the international gold certification in sustainability from DGNB (Green Building Council Denmark). We also hosted the first large event, where the environmental impact was measured and documented from start to finish. In 2022 we hope to spread the approach to more events, so that we can continually measure, benchmark, and improve our initiatives.

Our ambitions and commitments to sustainability for 2022 cover all business areas and we aim to deliver real, tangible change.

Our Responsible Hospitality report 2021 summarising all activity, partnerships and initiatives in 2021. The report is also available at [www.responsiblehospitality.dk](http://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 2021" ([www.responsiblehospitality.dk](http://www.responsiblehospitality.dk)).

### **Statement of corporate social responsibility 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 group is required to report on diversity in the composition of the Board of Directors and gender representation at other executive levels of the group, it should be noted that the group do not have equal representation on the Board of Directors (three male out of three members elected by the General Assembly). Executive Board consist of two males out of two members.

In connection with change or extension of the aforementioned Boards, we will pay special attention to attract female members, however qualification and competences will also be part of the decision. The aim is to obtain equal representation in 2025/26 for the Board of Directors. The target has not yet been reached for Board of Directors.

We also aim to have equal gender representation for Executive Board and other executive levels and do in our recruitment process make sure that both genders are represented when selecting the final candidat. Going forward we will continue with the effort in our search for candidates.

# Management's Review

## Statement regarding data ethics in accordance with section 99(d) of the Danish Financial Statement Act

The group has established a policy regarding data ethics. The data ethic policy includes all employees in the group and company. It complies with both Danish and EU law and comprises our data ethics principles and, data privacy policy. Reference is made to the above-mentioned CSR report "Responsible Hospitality Report 2021", page 29 ([www.responsiblehospitality.dk](http://www.responsiblehospitality.dk)).

## Uncertainty relating to recognition and measurement

Recognition and measurement in the annual report have not been subject to any judgment with significant uncertainty, except for the accounting treatment of COVID-19 compensation schemes.

The Company has applied for all the available governmental COVID-19 schemes. The Company has currently only been allowed to submit the final account for salary compensation received for the first applied compensation period. The final account for salary compensation for this period ended in reduction in the compensation received due to change in Danish Business Authority interpretation of how to calculate the salary compensation.

Final account for other compensation received, fixed cost and arrangement compensation schemes are not due before 30 September 2022. Furthermore, the final control from the Danish Business Authority will not take place until after this date.

Based on communication with the Authorities in connection with the application/request for compensation, it can be concluded that it is not completely clear how the regulations for compensation shall be interpreted. Due to this and the experience with the first final account for salary compensation, a provision for uncertainties has been made against receivable compensation at 31 December 2021.

## Subsequent events

### The acquisition of CP Hotel A/S

During the autumn of 2021, Bella Operation A/S had dialogues with Niam, the owner of Copenhagen Towers and Copenhagen Skyline Holding ApS, the owner of the company operating the Crown Plaza Hotel Copenhagen Towers. The parties discussed a possible transaction where Bella Operation acquired the operating hotel company. An agreement was reached at the very end of the year and closing of the deal took place on 1 January 2022. Hereafter, the operating company CP Hotel A/S, operating the Copenhagen Tower Crown Plaza Hotel, became a part of the Bellagroup. The Crown Plaza Hotel is expected to support the growth of the entire group in similar ways as the two other hotels - partly by its own operation and partly as a joint offer to the venue activities at Bella Center and Bella Arena.

## Income Statement 1 January - 31 December

	Note	2021 TDKK	2020 TDKK
<b>Revenue</b>	2	<b>251,454</b>	<b>261,089</b>
Other operating income	3	178,182	199,621
Cost of goods sold		-42,555	-29,600
Other external expenses		-174,657	-319,526
<b>Gross profit/loss</b>		<b>212,424</b>	<b>111,584</b>
Staff expenses	4	-159,428	-193,034
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	5	-24,212	-98,667
Other operating expenses		-45	-135
<b>Profit/loss before financial income and expenses</b>		<b>28,739</b>	<b>-180,252</b>
Financial income	6	140	1,031
Financial expenses	7	-5,915	-6,186
<b>Profit/loss before tax</b>		<b>22,964</b>	<b>-185,407</b>
Tax on profit/loss for the year	8	-5,320	44,388
<b>Net profit/loss for the year</b>		<b>17,644</b>	<b>-141,019</b>

# Balance Sheet 31 December

## Assets

	Note	2021 TDKK	2020 TDKK
Completed development projects		7,016	9,680
<b>Intangible assets</b>	9	<b>7,016</b>	<b>9,680</b>
Other fixtures and fittings, tools and equipment		49,317	45,340
Leasehold improvements		37,246	51,871
<b>Property, plant and equipment</b>	10	<b>86,563</b>	<b>97,211</b>
Receivables from group enterprises		66,200	66,200
Deposits		38,651	64,679
<b>Fixed asset investments</b>		<b>104,851</b>	<b>130,879</b>
<b>Fixed assets</b>		<b>198,430</b>	<b>237,770</b>
<b>Inventories</b>		<b>2,792</b>	<b>2,144</b>
Trade receivables		33,890	30,064
Receivables from group enterprises		5,778	4,472
Other receivables		26,385	94,290
Deferred tax asset		27,364	32,805
Prepayments		24,239	16,492
<b>Receivables</b>		<b>117,656</b>	<b>178,123</b>
<b>Cash at bank and in hand</b>		<b>87,832</b>	<b>27,702</b>
<b>Currents assets</b>		<b>208,280</b>	<b>207,969</b>
<b>Assets</b>		<b>406,710</b>	<b>445,739</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	2021 TDKK	2020 TDKK
Share capital	11	1,000	1,000
Reserve for hedging transactions		0	-609
Retained earnings		215,284	77,640
<b>Equity</b>		<b>216,284</b>	<b>78,031</b>
Credit institutions		0	75,001
Lease obligations		2,314	3,866
Trade payables		8,771	20,094
Payables to group enterprises		6,151	6,151
Deposits		11,066	9,633
Other payables		10,412	10,291
<b>Long-term debt</b>	13	<b>38,714</b>	<b>125,036</b>
Credit institutions	13	0	62,496
Lease obligations	13	1,813	1,737
Prepayments received from customers		67,034	48,911
Trade payables	13	42,804	75,833
Payables to group enterprises	13	8,190	16,405
Payables to group enterprises relating to corporation tax		271	0
Deposits		5,319	6,198
Other payables	13	26,281	31,092
<b>Short-term debt</b>		<b>151,712</b>	<b>242,672</b>
<b>Debt</b>		<b>190,426</b>	<b>367,708</b>
<b>Liabilities and equity</b>		<b>406,710</b>	<b>445,739</b>
Subsequent events	1		
Distribution of profit	12		
Contingent assets, liabilities and other financial obligations	14		
Related parties	15		
Accounting Policies	16		



## Statement of Changes in Equity

	Share capital TDKK	Reserve for hedging transactions TDKK	Retained earnings TDKK	Total TDKK
<b>2021</b>				
Equity at 1 January	1,000	-609	77,640	78,031
Contribution from group	0	0	120,000	120,000
Fair value adjustment of hedging instruments	0	609	0	609
Net profit/loss for the year	0	0	17,644	17,644
<b>Equity at 31 December</b>	<b>1,000</b>	<b>0</b>	<b>215,284</b>	<b>216,284</b>
<b>2020</b>				
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	-609	0	-609
Net profit/loss for the year	0	0	-141,019	-141,019
<b>Equity at 31 December</b>	<b>1,000</b>	<b>-609</b>	<b>77,640</b>	<b>78,031</b>

# Notes to the Financial Statements

## 1 Subsequent events

During the autumn of 2021, Bella Operation A/S had dialogues with Niam, the owner of Copenhagen Towers and Copenhagen Skyline Holding ApS, the owner of the company operating the Crown Plaza Hotel Copenhagen Towers. The parties discussed a possible transaction where Bella Operation acquired the operating hotel company. An agreement was reached at the very end of the year and closing of the deal took place on 1 January 2022. Hereafter, the operating company CP Hotel A/S, operating the Copenhagen Tower Crown Plaza Hotel, became a part of the Bellagroup. The Crown Plaza Hotel is expected to support the growth of the entire group in similar ways as the two other hotels - partly by its own operation and partly as a joint offer to the venue activities at Bella Center and Bella Arena.

	<u>2021</u> TDKK	<u>2020</u> TDKK
<b>2 Revenue</b>		
<b>Geographical segments</b>		
Revenue, Denmark	<u>251,454</u>	<u>261,089</u>
	<b><u>251,454</u></b>	<b><u>261,089</u></b>
<b>Business segments</b>		
Hotel	87,232	77,346
Area & Entry	81,215	116,868
Technique & Services	34,453	22,855
Food & Beverage	<u>48,554</u>	<u>44,020</u>
	<b><u>251,454</u></b>	<b><u>261,089</u></b>
<b>3 Other operating income</b>		
Covid-19 compensation for fixed costs, salary and arrangements and remission of financial debt	<u>178,182</u>	<u>199,621</u>
	<b><u>178,182</u></b>	<b><u>199,621</u></b>

## Notes to the Financial Statements

	2021 <u>TDKK</u>	2020 <u>TDKK</u>
<b>4 Staff expenses</b>		
Wages and salaries	140,464	165,967
Pensions	11,975	16,000
Other social security expenses	2,591	2,900
Other staff expenses	4,398	8,167
	<u><b>159,428</b></u>	<u><b>193,034</b></u>
Including remuneration to the Executive Board and Board of Directors of:		
Executive Board	7,023	9,958
Board of Directors	76	83
	<u><b>7,099</b></u>	<u><b>10,041</b></u>
<b>Average number of employees</b>	<u><b>287</b></u>	<u><b>423</b></u>
<b>5 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment</b>		
Amortisation of intangible assets	1,924	6,550
Depreciation of property, plant and equipment	22,288	27,802
Impairment of intangible assets	0	54,057
Impairment of property, plant and equipment	0	10,258
	<u><b>24,212</b></u>	<u><b>98,667</b></u>
<b>6 Financial income</b>		
Interest received from group enterprises	135	721
Other financial income	5	310
	<u><b>140</b></u>	<u><b>1,031</b></u>
<b>7 Financial expenses</b>		
Other financial expenses	5,915	6,186
	<u><b>5,915</b></u>	<u><b>6,186</b></u>

## Notes to the Financial Statements

	<u>2021</u> TDKK	<u>2020</u> TDKK
<b>8 Tax on profit/loss for the year</b>		
Current tax for the year	120	-3,425
Deferred tax for the year	4,707	-28,952
Adjustment of tax concerning previous years	493	-12,011
	<u><b>5,320</b></u>	<u><b>-44,388</b></u>
<b>9 Intangible assets</b>		Completed development projects <u>TDKK</u>
Cost at 1 January		17,068
Disposals for the year		<u>-740</u>
Cost at 31 December		<u>16,328</u>
Impairment losses and amortisation at 1 January		7,388
Amortisation for the year		<u>1,924</u>
Impairment losses and amortisation at 31 December		<u>9,312</u>
<b>Carrying amount at 31 December 2021</b>		<u><b>7,016</b></u>

# Notes to the Financial Statements

## 10 Property, plant and equipment

	Other fixtures and fittings, tools and equipment TDKK	Leasehold improvements TDKK
Cost at 1 January	125,770	70,283
Additions for the year	29,588	181
Disposals for the year	-55,054	-20,544
Cost at 31 December	<u>100,304</u>	<u>49,920</u>
Impairment losses and depreciation at 1 January	80,430	18,412
Depreciation for the year	17,170	5,118
Reversal of impairment and depreciation of sold assets	-46,613	-10,856
Impairment losses and depreciation at 31 December	<u>50,987</u>	<u>12,674</u>
<b>Carrying amount at 31 December 2021</b>	<b><u>49,317</u></b>	<b><u>37,246</u></b>

## 11 Share capital

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

	2021 TDKK	2020 TDKK
<b>12 Distribution of profit</b>		
Retained earnings	17,644	-141,019
	<b><u>17,644</u></b>	<b><u>-141,019</u></b>

# Notes to the Financial Statements

## 13 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:

	2021 TDKK	2020 TDKK
<b>Credit institutions</b>		
After 5 years	0	8,333
Between 1 and 5 years	0	66,668
Long-term part	0	75,001
Other short-term debt to credit institutions	0	62,496
	<b>0</b>	<b>137,497</b>
<b>Lease obligations</b>		
Between 1 and 5 years	2,314	3,866
Long-term part	2,314	3,866
Within 1 year	1,813	1,737
	<b>4,127</b>	<b>5,603</b>
<b>Trade payables</b>		
Between 1 and 5 years	8,771	20,094
Long-term part	8,771	20,094
Other short-term trade payables	42,804	75,833
	<b>51,575</b>	<b>95,927</b>
<b>Payables to group enterprises</b>		
Between 1 and 5 years	6,151	6,151
Long-term part	6,151	6,151
Other short-term debt to group enterprises	8,190	16,405
	<b>14,341</b>	<b>22,556</b>
<b>Deposits</b>		
Between 1 and 5 years	11,066	9,633
Long-term part	11,066	9,633
Other deposits	5,319	6,198
	<b>16,385</b>	<b>15,831</b>

# Notes to the Financial Statements

## 13 Long-term debt (continued)

	2021	2020
	TDKK	TDKK
<b>Other payables</b>		
Between 1 and 5 years	10,412	10,291
Long-term part	10,412	10,291
Other short-term payables	26,281	31,092
	<b>36,693</b>	<b>41,383</b>

## 14 Contingent assets, liabilities and other financial obligations

### Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	52,004	48,844
Between 1 and 5 years	817,519	648,164
After 5 years	3,516,508	3,742,589
	<b>4,386,031</b>	<b>4,439,597</b>

### 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

For the income year up to 15 June 2021, the company is jointly and severally liable for tax on the jointly taxed incomes etc., of the Solstra Investments A/S Group and for the period 16 June 2021 to 31 December 2021 the company is jointly and severally liable for tax on the jointly taxed incomes etc. of the TMC Invest 2021 ApS' Group. The total amount of corporation tax payables is disclosed in the Annual Report of respectively Solstra Investments A/S and TMC Invest 2021 ApS, which is the management company for the two joint taxations groups. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

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 time being, it is not possible to evaluate and conclude the extent of the replacement. However the property owner will cover the majority part of the expense.

# Notes to the Financial Statements

## 15 Related parties

Related parties are considered to be the Board of Directors, Executive Board, TMC Invest 2021 ApS and Solstra Investments A/S' subsidiaries.

### Basis

#### **Controlling interest at 31 December 2021**

TMC Invest 2021 ApS, Copenhagen	Ultimate parent company
BCHG Holding A/S, Copenhagen	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 received from group enterprises are disclosed in the income statement and note 6.

#### **Consolidated Financial Statements**

The Company is included in the Consolidated Financial Statements of BCHG Holding A/S and the ultimate parent company TMC Invest 2021 ApS.

<u>Name</u>	<u>Place of registered office</u>
TMC Invest 2021 ApS	Copenhagen
BCHG Holding A/S	Copenhagen



# Notes to the Financial Statements

## 16 Accounting Policies

The Annual Report of Bella Operation A/S for 2021 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.

### 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 BCHG Holding A/S, 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 interest 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.

# Notes to the Financial Statements

## 16 Accounting Policies (continued)

### 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.

### 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.

# Notes to the Financial Statements

## 16 Accounting Policies (continued)

### 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.

#### 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

# Notes to the Financial Statements

## 16 Accounting Policies (continued)

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.

### 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 Danish subsidiaries of TMC Invest 2021 ApS group and Solstra Investments A/S group. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

## Balance Sheet

### Intangible assets

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.

### 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

## 16 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 30,700 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.

### Fixed asset investments

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

## 16 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

## 16 Accounting Policies (continued)

### Financial Highlights

#### Explanation of financial ratios

Gross margin

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

Solvency ratio

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

Return on equity

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