RADISSON HOSPITALITY

ANNUAL REPORT 2019

Radisson Blu Hotel, Frankfurt

RADISSON HOTEL GROUP

RADISSON COLLECTION | Radisson BLU | Radisson | RED Radisson | PARK PLAZA | park inn by Radisson | COUNTRY INN & SUITES BY RADISSON

RADISSON REWARDS | RADISSONHOTELS.COM | RADISSON MEETINGS

Contents

387 hotels
84,800+
rooms in operation

125 hotels
24,900+
under development

in 80 countries
across EMEA

44,000+
team members

149 nationalities

Total revenue
999.3
million euros

About Radisson Hospitality AB (PUBL)

Radisson Hospitality AB (publ) ("Radisson") is one of the largest hotel companies in Europe, the Middle East & Africa. A member of the Radisson Hotel Group™, through a master franchise agreement with Radisson Hospitality, Inc., the company operates and develops Radisson Collection™, Radisson Blu®, Radisson®, Radisson RED®, Park Inn® by Radisson, across EMEA, along with the Radisson Rewards loyalty program for frequent hotel guests.

Radisson operates a portfolio of 387 hotels with more than 84,800 rooms across EMEA. Radisson and its brands have ca 44,600 team members in EMEA. The group is headquartered in Brussels, Belgium.

For more information, visit **www.radissonhospitalityab.com** and **www.radissonhotels.com/corporate**

Our Social Media Channels:

- LinkedIn: https://www.linkedin.com/company/radisson-hotel-group/
- Instagram: https://www.instagram.com/radissonhotels/
- Twitter: https://twitter.com/radissonhotels
- Facebook: https://www.facebook.com/radissonhotels
- YouTube: https://www.youtube.com/radissonhotelgroup

Company Highlights

- Radisson Hospitality AB is delisted from Nasdaq Stockholm
- Radisson makes significant progress on its five-year operating plan
- 52 hotels and more than 10,200 rooms signed across EMEA
- 21 hotels with more than 4,000 rooms opened across EMEA
- Radisson Hotel Group launches its new multi-brand and mobile-first global website, RadissonHotels.com and the Radisson Hotels App
- Radisson Hotel Group and Jin Jiang International launch their first cobranded hotel in Frankfurt, Germany
- Radisson Hotel Group launches Radisson Meetings, making all meetings and events 100% carbon neutral

2019 Key Results

Like-for-like Revenue increased by 4.1%

Like-for-like RevPAR increased by 1.9%

Revenue increased by €40.1m (4.2%) to €999.3m

EBITDA increased by €61.5m (59.3%) to €165.2m

The EBITDA margin increased by 5.7 pp to 16.5%

EBIT increased by €41.5m (130.9%) to €73.2m

The EBIT margin increased by 4.0 pp to 7.3%

Profit for the period was €22.0m (3.6)

10,213 rooms (52 hotels) were contracted

4,022 rooms (21 hotels) opened

2,454 rooms (14 hotels) left the system

BOARD OF DIRECTORS' REPORT

The Board of Directors and the President & Chief Executive Officer of Radisson Hospitality AB (publ), corporate registration number 556674-0964, hereby submit the Annual Report and Consolidated Financial Statements for the financial year 2019.

Operations

Radisson Hospitality AB (publ) ("Radisson") is a hospitality company managing hotels, brands and assets owned by third parties. Radisson operates the brands Radisson Collection, Radisson Blu, Radisson, Radisson RED and Park Inn by Radisson. All brands are developed and licensed by Radisson in Europe, the Middle East and Africa (EMEA) under Master Franchise Agreements with subsidiaries of Radisson Hospitality, Inc.

By the end of 2019, the group operated 387 hotels with 84,842 rooms in 66 countries.

21 hotels with 4,022 rooms opened during 2019, and with the exception of one leased hotel, all are under management and franchise contracts in key locations such as Casablanca, Dubai, Istanbul, Nairobi and Prague. 14 hotels with 2,454 rooms left the system, resulting in net opening of 1,568 rooms.

Radisson's pipeline (rooms under development) features 24,985 rooms, scheduled to open within four years and represents 29% of the rooms in operation.

The pipeline is, with the exception of twelve hotels, comprised of management and franchise contracts and 80% are located in the emerging markets. Radisson is expanding through organic growth by converting existing hotels to one of Radisson's brands and opening newly built hotels. During 2019, Radisson signed agreements for 52 hotels which represent 10,213 rooms. 47 of these hotels are under management or franchise contracts and five are under lease contracts.

Strategies and Development

The hotels in Radisson's portfolio are either operated by Radisson itself under a lease contract, by providing management services for a hotel owner under a management contract, or by a separate operator using one of the brands under a franchise contract. Radisson's strategy is to grow with an asset-right approach, balancing management and franchise contracts with selected lease contracts. Management and franchise contracts offer a higher profit margin and more stable income streams and lease contracts allows Radisson to complete the presence in mature markets. Of Radisson's 84,842 rooms in operation at the end of the year, 82% were under management or franchise contracts.

In 2017, Radisson's strategy was adjusted to reinforce presence in mature markets and continue growing in emerging markets where Radisson has presence already. This balance and focus provides some protection from eventual down-turn periods while it increases operational efficiency and the brand strength.

	In Operation		Under Development	
31 December 2019	Hotels	Rooms	Hotels	Rooms
By region:				
Nordics	55	13,821	3	492
Rest of Western Europe	128	26,220	22	4,017
Eastern Europe	113	26,233	32	5,761
Middle East & Africa	91	18,568	68	14,715
Total	**387**	**84,842**	**125**	**24,985**
By brand:				
Radisson Blu	252	57,708	46	9,994
Park Inn by Radisson	112	22,514	18	3,169
Others	23	4,620	61	11,822
Total	**387**	**84,842**	**125**	**24,985**
By contract type:				
Leased	55	15,150	12	2,149
Managed	196	43,913	92	18,765
Franchised	136	25,779	21	4,071
Total	**387**	**84,842**	**125**	**24,985**

5-Year Operating Plan

In 2017, Radisson management developed a 5-year operating plan, approved by the Board of Directors in October 2017 and presented to the investor community in January 2018.

The vision of the company is to be the company of choice for guests, owners and talent. The operating plan is built around two pillars; (1) creating memorable moments, and (2) being a true host and the best partner.

These two pillars sustain seven levers that are translated into 25 concrete and actionable initiatives, enabling the company to reach the objective in the plan is to increase revenue by 6-7% annually from 2018 to 2022 and of doubling EBITDA by 2022 with a margin of 13-15%.

A general summary of the key initiatives within the seven levers is as follows:

Portfolio management initiatives aim to strengthen hotel revenue and profitability performance by deploying a repositioning plan to upgrade the properties, introducing a new operational model at hotel level and a more dynamic asset management strategy.

Brand and Product initiatives focus on leveraging the launch of the new brand Radisson Hotel Group, through the definition of a new brand architecture, key positioning elements and a differential guest experience for each brand.

Marketing, Sales & Revenue management initiatives allow for improvement in customer attraction and repeat business through increasing investments in customer-facing activities, upgrading the current loyalty program, as well as developing the web and mobile capabilities.

Organisational Talent & Responsible Business initiatives focus on the consolidation of a single corporate culture, allowing the Company to become a true global leader.

Cost advantage initiatives enable higher competitiveness and cost efficiency, through the development of new organisational and operating models that are optimised and consistent across the organisation, as well as an improved global procurement strategy.

Best systems initiatives focus on securing the best-in-class IT platforms across the industry, to drive the implementation of the rest of the plan's initiatives.

Scale initiatives centre on driving organic growth, with a stronger EU presence, while realising exits from non-strategic hotels. The scaling strategy will be supported by a new global approach to Business Development, as well as a refined value proposition for owners.

The plan is deployed in two phases. The first phase focused on defining and implementing the new value proposition and business model to set the basics for growth. The second phase focuses on boosting organic growth, driving exponential improvement in revenues and margins. The objective in the plan is to achieve >70% of the economic impact of the organic expansion by 2024.

Due to the outbreak of Covid-19 in EMEA in Q1 2020, management and the Board of Directors will during June and July 2020 revise the timing of the deployment of the 5-year operating plan and the financial objectives. See also section "Going Concern" below.

RevPAR Development

On a like-for-like basis, including hotels under renovation ("LFL&R"), RevPAR for leased and managed hotels improved by 1.9% compared to 2018, driven by occupancy. RevPAR LFL&R for leased hotels grew by 3.1%. All geographic segments reported RevPAR LFL&R growth over last year.

The strongest growth was seen in Eastern Europe (2.5%) linked to strong growth in Turkey and Russia.

In Rest of Western Europe, RevPAR LFL&R grew by 1.6%. All key countries experienced growth, with the exception of the Netherlands, Switzerland and the UK. The

RevPAR by brand

	Occupancy LFL&R		Average Room Rates LFL&R		RevPAR LFL&R		Reported RevPAR	
EUR	**2019**	vs. 2018	**2019**	vs. 2018	**2019**	vs. 2018	**2019**	vs. 2018
Radisson	68.8%	1.5 pp	117.5	–0.2%	80.9	2.0%	80.0	1.7%
Park Inn by Radisson	69.9%	2.3 pp	72.7	–2.4%	50.8	0.9%	51.3	6.0%
Group	**69.1%**	**1.7 pp**	**106.5**	**–0.6%**	**73.6**	**1.9%**	**72.7**	**2.5%**

RevPAR by geography

	Occupancy LFL&R		Average Room Rates LFL&R		RevPAR LFL&R		Reported RevPAR	
EUR	**2019**	vs. 2018	**2019**	vs. 2018	**2019**	vs. 2018	**2019**	vs. 2018
Nordics	76.9%	1.2 pp	132.6	0.4%	101.9	2.1%	98.8	0.7%
Rest of Western Europe	77.1%	0.6 pp	121.0	0.8%	93.3	1.6%	93.0	3.8%
Eastern Europe	64.6%	2.4 pp	83.2	–1.4%	53.8	2.5%	55.0	0.4%
Middle East & Africa	61.4%	2.4 pp	97.0	–2.1%	59.6	1.9%	61.1	7.4%
Group	**69.1%**	**1.7 pp**	**106.5**	**–0.6%**	**73.6**	**1.9%**	**72.7**	**2.5%**

The change in revenue compared to last year

MEUR	LFL&R	Openings	Exits	FX	Change
Rooms revenue	16.9	3.0	–3.9	–3.9	12.1
F&B revenue	–2.8	0.8	–1.3	–1.9	–5.2
Other hotel revenue	–1.0	1.6	–0.0	–0.2	0.4
Total leased revenue	**13.1**	**5.4**	–5.2	–6.0	**7.3**
Fee revenue	2.0	12.8	–5.6	1.0	10.2
Other revenue	22.6	—	—	0.0	22.6
Total revenue	**37.7**	**18.2**	–10.8	–5.0	**40.1**

growth was led by Belgium, France and Germany.

The overall growth in the Nordics was at 2.1%, led by Norway and Sweden, whereas Denmark was slightly below last year.

The RevPAR LFL&R for Middle East & Africa increased by 1.9%, despite challenges in the United Arab Emirates.

Reported RevPAR increased by 2.5%.

Income Statement

MEUR	**2019**	2018
Revenue	999.3	959.2
EBITDAR	340.6	325.4
EBITDA	165.2	103.7
EBIT	73.2	31.7
Profit for the period	22.0	3.6
EBITDAR margin	34.1%	33.9%
EBITDA margin	16.5%	10.8%
EBIT margin	7.3%	3.3%

Revenue increased by MEUR 40.1 (4.2%) to MEUR 999.3. The increase is due to the good development in the like-for-like lease port-folio (MEUR 13.1), new openings (MEUR 18.2) and additional other revenue of MEUR 22.6.

On a like-for-like basis, including hotels under renovation (“LFL&R”), revenue increa-sed by MEUR 37.7 (4.1%). The change in reve-nue compared to last year is presented in the table below.

EBITDA increased by MEUR 61.5 (59.3%) to MEUR 165.2. The increase is mainly due to the implementation of the new accounting standard IFRS 16 Leases (MEUR 48.1) and the revenue growth in the fee business, as well as the positive effects from the new operating model.

The EBITDA margin increased 5.7 pp to 16.5%, where of 4.8 pp is due to the implementation of IFRS 16 Leases.

EBIT increased by MEUR 41.5 (130.9%) to MEUR 73.2, where of MEUR 24.5 is due to the implementation of IFRS 16 Leases and MEUR 10.0 due to lower costs for write-downs.

The EBIT margin increased 4.0 pp to 7.3%, where of 2.5 pp is due to the implementation of IFRS 16 Leases.

Profit/loss for the period increased by MEUR 18.4 (511.1%) to MEUR 22.0. The increase in EBIT is partly offset by MEUR 26.5 higher net financial expenses, mainly due to the bond issuance in July last year and the implementation of IFRS 16 Leases.

Nordics

MEUR	**2019**	2018	Change
Revenue	387.5	394.8	–1.8%
RevPAR LFL&R, EUR	101.9	99.9	2.1%
EBITDA	84.8	57.3	48.0%
EBITDA margin	21.9%	14.5%	7.4 pp
EBIT	53.5	38.6	38.6%
EBIT margin	13.8%	9.8%	5.0 pp

Revenue decreased by MEUR 7.3 (–1.8%) to MEUR 387.5. The decrease is mainly due to the strengthening of the Euro (MEUR –9.0) and the exit of two leases (MEUR –3.9). Revenue LFL&R increased by MEUR 5.7.

RevPAR LFL&R grew 2.1%, due to both increased average room rates and higher occupancy. The key markets Norway (2.7%) and Sweden (3.5%) were above last year and Denmark (–0.2%) only slightly below. The growth was supported by the ramp up of hotels which were under renovation in 2018.

EBIT increased by MEUR 14.9 (38.6%) to MEUR 53.5. The positive impact of the imple-mentation of IFRS 16 (MEUR 16.8), the LFL&R revenue increase and cost reduction initia-tives in the leased portfolio is partly offset by higher costs for depreciation and termi-nation of lease contracts.

Rest of Western Europe

MEUR	**2019**	2018	Change
Revenue	473.0	461.2	2.6%
RevPAR LFL&R, EUR	93.3	91.8	1.6%
EBITDA	91.9	70.0	31.3%
EBITDA margin	19.4%	15.2%	4.2 pp
EBIT	40.0	19.0	110.5%
EBIT margin	8.5%	4.1%	4.4 pp

Revenue increased by MEUR 11.8 (2.6%) to MEUR 473.0. The increase is due to the good development LFL&R in the lease portfolio (MEUR 6.6), new openings (MEUR 5.7) and positive FX development (MEUR 2.9), partly offset by exits (MEUR –4.5).

RevPAR LFL&R grew 1.6%, due to both increased average room rates and higher occupancy. The key drivers were France (8.8%), Belgium (6.5%) and Germany (3.9%).

EBIT increased by MEUR 21.0 (110.5%) to MEUR 40.0, mainly due to the revenue increase, lower costs for write-downs and the implementation of IFRS 16 Leases (MEUR 6.7).

Eastern Europe

MEUR	**2019**	2018	Change
Revenue	56.7	46.6	21.7%
RevPAR LFL&R, EUR	53.8	52.5	2.5%
EBITDA	39.7	33.2	19.6%
EBITDA margin	70.0%	71.2%	–1.2 pp
EBIT	39.2	32.9	19.1%
EBIT margin	69.1%	70.6%	–1.5 pp

Revenue increased by MEUR 10.1 (21.7%) to MEUR 56.7 due to new openings (MEUR 9.2) and strong LFL&R development (MEUR 2.4), partly offset by exits.

RevPAR LFL&R grew 2.5%, driven by occupancy. Turkey (24.9%) and Russia (2.3%) led the growth.

EBITDA and EBIT margins were broadly in line with last year.

Middle East & Africa

MEUR	**2019**	2018	Change
Revenue	35.9	31.7	13.2%
RevPAR LFL&R, EUR	59.6	58.5	1.9%
EBITDA	23.8	23.4	1.7%
EBITDA margin	66.3%	73.8%	–7.5 pp
EBIT	23.5	23.0	2.2%
EBIT margin	65.5%	72.6%	–7.1 pp

Revenue increased by MEUR 4.2 (13.2%) to MEUR 35.9, which is mainly due to new openings (MEUR 2.6).

RevPAR LFL&R grew 1.9%, driven by occupancy. We experienced growth in most key markets, with the exception of a few markets in the Middle East.

EBIT increased by MEUR 0.5 (2.2%) to MEUR 23.5, due to the increase in revenue, however partly offset by higher costs for bad debts.

Balance Sheet end of 2019

MEUR	**31 Dec. 19**	Adj. 1 Jan. 19	31 Dec. 18
Total assets	1,194.3	1,082.6	750.3
Net working capi-tal	–158.5	–88.2	–85.5
Net cash (net debt)	–469.8	–474.5	0.6
Equity	148.8	123.7	256.0

The opening balance per 1 January 2019 has been adjusted due to the implementation of IFRS 16 Leases.

The non-current assets increased by MEUR 77.6, compared to the adjusted ope-ning balance, and amounted to MEUR 784.8. The increase is mainly due to the develop-ment of IT assets (see further “Other Events” below) and investments in interest-bearing receivables.

Net working capital, excluding cash and cash equivalents, but including current tax assets and liabilities, was MEUR –158.5 at the end of the year, compared to MEUR –88.2 in the beginning of the year (adjusted). The change is mainly related to higher accounts payables (see further "Other Events" below).

Compared to the beginning of the year, equity increased by MEUR 25.1 to MEUR 148.8, which is mainly due to the profit for the period of MEUR 23.2 and currency differences on translation of foreign operations.

Cash Flow

Cash flow from operations, before change in working capital, amounted to MEUR 148.8, an increase of MEUR 56.3. The increase is mainly due to the implementation of IFRS 16 Leases and the subsequent reclassification of fixed rent payments to financing activities (MEUR 48.1) and the improved EBITDA. Cash flow from change in working capital amounted to MEUR 5.0, compared to MEUR 28.8 last year. The change is mainly related to accounts pay-ables and accrued expenses.

Cash flow used in investing activities was MEUR 2.3 higher compared to last year and amounted to MEUR –88.5.

Cash flow from financing activities amoun-ted to MEUR –75.7 compared to MEUR 207.6 last year. The change is mainly due to the bond issuance in July 2018 and the above-mentioned change in accounting principles for leases.

Liquidity

At the end of the period, the company had MEUR 239.6 (249.9) in cash and cash equivalents. The total credit facilities amounted to MEUR 25.0 (25.0). MEUR 0.3 (0.3) was used for bank guarantees, leaving MEUR 24.7 (24.7) in available credit for use.

Net interest-bearing liabilities amounted to MEUR 446.0 (468.7 per 1 January 2019 adjusted) and Net cash (debt) amounted to MEUR –469.8 (–474.5 per 1 January 2019 adjusted).

Other Events

In line with the 5-year operating plan, the company has incurred expenses, advanced by an affiliated entity, related to a Global Integrated IT Platform being developed by and under supervision of the company. The transactions have impacted EBITDA nega-tively by MEUR –7.7 in the period. In addition, MEUR 60.5 of expenses has been capitalised in the period. The invoices attributable to the transactions are not yet paid at the end of the period.

Subsequent Events

On October 4, 2019 it was announced that Radisson has exercised its rights to acquire full ownership of the shares in prizeotel Holding GmbH. In 2016, Radisson had entered the company with the acquisition of a 49% stake in the business, and further rights to acquire the remaining 51% within four years. The transaction was finalised in the beginning of January 2020.

Going Concern

The outbreak of Covid-19 in EMEA in Q1 2020 has had a significant impact on Radisson's performance as from March 2020. At the date of issuance of this annual report, 59% of the hotels in operation are temporary closed.

Management has taken a number of measures to mitigate the financial impact on both profit and cash flow of the significant drop in revenue. These measures include, but are not limited to, temporary layoffs of personnel, rent negotiations and deferrals, application for governmental subsidies and loans, and postponement of certain capex investments.

Radisson's credit facilities and available liquidity as of December 31, 2019 are presented in the section "Liquidity risks" in Note 4. The effects of Covid-19 in 2020 have significantly impaired available liquidity. Through the Group's and the shareholders' direct actions, liquidity and equity for the next twelve months are secured and the Group's continued operations are not threatened. The Board of Directors and management closely follow developments to continue to take the necessary measures.

Risk Management

Radisson is exposed to operational and financial risks in the day-to-day running of the business. Operational risks occur mainly in running the hotels locally but also include implementation risks related to margin-enhancing initiatives launched centrally. Such initiatives include, inter alia, gaining market share, cost-cutting programs, room growth and asset management activities related to the existing portfolio. Financial risks arise because Radisson has external financing needs and operates in a number of foreign currencies. To allow local hotels to fully focus on their operations, financial risk management is centralised as far as possible to group management, governed by Radisson's Finance Policy. The objectives of Radisson's Risk Management can be summarised as follows:

- ensure that the risks and benefits of new investments and financial commitments are in line with Radisson's Finance Policy;
- reduce business cycle risks through brand diversity, geographic diversification and by increasing the proportion of managed and franchised contracts in the portfolio;
- carefully evaluate investments in high risk regions and seek returns that exceed higher cost of capital in such regions;
- protect brand values through strategic control and operational policies;
- review and assess Radisson's insurance programmes on an on-going basis;
- review and assess Safety & Security procedures.

Operational Risks

Market Risks

The general market, economic, financial conditions and the development of RevPAR in the markets where Radisson operates are the most important factors influencing the company's earnings. As the hotel business is, by its nature, cyclical, a recession puts industry RevPAR under pressure. In order to balance the market related risks, Radisson uses three different contract types for its hotels:

- the company leases hotel properties and operates the hotels as its own operations;
- the company manages a hotel on behalf of a hotel owner and receives a management fee; and
- the company franchises one of the brands to an independent owner and receives a fran-chise fee.

The management and franchise models are the most resilient while the leased model is more volatile and sensitive to market fluc-tuations. Radisson operates leased hotels only in the Nordics and Rest of Western Europe. Radisson's strategy is to grow by adding mainly managed and franchised hotels to the portfolio.

Radisson's client base is well distributed with ca 50% business clients. Radisson is not dependent on a small number of customers or any particular industry.

Radisson operates a well-defined multi-brand portfolio of hotels covering different segments of the market and operates in 66 countries across Europe, the Middle East and Africa (EMEA).

Political and Country Risks

Radisson's growth focus includes emerging markets such as Russia & other CIS countries, the Middle East and Africa. Some of the countries in these markets have a higher political risk than those in the more mature markets in the Nordics and the Rest of Western Europe. In order to mitigate the political risks, Radisson only operates under management and franchise contracts with limited or minimal financial exposure in these markets.

Radisson acknowledges that terrorism as well as other issues such as increased tensions between countries, social unrest, labour disruption, outbreak of diseases, crime and weakness of local infrastructure (including legal systems) can be threats to safe and secure hotel operations at certain times in certain locations. Radisson's ability to perform or discharge its obligations may also be impacted due to acts of governments or other international bodies, such as imposition of sanctions. With the aid of external expertise, threat assessments are continuously carried out and hotels notified if a possible material change to their threat situation is detected.

Litigation Risks

Radisson is exposed to the risk of litigation from guests, customers, potential partners, suppliers, employees, regulatory authorities, franchisees and/or the owners of hotels leased or managed by Radisson.

Strategy Execution Risks

Radisson's future growth and ability to achieve the efficiency benefits anticipated by Radisson will depend on the successful execution of the company's business strategy, including the implementation of asset management initiatives aimed at optimising the hotel portfolio and other mea-sures to improve operational efficiency and pro-fitability. Radisson's ability to implement its business strategy and expand its business is subject to a variety of factors, many of which are beyond Radisson's control, including, but not limited to, Radisson's ability to:

- terminate lease contracts or otherwise renegotiate more favorable terms, as well as extend profitable contracts;
- grow its fee-based business by gradually increasing the number of managed and franchised hotels in proportion to leased hotels;
- achieve growth in Russia, the CIS countries, Africa and other identified key focus countries;
- maintain and strengthen its position as a provider of high-quality service and hospitality products;
- realise estimated cost savings in the manner anticipated; and
- enhance operational efficiencies and improve overall profitability.

Other potential risks identified related to the execution of Radisson's strategy are;

- New brands, products or services that are launched in the future may not be as successful as anticipated, which could have a material adverse effect on Radisson's business, financial condition or results of operations.
- Radisson's strategy to grow in emerging markets may strain its managerial, operational and control systems.
- Risks arising out of Radisson's plan to maintain and upgrade its portfolio of leased hotels.
- Hotel openings in Radisson's existing development pipeline may be delayed or not result in new hotels, which could adversely affect Radisson's growth prospects.
- Failures in, material damage to, or disruptions in the information technology systems used by Radisson, as well as failure to keep pace with developments in technology, could have a material adverse effect on Radisson's business, financial condition and results of operations.

Partner Risks

The company does not own the brands under which the hotels are operated. Radisson develops and operates the brands Radisson Collection, Radisson Blu, Radisson, Radisson RED and Park Inn by Radisson. All brands are developed and licensed by Radisson in Europe, the Middle East and Africa ("EMEA") under Master Franchise Agreements with subsidiaries of Radisson Hospitality, Inc. that run until 2052. Radisson Hospitality, Inc. is owned by a consortium led by Jin Jiang International Holdings Co., Ltd., including SINO-CEE Fund, through Aplite Holdings AB, which is also the majority shareholder of Radisson.

Radisson does not own the real estate in which the company operates hotels. The company cooperates with a large number of hotel owners and real estate owners and is not dependent on any particular partner. With a business model focusing on managing its partners' assets, Radisson is dependent on these partners' operational and financial capabilities. Radisson is responsible for maintaining assets used in good order and any defaults may have financial consequences for the company.

Employee Related Risks

The employee turnover in the hospitality industry is relatively high. Independent assesments show that the job satisfaction among employees in Radisson is high compared to the industry.

It is becoming increasingly difficult to source key talent due to the competitive nature of the business, the high mobility requirements of the business and the potential safety concerns in emerging markets. In addition, cost pressures for improved living wages are increasing.

Financial Risks

Radisson's financial risk management is governed by a finance policy approved by the Board of Directors. According to the finance policy, the corporate treasury function of the company systematically monitors and evaluates the financial risks, such as foreign exchange, interest rate, credit, liquidity and market risks. Measures aimed at managing and handling these financial risks at the local hotel level are contained in a finance manual with the parameters and guidelines set forth in Radisson's finance policy. Operating routines and delegation authorisation with regard to financial risk management are documented in this finance manual. For further information about these identified risks please see Note 4.

Sensitivity Analysis

Any deterioration in the general market conditions normally has a negative impact on RevPAR. As RevPAR is a function of average room rate and occupancy, a decline in RevPAR results either from a decrease in room rate or occupancy, or a combination of both. If RevPAR decreases as a result of a decrease in room rate, there are fewer opportunities to save operational costs as the hotel will still have to serve the same level of occupancy. On the other hand, if RevPAR declines as a result of lower occupancy, the company is able to adjust its cost structure more effectively through variable cost savings. A decrease in RevPAR has a bigger impact on leased hotels as Radisson receives full revenues and is also responsible for the full costs for those hotels. In comparison, a decrease in RevPAR has a more limited impact on income from managed hotels as the fee revenue is defined as a percentage of hotel revenue and operating profit. The impact of a decrease in RevPAR on the franchised hotels is even more limited as royalty fees are based on a percentage of room revenue and are not linked to the result of those hotels.

With the current business model and portfolio mix Radisson estimates that a EUR 1 RevPAR variation would result in a 6–8 MEUR change in LFL EBITDA. Future cash flow projections related to leases or management contracts with performance guarantees are sensitive to changes in discount rates, occupancy and room rate assumptions. Changes in such assumptions may lead to a renewed assessment of the value of certain assets and the risk for loss-making contracts.

Share Capital

The share capital amounts to TEUR 11,626, corresponding to 174,388,857 registered shares, of which 2,532,556 were held by the company, leaving 171,166,316 shares outstan-ding as of December 31, 2019. There is only one class of shares issued. Each owner of shares in the company is entitled to vote for the full amount of such shares at a general meeting, without any voting limitations.

Articles of Association

The articles of association of the company do not include any additional conditions com-pared to those of the Swedish Companies Act regarding changes of the articles of asso-ciation.

Change of Control Clauses

Certain lease and management contracts entered into by members of the company contain change of control clauses in relation to such members or their parents leading to possible changes in commercial terms and/ or early termination. None of these clauses refer to a change of control of the parent company, Radisson Hospitality AB (publ).

The agreements for Radisson's long-term committed credit lines carry customary clauses related to change of control.

Proposed appropriation of Earnings

Non-restricted reserves in the Parent Company available for dividend are (TEUR):

Share premium reserve	254,119
Profit brought forward	–46
Profit for the year	106
Total	**254,179**

The Board of Directors proposes to the Annual General Meeting 2020 that no dividend is to be paid for the financial year 2019 and that the distributable funds of TEUR 254,179 are brought forward.

Responsible Business

Radisson's ambitious and award-winning Responsible Business program started in 1989. The program's three core areas ensure that we care for people, the community and our planet and act in an ethical way: Think People – Caring about people in our hotels and value chain; Think Community – Meaningful contributions to communities around the world; Think Planet – A better planet for all. Reducing our carbon footprint, energy, water and waste.

Each hotel has a Responsible Business coordinator working closely with the general manager and the hotel Responsible Business team to implement the group-wide program. A network of regional Responsible Business coordinators are the link between the Head Office and the areas. Since 2002, Responsible Business training is mandatory for all employees. In 2019 the fully revamped training program was rolled out to 42% of employees.

Radisson developed its 5-year operating plan in 2017. Responsible Business is a strong business asset and key global initiative in this plan. The 2022 priorities of Radisson's Responsible Business program are to further reduce our carbon & water footprint by 10%, to focus on human rights in the supply chain, and on creating shared value in communities in the areas of food, shelter and a better future especially for disadvantaged children and youth. Our hotels will continue to engage with the local communities through donations and volunteering particularly in cooperation with our global charity partner SOS Children's Villages, who ensures that children around the world grow up in a safe and caring family environment. We help build better futures for vulnerable young people with programs that deliver employability and life skills and helping to combat youth unemployment.

These targets align carefully and contribute to the hotel industry 2030 focus areas and to the UN Sustainable Development Goals. As we aim to become a top of mind hotel company in the world and a preferred choice for guests, owners, investors and talent, we celebrate our industry-leading commitment to ethical excellence, and we are recognized as a trusted global Responsible Business leader.

Radisson published its fourth Modern Slavery and Human Trafficking statement. Highlighted achievements include develop-ment of our responsible recruitment toolkit, now used by 62% of hotels and launch of the responsible supply chain responsible assess-ment (people, communities and planet) for all corporate suppliers. Building on our interna-tionally recognized Safety & Security program TRICS and to ensure a maximum level of safety and security in key markets, 251 Radisson hotels (worldwide) have received the indepen-dent and international Safehotels Alliance label.

In total, our hotels contributed a total of MEUR 1.6 in cash and in-kind, including the equivalent of sponsoring 686 SOS Children (worldwide) and have dedicated 43,000 hours of volunteering globally to their local communities in 2019. We also continued guest engagement in Responsible Business. For example, for every 500 towels that guests choose to reuse in Radisson hotels, we donate an amount to the international water charity Just a Drop to help provide a child with safe drinking water for life. Since the start of the program in 2015, Radisson hotels have helped provide safe drinking water for life to 27,000 people.

In 2019 we continued our Think Planet journey and are now using 5.1% less energy per occupied room and our water consumption per guest-night was reduced by 7.0% compared to 2017. The carbon footprint per square meter is 6.0% lower than in 2017. We are committed to a roll-out plan of plastic reduction. Radisson launched 100% carbon neutral meetings, automatically offsetting the carbon footprint of every meeting and event. 79% of our hotels received an external eco-label. As part of our carbon footprint reduction target, 36 of our hotels – all based in the Nordics and in France, run on 100% renewable energy. Radisson was not involved in any environmentally related legal disputes or complaints in 2019 and has no known material environmental related debts. No hotels reported environmental compliance issues.

More details and performance indicators of our Responsible Business program are published in the Responsible Business Report. The Responsible Business Report offers a detailed description of Radisson's Responsible Business program and can be found on radissonhospitalityab.com.

Parent Company

The Parent Company was registered in early 2005 and the primary purpose of the company is to act as a holding company for the Group's investments in hotel operating subsidiaries in various countries. In addition to this main activity, the Parent Company also serves as a shared service centre for hotels in the Nordics. The main revenues of the company are internal fees charged to the hotels in the Nordics for the related administrative services provided by the shared service centre. Apart from the costs related to the activities of the shared service centre, the Parent Company also bears other listing and corporate related costs.

Risks and uncertainties in the business for the Group are described in the Board of Director's report for the Group. The financial position of the Parent Company is dependent on the financial position and development of the subsidiaries.

Corporate Governance Report

The Corporate Governance Report 2019 is presented on page 60–66.

Radisson RED, Brussels

Radisson Blu Hotel, Lyon

FINANCIAL REPORTS

FIVE YEAR SUMMARY

MEUR (except stated otherwise)	**2019**	2018	2017	2016	2015
Income statement					
Revenue[4)]	999.3	959.2	967.3	961.2	997.0
EBITDAR[5)]	340.6	325.4	314.6	314.6	341.0
EBITDA[5)]	165.2	103.7	82.1	79.3	101.1
EBIT[5)]	73.2	31.6	14.7	3.0	57.3
Financial income & expense, net	–39.4	–12.9	–2.0	–0.3	–0.7
Profit for the year	22.0	3.6	4.4	26.4	34.2
Balance sheet					
Balance sheet total	1,194.3	750.3	513.4	502.5	464.3
Total equity attributable to equity holders of the parent	148.8	256.0	253.7	265.7	246.7
Total investments (tangible and intangible investments)	141.9	85.3	73.8	71.1	74.0
Cash flow					
Cash flow from operating activities	153.8	121.3	72.4	33.9	85.8
Cash flow from investing activities	–88.5	–86.2	–73.7	–83.1	–74.6
Cash flow from financing activities	–75.7	207.6	0.8	16.1	–5.7
Financial key figures[5)]					
EBITDAR Margin, %	34.0	33.9	32.5	32.7	34.2
EBITDA Margin, %	16.5	10.8	8.5	8.3	10.1
EBIT Margin, %	7.3	3.3	1.5	0.3	5.7
Return on capital employed, %	25.8	28.5	18.9	20.1	40.1
Return on equity, %	16.1	1.4	1.7	10.3	14.7
Operational key figures					
Number of hotels[1)]	387	380	369	363	355
Number of rooms[1)]	84,842	83,331	81,132	80,502	78,628
Number of employees[3)]	4,248	4,431	5,033	5,142	5,561
Occupancy %[2, 6)]	69	67	66	65	67
RevPAR EUR[2, 5)]	73	71	70	69	72

1) Includes leased, managed and franchised hotels in operation
2) Including managed and leased hotels in operation
3) Including consolidated entities (leased hotels and administrative units)
4) IFRS Measure, see definition Note 42
5) Non-IFRS Measure – Alternative Performance Measure, see definition Note 42
6) Operating Measure, see definition Note 42

CONSOLIDATED STATEMENT OF OPERATIONS

TEUR (except for share related data)	Notes	For the Year Ended December 31 2019	2018
Revenue	7, 8	999,326	959,173
Costs of goods sold for Food & Beverage and other related expenses	9	–46,789	–45,677
Personnel cost and contract labour	10	–315,003	–322,170
Other operating expenses	11	–282,738	–252,065
Insurance of properties and property tax	12	–14,201	–13,853
Operating profit before rental expense, share of income in associates and joint ventures, depreciation and amortisation, costs due to termination of contracts, gain/loss on sale of fixed assets, net financial items and income tax (EBITDAR)		**340,595**	**325,408**
Rental expense	13, 36, 37	–174,776	–222,429
Share of income in associates and joint ventures	7, 19	–654	729
Operating profit before depreciation and amortisation, costs due to termination of contracts, gain/loss on sale of fixed assets, net financial items and income tax (EBITDA)	7	**165,165**	**103,708**
Depreciation and amortisation	7, 13, 17, 18	–77,033	–47,062
Write-downs and reversal of write-downs	6, 7, 13, 17, 18	–13,980	–23,851
Gain/loss due to lease modifications and terminations		–886	–998
Gain/loss on sale of shares, intangible and tangible assets		–70	–149
Operating profit (EBIT)	7	**73,196**	**31,648**
Financial income	14	1,102	1,758
Financial expense	14	–40,518	–14,641
Profit before tax	7	**33,780**	**18,765**
Income tax	15	–11,794	–15,210
Profit for the year		**21,986**	**3,555**
Attributable to:			
Owners of the Parent Company		21,986	3,555
Non-controlling interests		—	—
		21,986	**3,555**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TEUR	Notes	For the Year Ended December 31 2019	2018
Profit for the year		21,986	3,555
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gains and losses	21	–756	–119
Tax on actuarial gains and losses		189	29
Items that may be reclassified subsequently to profit or loss:			
Currency differences on translation of foreign operations		3,331	–1,209
Tax on currency differences on translation of foreign operations		867	–535
Fair value gains and losses on cash flow hedges	30	–222	–120
Tax on fair value gains and losses on cash flow hedges	30	49	26
Other comprehensive income for the year, net of tax		**3,458**	**–1,928**
Total comprehensive income for the year		**25,444**	**1,627**
Total comprehensive income attributable to:			
Owners of the Parent Company		25,444	1,627
Non-controlling interests		—	—

CONSOLIDATED BALANCE SHEET STATEMENT

TEUR	Notes	2019	Adjusted opening balance 1 Jan 2019[1]	2018
		As of December 31		
ASSETS				
Non-current assets				
Intangible assets				
Licenses and related rights	17	37,691	38,962	38,962
Other intangible assets	17	84,736	17,454	19,529
		122,427	**56,416**	**58,491**
Tangible assets				
Fixed installations in leased properties	18	66,971	61,847	61,847
Machinery and equipment	18	127,161	117,821	117,821
Investments in progress	18	28,955	29,457	29,457
		223,087	**209,125**	**209,125**
Right-of-use assets				
Land and buildings	13	293,273	299,684	—
Machinery and equipment	13	3,750	4,297	—
		297,023	**303,981**	—
Financial assets				
Investments in associated companies	19	1,479	16,319	16,319
Other shares and participations	20	5,180	5,456	5,456
Other long-term interest-bearing receivables	22	24,835	9,746	9,746
Other long-term non-interest-bearing receivables	22	1,207	747	7,007
		32,701	**32,268**	**38,528**
Deferred tax assets	15	109,496	105,469	65,684
		784,734	**707,259**	**371,828**
Current assets				
Inventories		3,988	4,150	4,150
Accounts receivables	23	71,251	51,520	51,520
Current tax assets	15	14,883	11,819	11,819
Other current interest-bearing receivables	24	5,533	1,659	1,659
Other current non-interest-bearing receivables	25	58,177	53,849	56,862
Derivative financial instruments	4	3	173	173
Other short-term investments	26	2,068	2,385	2,385
		155,903	**125,555**	**128,568**
Cash and cash equivalents	27	239,643	249,868	249,868
Assets classified as held for sale	28	14,011	—	—
Total current assets		**409,557**	**375,423**	**378,436**
Total assets		**1,194,291**	**1,082,682**	**750,264**

1) The opening balance per January 1, 2019 has been adjusted due to the implementation of IFRS 16 Leases

TEUR	Notes	2019	As of December 31 Adjusted opening balance 1 Jan 2019[1]	2018
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	29	11,626	11,626	11,626
Other paid in capital	29	177,124	177,124	177,124
Reserves		–3,004	–7,029	–7,029
Retained earnings including profit for the year		–36,962	–58,066	74,248
Equity attributable to owners of the Company		**148,784**	**123,655**	**255,969**
Non-controlling interests		1	1	1
Total equity		**148,785**	**123,656**	**255,970**
Non-current liabilities				
Bond	32	242,455	240,374	240,374
Non-current lease liabilities		419,164	426,409	—
Deferred tax liabilities	15	20,268	16,646	16,646
Retirement benefit obligations	21	4,312	3,385	3,385
Provisions	31	2,000	—	—
Other long-term interest-bearing liabilities	32	4,407	13,552	13,552
Other long-term non-interest-bearing liabilities		423	344	10,444
		693,029	**700,710**	**284,401**
Current liabilities				
Accounts payables		130,955	43,094	43,094
Current tax liabilities	15	3,086	3,892	3,892
Current lease liabilities		47,706	48,649	—
Provisions	31	5,984	4,664	4,664
Derivative financial instruments	4	134	83	83
Other current non-interest-bearing liabilities	33	164,612	157,934	158,160
		352,477	**258,316**	**209,893**
Total liabilities		**1,045,506**	**959,026**	**494,294**
Total equity and liabilities		**1,194,291**	**1,082,682**	**750,264**

1) The opening balance per January 1, 2019 has been adjusted due to the implementation of IFRS 16 Leases

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TEUR	Share capital	Other paid in capital	Foreign currency translation reserve	Fair value reserve-available for sale financial assets	Fair value reserve-cash-flow hedges[1]	Retained earnings incl. net profit/loss for the period	Attributable to equity holders of the parent	Non-controlling interests	Total equity
Ending balance as of December 31, 2017	**11,626**	**177,124**	**–5.646**	**290**	**165**	**70,096**	**253,655**	**1**	**253,656**
Profit for the period	—	—	—	—	—	3,555	3,555	—	3,555
OTHER COMPREHENSIVE INCOME:									
Actuarial gains and losses on defined benefit plans	—	—	—	—	—	–119	–119	—	–119
Tax on actuarial gains and losses on defined benefit plans	—	—	—	—	—	29	29	—	29
Currency differences on translation of foreign operations	—	—	–1,209	—	—	—	–1,209	—	–1,209
Tax on exchange differences recognised in other comprehensive income	—	—	–535	—	—	—	–535	—	–535
Fair value gains and losses on cash flow hedges[1]	—	—	—	—	–120	—	–120	—	–120
Tax on fair value gains and losses on cash flow hedges[1]	—	—	—	—	26	—	26	—	26
Total comprehensive income for the period	—	—	**–1,744**	—	**–94**	**3,465**	**1,627**	—	**1,627**
TRANSACTIONS WITH OWNERS:									
Dividend	—	—	—	—	—	687	687	—	687
Long term incentive plans	—	—	—	—	—	876	876	—	876
Ending balance as of December 31, 2018	**11,626**	**177,124**	**–7,390**	**290**	**71**	**74,248**	**255,969**	**1**	**255,970**
Adjustments IFRS 16 Leases	—	—	—	—	—	–132,316	–132,316	—	**–132,316**
Adjusted opening balance as of January 1,2019	**11,626**	**177,124**	**–7,390**	**290**	**71**	**–58,066**	**123,655**	**1**	**123,656**
Profit for the period	—	—	—	—	—	21,986	21,986	—	21,986
OTHER COMPREHENSIVE INCOME:									
Actuarial gains and losses on defined benefit plans	—	—	—	—	—	–756	–756	—	–756
Tax on actuarial gains and losses on defined benefit plans	—	—	—	—	—	189	189	—	189
Currency differences on translation of foreign operations	—	—	3,331	—	—	—	3,331	—	3,331
Tax on exchange differences recognised in other comprehensive income	—	—	867	—	—	—	867	—	867
Fair value gains and losses on cash flow hedges[1]	—	—	—	—	–222	—	–222	—	–222
Tax on fair value gains and losses on cash flow hedges[1]	—	—	—	—	49	—	49	—	49
Total comprehensive income for the period	—	—	**4,198**	—	**–173**	**21,419**	**25,444**	—	**25,444**
TRANSACTIONS WITH OWNERS:									
Long term incentive plans	—	—	—	—	—	–315	–315	—	–315
Ending balance as of December 31, 2019	**11,626**	**177,124**	**–3,192**	**290**	**–102**	**–36,962**	**148,784**	**1**	**148,785**

1) See further Note 30

CONSOLIDATED STATEMENT OF CASH FLOWS

		For the Year Ended December 31	
TEUR	Notes	**2019**	2018
OPERATIONS			
Operating profit (EBIT)		73,196	31,648
Adjustments for non-cash items:			
Depreciations, amortisations and write-downs	13, 17, 18	91,013	70,913
Change in pension assets/liabilities		927	64
Share of income in associated companies and joint ventures	16, 19	654	–729
Other adjustments for non-cash items		–1,616	529
Other financial items		–831	–1,206
Tax paid		–14,579	–8,807
Cash flows from operations before change in working capital		**148,764**	**92,412**
Change in:			
Inventories		154	111
Current receivables		–28,934	10,928
Current liabilities		33,864	17,708
Change in working capital		**5,084**	**28,747**
Cash flow from operating activities		**153,848**	**121,159**
INVESTMENTS			
Purchase of intangible assets	17	–5,101	–1,741
Purchase related to investments in progress	18	–23,473	–33,421
Purchase of machinery and equipment	18	–26,787	–34,710
Purchase fixed installations	18	–21,276	–15,416
Other investment and divestments of financial fixed assets		–13,209	–1,088
Interest received		1,272	313
Cash flow from investing activities		**–88,574**	**–86,063**
FINANCING			
Proceeds from bond issuance	4	—	250,000
Transaction costs related to bond issuance	4	—	–9,472
Original issue discount	4	—	–1,317
Change in overdraft facilities	4	—	–30,405
Repayments of borrowings	4	–8,692	–532
Repayments of lease liabilities	13	–28,695	—
Interest paid on lease liabilities	13	–19,331	—
Other interest paid	4	–18,932	–678
Total external financing		–75,650	**207,596**
Dividend paid		—	—
Total cash from transactions with shareholders		**—**	**—**
Cash flow from financing activities		–75,650	**207,596**
Cash flow for the year	**4**	–10,376	242,692
Translation difference in cash and cash equivalents		151	–180
Cash and cash equivalents, January 1		**249,868**	**7,356**
Cash and cash equivalents, December 31	29	**239,643**	**249,868**

NOTES TO THE GROUP ACCOUNTS

Note 1 | General Information

Radisson Hospitality AB (publ), hereafter referred to as Radisson, the Company or the Group, is a limited liability company incorporated in Sweden. Its registered office and principal place of business is in Stockholm, Sweden, address: Klarabergsviadukten 70 D7, 111 64 Stockholm, Sweden. The corporate head office is located in Brussels, Belgium.

Radisson is an international hospitality company which per December 31, 2019 has 387 hotels in operation and 125 under development in 80 countries. Radisson operates under the brands Radisson Collection, Radisson Blu, Radisson, Radisson RED and Park Inn by Radisson. Further information about the activities of the Company is presented in Note 7.

The Annual Report as of December 31, 2019 was approved by the Board of Directors on April 30, 2020. The Annual Report is subject to approval by the Annual General Meeting on May 28, 2020.

Note 2 | Adoption of new and revised international financial reporting standards

In current year, the Group has adopted all new and amended Standards and Interpretations issued by the International Accounting Standards Board (IASB) and IFRS Interpretations Committee that are relevant to its operations and effective for accounting periods beginning on January 1, 2019 and endorsed by the European Commission prior to the release of these financial statements. One new standard is applicable as from January 1, 2019; IFRS 16 Leases, which has had a significant impact on the financial statements 2019.

IFRS 16 Leases

The new standard IFRS 16 Leases introduces a single lessee accounting model and requires recognition of right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value (generally below USD 5,000 when new). For Radisson this implies a change in accounting of lease contracts for hotel properties, offices, company cars and a few other leased equipment items.

Per January 1, 2019, Radisson has 55 leased hotels in operation. Most of the lease contracts for the 55 properties include a so-called CAP mechanism. In these contracts Radisson pays the higher of (1) a stipulated minimum rent amount and (2) a variable amount calculated as a percentage of revenue and/or profit of the hotel. If the calculated variable amount is lower than the minimum rent (i.e. shortfall), the minimum rent is paid. Such shortfall reduces the CAP amount (i.e. CAP is utilised) and is aggregated over time and as from the moment the aggregated shortfall reduces the CAP amount stipulated in the lease contract to nil, only variable lease is paid.

IFRS 16 does not include specific guidance on accounting for lease contracts that include these type of CAP arrangements. Management of Radisson has therefore used its judgement to develop its accounting policies in line with the requirements of IFRS 16. Radisson considers the amount of the CAP as being the minimum unavoidable lease payment under IFRS 16 and therefore recognises the net present value of the CAP amount as the initial lease liability on the balance sheet in line with IFRS 16 requirements.

The subsequent accounting for this lease liability depends whether management believes that the CAP will be utilised over the term of a lease:

• For hotels where management believes that the CAP will be utilised during the lease term: Radisson measures the lease liability in line with management's expected usage of the CAP for each hotel based on the business plan and reduces the lease liability in line with the expected utilisation.

• For hotels where management believes that the CAP will not be utilised during the lease term: Radisson measures the lease liability assuming usage at the end of the lease term and reduces the lease liability at the end of the lease term.

IFRS 16 is a new standard which is currently still being adopted and interpreted in practice. Due to the lack of any applicable accounting standards or interpretations in relation to our specific CAP arrangements, alternative accounting policies may have been developed or applied by other parties for similar contracts. However, Radisson management currently believes that the applied accounting policies are both relevant and reliable and therefore provide useful information to the readers of these financial statements. Management of Radisson, however, is constantly assessing and benchmarking these accounting policies. As a result, changes to these accounting policies may be required once more guidance or industry specific interpretations might become available in the future.

Radisson has chosen to implement the new standard in line with the modified retrospective approach with no restatement of any comparative information. Lease liabilities are recognised at the present value of future fixed lease payments, calculated using discount rates applicable at the transition date and depending on country and lease terms. Right-of-use assets have been measured, lease-by-lease, as either (1) its carrying amount as if the Standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the transition date, or (2) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the transition date. Based on updated impairment tests, the values of the right-of-use assets have been adjusted at transition date. Any remaining amounts of lease incentives for leases that were previously accounted for as an operating lease under IAS 17 have been adjusted against the right-of-use assets at the transition date to IFRS 16.

Hindsight has been used to determine the lease terms when an option to terminate or extend a lease was available. Lease contracts shorter than 12 months or ending within 12 months at the date of transition are considered short-term and hence not recognised on the balance sheet. Also, low value contracts are excluded.

The implementation of IFRS 16 has had the following impact on the opening balance per January 1, 2019:

MEUR	Closing balance 31/12/2018	Adjustments due to transition to IFRS 16 Leases	Adjusted opening balance 01/01/2019
Other intangible assets	19,529	–2,075	17,454
Right-of-use assets	—	303,981	303,981
Other long-term receivables	16,753	–6,260	10,493
Deferred tax assets	65,684	39,785	105,469
Other current receivables	58,521	–3,013	55,508
Equity	255,969	–132,314	123,655
Non-current lease liabilities	—	426,409	426,409
Other long-term liabilities	23,996	–10,100	13,896
Current lease liabilities	—	48,649	48,649
Other current liabilities	158,160	–226	157,934

The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3.1%.

Measurement of lease liabilities

MEUR	
Operating lease commitments disclosed at December 31,	659,363
Discounted using the lessee's incremental borrowing rate at the date of initial application	–225,135
Adjustments as a result of a different treatment of extension and termination options	40,831
Lease liabilities recognised on January 1, 2019	475,059
of which are:	
Non-current lease liabilities	426,409
Current lease liabilities	48,649

New and amended standards not yet effective

There are no new or revised accounting standards with a material impact on the Group.

Note 3 | Accounting principles

The annual report has been prepared in accordance with International Financial Reporting Standards (IFRS)/International Accounting Standards (IAS) as endorsed by EU and the Swedish Annual Accounts Act. In addition, RFR 1 Supplementary Rules for Groups has been applied, issued by the Swedish Financial Accounting Standards Council.

The same accounting principles have been applied for all periods in this annual report, unless otherwise stated in the accounting principles below.

Radisson applies the historical cost method when preparing the financial statements, except for valuation of certain financial instruments or as described below.

Reporting currency

EUR is the functional currency of the primary economic environment in which the Parent Company and the majority of the entities within the Group operates and consequently the financial statements are presented with EUR as the reporting currency. Any difference between the functional currency and the currencies in which the Group companies reports is recognized in other comprehensive income and accumulated in equity.

General provision on recognition and measurement

Assets are recognised in the balance sheet when it is likely that future economic benefits will flow to the Group as a result of past events and the value of the assets can be measured reliably.

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

At initial recognition, assets and liabilities are measured at cost. Measurement after the initial recognition is effected as described below for each item.

Events or transactions occurring after the balance sheet date but before the financial statements are issued, that provides evidence of conditions which existed at the balance sheet, are used to adjust the amounts recognised in the financial statements.

Revenue is recognised in the income statement as and when earned, whereas costs are recognised at the amounts attributable to the financial period under review.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (directly or indirectly owned subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial statements used for consolidation have been prepared applying the Group's accounting policies.

The results from subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. That date is the date when the group effectively obtains or loses control over the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

For intra-group restructurings such as the formation of the new Parent Company, any difference between the acquisition costs and the equity of the acquired companies are adjusted against equity as such transactions are considered common control transactions and should not have any impact on the consolidated balance sheet.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling's share of changes in equity since the date of the combination. Losses applicable to the non-controlling in excess of the non-controlling's interest in the subsidiary's equity are allocated against the interest of the Group except to the extent that the non-controlling has a binding obligation and is able to make an additional investment to cover the losses.

Business combinations

The acquisition of companies or businesses is accounted for using the acquisition method. The cost acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control of the acquiree. Costs directly attributable to the business combination are expensed as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Goodwill arising from an acquisition is recognised as an asset being the excess of the cost of the business combination over the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss. The interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised. The non-controlling shareholders interest in goodwill is included or excluded on a case by case basis.

Investments in associates and interest in joint ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Significant influence is normally present in situations where the company has more than 20% of the voting interests but less than 50%.

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control. That is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control. Currently, where the shareholding and votes are less than or equal to 50% of total (shareholding and votes) and joint control exists, the Company accounts for these related investments as investments in joint ventures.

The results, assets and liabilities of associates and joint ventures are incorporated in the Group's financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 Non-Current Assets Held for Sale and discontinued operations.

The share of income represents the Company's share in the net income (after tax) from these associates and is directly accounted for in the income statement. No further income tax expense is charged to the share of income as this kind of income is untaxed in the countries of the related shareholding entities.

Under the equity method, investments in associates and joint ventures are carried in the consolidated balance sheet at cost, adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised.

Any goodwill arising from the acquisition of the Group's interest in a jointly controlled entity or an associated company is accounted for in accordance with the Group's accounting policy for goodwill arising on the acquisition of a subsidiary (see above).

Gains and losses from divestment of shares

Gains or losses from divestment of subsidiaries and associates are calculated as the difference between the selling price and the carrying amount of the net assets at the time of divestment, including a proportionate share of related goodwill and estimated divestment expenses. Gains and losses are recognised in the income statement under "Gain/loss on sale of shares, intangible and tangible assets".

Foreign currency

Assets and liabilities in foreign currency

Foreign currency transactions are translated into the reporting currency using average monthly rates, which essentially reflect the rate of exchange at the date of transaction. Receivables, liabilities and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the rate of exchange at the balance sheet date. Exchange differences that arise between the rate at the date of transaction and the one in effect at the date of payment, or the rate at the balance sheet date, are recognised in the income statement as income or expense. Exchange differences on operating items are recognised in operating profit. Exchange differences on financial items are recognised in the income statement as financial income or expense.

Translation of financial statements of foreign subsidiaries

The functional currency of the majority of the reporting entities is considered to be their local currency. When consolidating, the reporting entities' income statements are translated using the monthly average rates and the balance sheets are translated using the rates at the balance sheet date. Any difference between the local currency and the functional currency for the Group is recognised in the statement of comprehensive income.

The main exchange rates affecting the financial statements are:

		Year-end rate Dec. 31		Average rate Jan. 1–Dec. 31	
Country	**Currency**	**2019**	2018	**2019**	2018
Denmark	DKK	7.47	7.47	7.46	7.45
Sweden	SEK	10.49	10.15	10.58	10.26
Norway	NOK	9.84	9.91	9.85	9.60
United Kingdom	GBP	0.85	0.90	0.88	0.88
United States	USD	1.12	1.15	1.12	1.18

Income statement

Revenue recognition

Revenue consists of the value of goods and services sold in the leased properties, management fees, franchise fees and other revenues which are generated from the Group's operations.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes. The following is a description of the composition of revenues of the Group.

Leased properties – primarily received from hotel operations, including all revenue received from guests for accommodation, conferences, food and drinks or other services. Revenue is recognised when the sale has been rendered.

Management fees – received from hotels managed by the Group under long-term contracts with the hotel owner. Management fee is normally a percentage of hotel revenue and/or profit and recognised in the income statement when earned and realised or realisable under the terms of the contract.

Franchise fees – received in connection with the license of the Group's brand names, usually under long-term contracts with the hotel owner. Franchise fee is normally a percentage of hotel revenue and/or profit and recognised in the income statement based on the underlying contract agreements.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. Dividend from investments is recognised when the shareholders rights to receive payment have been established.

Customer Loyalty programme

A Customer loyalty programme, Radisson Rewards, is used by the Company to provide customers with incentives to buy room nights. Radisson Hospitality AB (publ) is not liable for points awarded under the loyalty programme, which is operated by Radisson Hospitality, Inc.

The Company's customers are awarded loyalty points under various third party loyalty programs. The customers are entitled to utlilise the awards as soon as they are granted. Revenues for Radisson's portion of the award credits are recognised when the customer chooses to claim awards from the third party.

Cost of goods sold

Cost of goods sold relates mainly to cost of goods in restaurants (Food & Drinks) incurred to generate revenue.

Leasing (principles applied as from January 1, 2019)

Radissons leases hotels in operation. Lease contracts are recognized as right-of-use (RoU) assets as well as interest-bearing lease liabilities in the balance sheet. Lease liabilities are measured by the present value of future lease payments. The lease liability is calculated using discount rates depending on country and lease terms RoU assets are presented as tangible assets and are valued at cost less accumulated depreciation and impairment, if needed. The cost of a RoU asset contains the initial amount of the lease liability adjusted for any lease payments made before the commencement date, less any lease incentives received. Moreover, any initial direct costs are included as well as an estimate of costs to be incurred in dismantling, removing or restoring the underlying asset. The leased asset is depreciated on a straight-line basis over the lease term, or over the useful life. The lease expense is recognized as depreciation of the asset within operating profit and interest expense within the financial expense. Payments made are distributed between interest paid and amortization of the lease liability. If a lease contract includes variable lease payments not dependent on an index or rate, or include a low value asset or has a lease term that is twelve months or less, the lease payments are recognized as operating expenses as they occur.

Most of the lease contracts for the hotel properties include a so-called CAP mechanism. In these contracts Radisson pays the higher of (1) a stipulated minimum rent amount and (2) a variable amount calculated as a percentage of revenue and/ or profit of the hotel. If the calculated variable amount is lower than the minimum rent (i.e. shortfall), the minimum rent is paid. Such shortfall reduces the CAP amount (i.e. CAP is utilised) and is aggregated over time and as from the moment the aggregated shortfall reduces the CAP amount stipulated in the lease contract to nil, only variable lease is paid.

Radisson considers the amount of the CAP as being the minimum unavoidable lease payment under IFRS 16 and therefore recognises the net present value of the CAP amount as the lease liability on the balance sheet. The subsequent accounting for the lease liability depends whether or not management believes that the CAP will be utilised over the term of a lease.

For hotels where management believes that the CAP will be utilised during the lease term: Radisson measures the lease liability in line with management's expected usage of the CAP for each hotel based on the business plan and reduces the lease liability in line with the expected utilisation of the lease term and reduces the lease liability at the end of the lease term.

For hotels where management believes that the CAP will not be utilised during the lease term: Radisson measures the lease liability assuming usage at the end of the lease term and reduces the lease liability at the end of the lease term.

Leasing (principles applied up until December 31, 2018)

As a lessee, Radisson has entered into lease contracts primarily related to fully furnished hotel premises. Each lease contract is subject to a determination as to whether the lease is a financial or an operating lease. The classification of leases as operating or financial leases are determined based on the individual terms. Leasing contracts where virtually all rights and obligations (which normally characterise ownership) are transferred from the lessor to the lessee are defined as a financial leasing contract. At the beginning of the leasing period, finance leasing contracts are reported at fair value. Assets held under finance leasing contracts are recognised in the balance sheet as a fixed asset and future commitment to the lessor as a liability.

Leasing contracts that are non-financial are classified as operational leasing contracts. All of Radisson's leases are currently classified as operating leases. In all current leasing arrangements regarding hotels, Radisson only carries risks limited to operating the hotel. The lease cost for operating lease contracts is recognised on a straight-line basis except where another systematic basis is more representative of the time pattern in which the economic benefits from the leased assets are consumed.

Assessment of the leased assets' useful economic life corresponds to the principles Radisson applies to acquired assets. However, in certain exceptional cases, where Radisson accepts a hotel that requires a major renovation or has excess capacity or other capacity limitation in the short-run (that is, until such time when the property builds up to its full potential), Radisson may agree to pay a lower minimum lease fee in the beginning of the lease period, and account for it accordingly to better reflect the time pattern in which the economic benefits from such leased hotels are derived.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of any lease benefits, if any, are recognised as a reduction of the leasing cost on a straight line basis over the lease term.

Based on the transitional provisions of IAS 17 (revised 1999), the classification of leases entered into prior to 1999 have been retained.

Personnel cost

Personnel costs comprise salaries and wages as well as social security costs, pension contributions, etc. for employees employed by the legal entities of the Company.

Other operating expenses

Other operating expenses include royalty fees to Radisson Hospitality, Inc. and marketing expenses as well as expenses related to operating the hotels such as energy costs, supplies, other external fees, laundry and dry cleaning, contract services, administration costs, communication, travel, transport, operating equipment, licences, maintenance contracts and exchange differences on operating items.

Financial income and expenses

Financial income and expenses items include interest income and expenses, realised and unrealised foreign exchange gains on financial items, bank charges, write-downs of financial loans and receivables and capital gains and losses on loans and receivables and on liabilities as well as capital gains and losses on financial assets.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. The current tax is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted in the respective tax jurisdictions on the balance sheet date.

Deferred tax is recognised as the difference between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax is generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates and interest in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also recognised in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current liabilities and when they relate to income taxes levied by the same taxation authority and the Groups intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities over cost.

Balance sheet

Licences and other rights and Other intangible assets

Acquired intangible assets are measured at cost less accumulated amortisation. These intangible assets are amortised on a straight line basis. Licences and other rights primarily relate to the contractual rights relating to the Radisson Hospitality, Inc. agreement which is being amortised over the length of the contract (expiring in 2052). Other intangible assets are normally the result of intangible assets acquired as part of new lease, management or franchise agreements and are amortised over the contract period.

If impaired, intangible assets are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Fixed installations in leased properties as well as machinery and equipment (mainly related to investments in leased hotels) are measured at cost less accumulated depreciation and write-downs.

Cost includes the acquisition price, costs directly related to the acquisition and expenses incurred to make the asset ready to be put into operation.

Interest and other finance costs relating to tangible assets during the manufacturing period are recognised in the income statement.

The basis of depreciation is cost less the estimated residual value at the end of the assets useful life. Depreciation is calculated on a straight-line basis based on an assessment of the asset's estimated useful lives:

Fixed installations and technical improvements	7 to 10 years
Guest room Furniture, Fixture and Equipment (FF&E)	5 to 7 years
Other Furniture, Fixtures & Equipment and Machinery	3 to 7 years

In case the remaining term of a lease agreement for a hotel is shorter than the estimated useful life of the asset, the depreciation period is limited to the remainder of the lease term.

Tangible assets are written down to the recoverable amount if this amount is lower than the carrying amount. The recoverable amount is the higher of the net sale value and the value in use. Profits and losses from the sale of tangible assets are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale.

Impairment of tangible and intangible assets excluding goodwill
At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss. When an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is immediately recognised in profit or loss.

Assets classified as held for sale
Non-current assets and disposals groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Inventories
Inventories are measured at the lower of cost (using the FIFO principle) and net realisable value. Cost of goods for resale, raw materials and consumables consist of purchase price plus handling cost.

Financial assets
(i) Classification
From January 1, 2018, the group classifies its financial assets in the following measurement categories: (1) those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and (2) those to be measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For investments in equity instruments that are not held for trading, classification will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI"). The group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition
Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement
At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

(a) Debt instruments. Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

(b) Equity instruments. The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment
The group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For accounts receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivable.

Disclosures regarding derivatives and hedging activities
(i) Classification of derivatives
Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

(ii) Hedge ineffectiveness
Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

For hedges of foreign currency purchases, the group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the group uses the hypothetical derivative method to assess effectiveness.

In hedges of foreign currency purchases, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk.

Contract assets
Contract assets are comprised of of accrued fee income and other accrued income. All due within 12 months.

Receivables
Receivables are classified as loans and receivables and measured at amortised cost, usually equalling nominal value, less allowance for doubtful accounts.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all accounts receivables. To measure the expected credit losses, accounts receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 24 month before the of the reporting period and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Accounts receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments. Impairment losses on accounts receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other short-term investments
Other short term investments are comprised of cash on restricted accounts and are measured at nominal value.

Contract liabilities
Contract liabilities are comprised of prepayments from customers, accruals for loyalty programmes and prepaid income. All due within 12 months.

Accounts payable
Accounts payable are classified as other financial liabilities and recognised at amortised cost, usually equalling nominal value.

Other interest- and non-interest-bearing liabilities
Other interest- and non-interest-bearing liabilities are classified as other financial liabilities and recognised at amortised cost.

Provisions
Provisions for obligations related to lease contracts and management contracts are made if a contract is considered to be onerous. Other provisions are recognised and measured as the best estimate of the expenses required for settling the liabilities at the balance sheet date. Provisions that are estimated to mature in more than one year after the balance sheet date are measured at their present value.

Retirement benefit obligations
Several companies within the Group have established pension plans for its employees. These pension commitments are mainly secured through various pension plans. These vary considerably due to different legislation and agreements on occupational pension systems in the individual countries.

For pension plans where the employer has accepted responsibility for defined contribution solutions, the obligations to employees ceases when contractual premiums have been paid. For other pension plans where defined benefit pensions have been agreed, the commitments do not cease until the contractual pensions have been paid to the employee on retirement.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in income.

Share-based payment transactions
Fair value at grant date for the long-term equity-settled incentive programmes, in which the participants of the plans receive a certain amount of shares in the Company if certain performance criteria are met during the vesting period, is recognised as an expense over the vesting period, adjusted for the number of participants that are expected to remain in service. An amount equal to the expense is credited to equity. In addition to the service criteria, the programmes have a performance criteria related to earnings per share (EPS), a so called non-market condition. The non-market conditions are taken into consideration in the assessment of the number of shares that will be vested at the end of the vesting period. The additional social security costs are reported as a liability, revalued at each balance sheet date in accordance with UFR 7, issued by the Swedish Financial Accounting Standards Council's Emergency Task Force.

Cash Flow Statement
The cash flow statement is presented using the indirect method. It shows cash flows from operating activities, investing activities and financing activities as well as the cash and cash equivalents at the beginning and at the end of the financial period.Cash flows from the acquisition and divestment of enterprises are shown separately under "Cash flow from investing activities". Cash flows from acquired enterprises are recognised in the cash flow statement from the time of their acquisition, and cash flows from divested enterprises are recognised up to the time of sale.

"Cash flow from operating activities" is calculated as operating income before tax adjusted for non-cash operating items, increase or decrease in working capital and change in tax position.

"Cash flow from investing activities" includes payments in connection with the acquisition and divestment of enterprises and activities as well as the purchase and sale of intangible and tangible assets.

"Cash flow from financing activities" includes changes in the size or the composition of the Group's issued capital and related costs as well as the raising of loans, installments on interest-bearing debt, and payment of dividends. Cash flows denominated in foreign currencies, including cash flows in foreign subsidiaries, are translated to the Group reporting currency using average monthly rates, which essentially reflect the rates at the date of payment. Cash at year end is translated to the functional currency using the rates at the balance sheet date.

Note 4 | Financial risk management

Radisson's financial risk management is governed by a finance policy approved by the Board of Directors. According to the finance policy, the corporate treasury function of the Company systematically monitors and evaluates the financial risks, such as foreign exchange, interest rate, credit and liquidity risks. Radisson's corporate and regional operational teams systematically monitor market risks related to its business. Measures aimed at managing and handling financial risks are documented in Radisson's finance policy as well as a finance manual. The finance policy is reviewed by the corporate treasury function on an ongoing basis and presented to the Board on an annual basis for approval.

According to the finance policy, the treasury function may use financial instruments, such as FX forwards, FX swaps, FX options and interest rate swaps to hedge against currency and interest rate risks. At year-end, the Company had entered into certain hedging contracts for cash flow related to some of its fee income. FX swaps have also been used to reduce or eliminate the use of overdraft facilities and mitigate FX volatility, as described under 'Liquidity risks'.

Interest rate risks
Cash flow risks
Current financing through the high yield bond includes a fixed interest rate. It is the policy of the Company that other borrowings and investments should have short term floating interest rates. The effect on financial net in the income statement of a change in market interest rates with 100 basis points would be immaterial, based on the net financial assets, on December 31, 2019.

Fair value risks
Since almost all interest-bearing receivables are on a floating interest arrangement and carried at amortised cost, there is no material impact from changes in market interest rates on the carrying values of these receivables and consequently no material impact on the income statement or equity.

Off-balance sheet commitments
The main financing risk is related to the company's ability to control and meet the company's off-balance sheet commitments under leases with fixed rent payments and management agreements with guarantees. Such fixed lease and guaranteed amounts have historically been agreed on a fixed rate basis with indexation as a percent of change in the relevant consumer price index, and are, therefore, not exposed to variations in the market interest rates. In addition, lease commitments are normally limited to an agreed maximum financial exposure, which is usually capped at 2–3 times the annual guaranteed result under a contract or an annual minimum lease. The off-balance sheet commitments are consequently normally reduced over the contract term as the caps are consumed.

Currency risks
The Company has operations in a vast number of countries with many different currencies and is therefore exposed to currency exchange rate fluctuations. The most important foreign currencies are the Swedish Krona (SEK), the Norwegian Krone (NOK), the Danish Krone (DKK), the U.S. Dollar (USD), the Swiss Franc (CHF) and the Pound Sterling (GBP). The exposure from the DKK is, however, limited as the currency is pegged to the EUR.

Transaction exposure
When entities within the Group generate revenues and incur costs in different currencies, they are subject to transaction exposure. For the leased operations, the nature of the business is normally local, and consequently the exposure is limited. Unlike the leased operation, the fee business is generally subject to a relatively higher transaction exposure. This transaction exposure arises when fees are collected by entities located in another country than that of the hotel from which the fee originates. Hotels in certain markets with high currency volatility and a large international customer base, however, generally adjust their room rates charged in the local currency to take into account vola-

tile fluctuations in the EUR, Radisson's reporting currency, or the USD.

All hotels use a reservation system that is set up and managed by Radisson Hospitality, Inc., for which the hotels pay a fee to Radisson Hospitality, Inc. The fees are collected centrally by Radisson from its hotels and paid further on to Radisson Hospitality, Inc. Radisson also pays franchise fees to Radisson Hospitality, Inc. for the use of the brand names as well as a minor portion of the marketing fees collected from its hotels. As part of its currency hedging strategy, Radisson collects the reservation fee from its leased hotels in their local currency. The fee charged to its leased hotels is equivalent to the USD fee per reservation charged by Radisson in USD to its managed and franchised hotels. By combining currency hedges and keeping a part of the cash inflow in USD, Radisson mitigates its USD exposure resulting from the outflow to Radisson Hospitality, Inc.

Translation exposure

The Company presents its financial statements in EUR. Since certain of Radisson's foreign operations have a functional currency other than EUR, the consolidated financial statements and shareholders' equity are exposed to exchange rate fluctuations when the income statements and balance sheets in foreign currencies are translated into EUR. The exposure on the consolidated equity is however lowered through the decision to not own any real estate as this reduces the total assets denominated in foreign currencies.

A sensitivity analysis shows that if the EUR would fluctuate by 5% against other currencies in the Group, excluding DKK which is pegged to the EUR, the effect on the consolidated equity would be approximately MEUR 12.6, based on the equity at year-end 2019, and MEUR 26.2 on total revenue, MEUR 2.6 on EBITDA and MEUR 1.8 on net income, based on the income statement for 2019. This sensitivity assumes that all currencies would fluctuate 5% against the EUR and does not take into account the correlation between and the resulting risk diversification from those currencies.

Credit risks

Credit risks are related to the financial receivables in the balance sheet, i.e. 'Other long-term interest-bearing receivables', 'Other long-term non-interest bearing receivables', 'Other current interest-bearing receivables' and 'Accounts receivables'. Above that, the Group is also exposed to credit risks related to 'Other short-term investments' and 'Cash and cash equivalents'.

At the local hotel level, the credit exposure is normally limited, as the accounts regularly are settled in cash or by accepted credit cards. Credits are only offered to customers under a contract and only to companies or registered organisations with a legal structure. Credit terms must be described in the contract and comply with the guidelines as described in the finance manual. As for managed and franchised hotels, a background check of the hotel owner is made before entering into a new contract, including, where possible, an investigation of the creditworthiness. The credit term is normally 30 days for both local hotel customers and for fees. The financial guidelines set strict rules for the follow-up of overdue receivables and for credit meetings. As sales in both the local hotels and the fee invoicing to managed and franchised hotels, are dispersed among many different customers, the Group has little credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Information about accounts receivables overdue and impaired at year end is presented in Note 23.

In some cases, Radisson grants loans to owners of Radisson's hotels, or to joint venture partners and associated companies in early stages of new projects. The terms for such loans vary, but in principle there is an agreement on interest on the loans and the repayment schedule is based on the project opening and project progress. Based on market conditions, interest rates, repayment schedules and security arrangements have been agreed upon. Terms and conditions for such loans are decided upon centrally by Group financial management. Information about these loans, maturity dates, security arrangements etc. is presented in Notes 22 and 24.

Cash not necessary for the normal course of business is deposited in a bank. Central treasury is responsible to coordinate the handling of surplus liquidity and liquidity reserves, and only central treasury or persons authorised by central treasury may engage in external investment transactions. Individual hotels and administration units with excess liquidity which cannot be held on accounts within the cash pool structure can invest externally only with the prior consent of central treasury and in accordance with the finance policy. According to the finance policy, the investments of surplus liquidity can only be made in creditworthy interest-bearing securities, in securities with high liquidity and, as regards deposits, normally with financial institutions with a rating of A–1/P1/F1 or higher. The carrying amount of these financial assets, as disclosed in the table below, represents the maximum credit exposure for the Group.

	As of Dec.31	
	2019	2018
Other long-term interest-bearing receivables	24,835	9,746
Other long-term non-interest-bearing receivables	1,207	7,007
Accounts receivable	71,251	51,520
Other current non-interest-bearing receivables	23,236	17,284
Other current interest-bearing receivables	5,533	1,659
Other short term investments	2,068	2,385
Cash and cash equivalents	239,643	249,868
Maximum credit exposure	**367,773**	**339,469**

Liquidity risks

Liquidity risk is that the Company is unable to meet its payment obligations because of insufficient liquidity or difficulty in raising external financing. Raising of capital and placement of excess liquidity is managed centrally by the central treasury function. The Group has objectives for liquidity reserves, such as excess cash and irrevocable credit facilities, that the Group should have available at any time. The central treasury function monitors daily the cash position of the different entities within the Group to ensure an efficient and adequate use of cash and overdraft facilities.

In July 2018 the wholly-owned direct subsidiary Radisson Hotel Holdings AB (publ) issued MEUR 250 secured notes due 2023 and carrying interest of 6.875%. In addition, the Company has credit facilities of TEUR 25,000 with financial institutions. The Group has pledged assets to secure these facilities. At year-end 2019, TEUR 0 (0) was used for overdraft and TEUR 340 (304) was used for bank guarantees. Cash and cash equivalents amounted to TEUR 239,643 (249,868), of which TEUR 238,714 (249,303) were in banks and TEUR 929 (564) in petty cash at several hotels and administration units. The Company may, at any time and from time to time, seek to retire or purchase the outstanding debt through cash purchases and/or exchanges for equity or debt, in open-market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will be upon such terms and at such prices as the Company may determine, and will depend on prevailing market conditions, the Company's liquidity requirements, contractual restrictions and other factors.

To reduce or eliminate the use of overdraft and to mitigate FX volatility, Radisson regularly enters into short term FX swaps and rolling twelve-month currency hedges. On December 31, 2019, the Company had EUR to SEK swaps of TEUR 4,000, with a maturity of two weeks, and GBP to CHF swaps of TGBP 5,000, with a maturity of 1 month. On December 31, 2018, the Company had GBP to SEK swaps of TGBP 1,800 and GBP to NOK swaps of TGBP 2,800 respectively, all with a maturity shorter than two weeks.

The payment obligations of the Group at year-end, defined as the remaining maturity for financial liabilities, is presented below:

As of December 31, 2019	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount
Bond	17,235	17,235	284,280	—	318,750	242,455
Other long-term interest bearing liabilities	198	184	448	4,717	5,547	4,407
Lease liabilities	47,706	40,461	105,135	482,391	675,693	466,870
	65,139	**57,880**	**389,863**	**487,108**	**999,990**	**713,732**

As of January 1, 2019	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount
Bond	17,235	17,235	301,515	—	335,985	240,374
Other long-term interest bearing liabilities	9,406	196	486	5,065	15,153	13,552
Lease liabilities	48,649	46,766	114,742	490,037	700,194	475,058
	75,290	**64,197**	**416,743**	**495,102**	**1,051,332**	**728,984**

			Non cash changes			
	01/01/2019	Cash flows	Amortisation of issue discount and borrowing costs	Accrued interest	Effect of foreign currency exchange differences	31/12/2019
Bond	248,729	–17,617	2,081	17,188	—	250,381
Other long term borrowings	13,552	–10,007	—	862	—	4,407
	262,281	**–27,624**	**2,081**	**18,050**	**—**	**254,788**
Cash and cash equivalents	249,868	–10,376	—	—	151	239,643
	249,868	**–10,376**	**—**	**—**	**151**	**239,643**

			Non cash changes			
	01/01/2018	Cash flows	Amortisation of issue discount and borrowing costs	Accrued interest	Effect of foreign currency exchange differences	31/12/2018
Bond	—	239,211	1,163	8,355	—	248,729
Other long term borrowings	13,611	–532	—	473	—	13,552
	13,611	**238,679**	**1,163**	**8,828**	**—**	**262,281**
Bank overdrafts	30,405	–30,405	—	—	—	—
Cash and cash equivalents	7,356	242,692	—	—	–180	249,868
	37,761	**212,287**	**—**	**—**	**–180**	**249,868**

Market risks

Apart from interest rate risks and currency risks, which are described above, the Company is also subject to price risk related to changes in fair value of the investments in other shares and participations. These investments, normally the result of equity financing in early stages of certain hotel projects, are classified as available-for-sale investments with changes in fair value recognised in other comprehensive income. The Company is also subject to price risk from changes in fair value on FX swaps, with fair value recognised through profit or loss, and from changes in fair value on derivatives used for hedging. The fair value change on FX swaps and fee hedges outstanding on December 31, 2019, was net TEUR 22 (85) and TEUR –131 (90) respectively. The real exposure to the Company is, however, limited as the contracts mature from within one week to less than one year.

Fair value

FX swaps are classified as held for trading with changes in fair value recognised in profit or loss. Fair value changes on derivatives used for hedging (cash flow hedges) are recognised in other comprehensive income. The fair value is obtained from banks which have derived the fair value through calculations based on market interest rates and market FX rates. Other shares and participations, classified as available-for-sale investments with changes in fair value recognised in other comprehensive income, are measured at fair value, based on discounted cash flow analyses.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). The main approach used by the company for this purpose is discounted cash flow. The key assumptions for the calculations are similar to these described in Note 6, "Impairment testing".

As of Dec. 31 2019	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	—	22	—	22
Derivatives used for hedging	—	–131	—	–131
Financial assets at fair value through other comprehensive income	—	—	5,180	5,180
Total	**—**	**–109**	**5,180**	**5,071**

As of Dec. 31 2018	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	—	85	—	85
Derivatives used for hedging	—	90	—	90
Financial assets at fair value through other comprehensive income	—	—	5,456	5,456
Total	**—**	**175**	**5,456**	**5,631**

Assets measured at fair value based on Level 3	Financial assets at fair value through other comprehensive income	Total
Opening balance as of Jan. 1, 2019	5,456	**5,456**
Disposals	–265	**–265**
In other comprehensive income (mainly exchange differences)	–11	**–11**
Closing balance as of Dec. 31, 2019	5,180	**5,180**

For other financial assets and financial liabilities, measured at amortised cost in the balance sheet, the carrying amounts in the financial statements approximate their fair values, as they mature within one year, bear a floating interest or have other terms and conditions considered to be equal or close to equal to market conditions.

Categories of financial assets and liabilities

The carrying amounts of different categories, as defined in IAS 39, of financial assets and liabilities, December 31 were as follows:

	As of Dec.31	
TEUR	**2019**	2018
Financial assets at fair value through profit and loss		
Other current non-interest bearing receivables	22	85
	22	85
Derivatives used for hedging		
Derivative financial instruments – current assets	3	173
Derivative financial instruments – current liabilities	–134	–83
	–131	**90**
Financial assets measured at amortised cost		
Other long-term interest-bearing receivables	24,835	9,746
Other long-term non-interest-bearing receivables	1,207	7,007
Accounts receivables	71,251	51,520
Other current non-interest-bearing receivables	23,236	17,284
Other current interest-bearing receivables	5,533	1,659
Other short-term investments	2,068	2,385
Cash and cash equivalents	239,643	249,868
	367,773	**339,469**

TEUR	As of Dec.31 2019	2018
Financial assets at fair value through other comprehensive income		
Other shares and participations	5,180	5,456
	5,180	**5,456**
Financial liabilities measured at amortised cost		
Bond	242,455	240,374
Other long-term interest-bearing liabilities	4,407	13,552
Other long-term non-interest-bearing liabilities	423	10,444
Accounts payables	130,955	43,094
Other current non-interest-bearing liabilities	24,121	13,191
	402,361	**320,655**

Effects of hedge accounting on financial statements

The effects of the foreign currency related hedging instruments on the group's financial position and performance are as follows:

TEUR	As of Dec.31 2019	2018
Foreign currency forwards		
Carrying amount (liability)	–131	90
Notional amount	9,170	17,343
Maturity date	Jan–Dec 2019	Jan–Dec 2018
Hedge ratio	1:1	1:1

Capital structure

Radisson defines its capital as equity and net debt, where net debt is external borrowing, including the use of overdraft facilities, minus cash and cash equivalents. The objective is to have an efficient capital structure, considering both the financing needs of the Group and the shareholders' return. To achieve this, the long-term policy is to distribute approximately one third of the annual net income as dividend and to maintain a small net cash position

Note 5 | Critical judgements and estimates

The preparation of financial statements and application of accounting policies are often based on the management's assessments or on estimates and assumptions deemed reasonable and prudent at the time they are made. Below is an overall description of the accounting policies affected by such estimates or assumptions that are expected to have the most significant impact on Radisson's reported earnings and financial position.

Reporting of costs for defined benefit pensions are based on actuarial estimates derived from assumptions about discount rate, expected return on managed assets, future pay increases and inflation.

Note 6 | Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that could have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed here below.

Impairment testing

At each balance sheet date (closing date), a review is conducted assessing any indication that the company's tangible, intangible assets and contracts are impaired and if this is the case, the recoverable amount of the individual assets and contracts (or the cash-generating unit to which they belong) is calculated in order to determine whether impairment exists. Each hotel contract is considered as a separate cash generating contract.

The method used for testing assets in use is the discounted cash flow technique (DCF) using the internal pre-tax discount rate (Weighted Average Cost of Capital) which is recalculated regularly. At year-end 2019 a discount rate of 8.2% was used when discounting future cash flows in Euro zone, Denmark, Norway, Sweden and Switzerland. If the net present value shows a net present value (NPV) that is below the carrying value, then impairment is considered on the related tangible and intangible group of assets.

The key assumptions for the value in use calculations are discount rates, growth rates and expected changes in occupancy and room rates and direct costs during the period. Changes in selling prices and occupancy and direct costs are based on past practices and expectations of future changes in the market. Derived from the most recent financial budgets approved by management, the group prepares cash flows over the related length of each respective contract normally ranging from 15 to 20 years. Each individual hotel contract has been valued separately, taking into account the remaining contract term and the applicable commercial terms.

The expected cash flows for each unit take into account the budgeted figures for 2020 and projected figures for 2021-2022. The long term growth in revenues, costs and profit margins follow similar development pattern as the change in local consumer price index in line with the historical growth rates experienced in those regions except when justified otherwise by other factors. Such factors include ongoing higher than inflation improvement in market RevPAR, building up of revenues due to renovation works carried out to maintain the hotels at a certain standard, revenue turnaround and cost restructuring programmes and impact of rebranding.

When required, write-downs have been accounted for. During the year, write-downs of TEUR 13,980 (23,851) of fixed assets related to leased hotels in Belgium, Norway and the UK were recognised as a result of impairment tests. The impairments were primarily the result of lowered market growth expectations. The assets have been written-down to the calculated value in use.

Portfolio management, a revision of plans and projections for loss-making hotels or a setback in the economic recovery, with major implications on the performance of the company's hotels, may lead to a renewed assessment of the carrying value of both tangible and intangible assets.

Assessment of onerous contracts in management agreements

A similar method as for impairment is applied to test if management agreements are onerous and, if applicable, a provision is recorded. No provision has been recognised for onerous management agreements with shortfall guarantees during the year or previous year. Portfolio management, a revision of plans and projections for loss-making hotels or a setback in the economic recovery, with major implications on the performance of the company's hotels, may lead to a renewed assessment.

Leases

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For hotel leases, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the group is typically reasonably certain to extend (or not terminate).
- Otherwise, the group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

As at December 31, 2019, all extension options for hotel leases have been included in the lease liability since it is reasonably certain that the leases will be extended.

To determine the incremental borrowing rate, the group uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group and makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in lease payments based on an index, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Deferred tax assets

Deferred tax is recognised on temporary differences between stated and taxable income and on unutilised tax losses carried forward. The valuation of tax losses carried forward, and ability to utilise tax losses carried forward, is based on estimates of future taxable income. The assumptions used in estimating the future taxable income are based on those used in the impairment tests. During 2019, deferred tax assets on losses of net TEUR 1,032 (0) were recognised following reviews of the likelihood to utilise tax losses carried forward. Portfolio management, a revision of plans and projections for loss-making hotels or a setback in the economic recovery, with major implications on the performance of the company's hotels, could trigger a need for further assessment of the recoverability of accumulated tax losses carry forward and therefore also on the carrying value of deferred tax assets. Furthermore, changes in tax rules and regulations, for example a reduction of the income considered taxable, the right to deduct expenses, or restrictions on loss utilisation can also trigger a need for further assessment of the recoverability of the tax losses carry forward and the related deferred tax assets.

Investments
During the year investments of TEUR 0 (1,162) were written down following the review of other shares and participations held by the Group (see Note 20).

Assessment of the off-balance sheet commitments
For management contract commitments, the Company discloses its maximum capped financial exposure related to all management agreements that carry a financial commitment. However of the maximum exposure presently disclosed (see Note 37), the annual costs are just a small part of the maximum commitment.

Provisions
Provisions are made when any probable and quantifiable risk of loss attributable to disputes is judged to exist. Provisions for claims due to known disputes are recorded whenever there is a situation where it is more likely than not that the company will have an obligation to settle the dispute and where a reliable estimate can be made regarding the outcome of such dispute.

Note 7 | Segment disclosures

The segments are reported in accordance with IFRS 8 Operating segments. The segment information is reported in the same way as it is reviewed and analysed internally by the chief operating decision-makers, primarily the CEO, the Executive Committee and the Board of Directors.

Radisson's principal geographical markets, or regions in which the Group operates its business consists of:

- The Nordics including Denmark, Finland, Iceland, Norway and Sweden;
- The Rest of Western Europe including Austria, Belgium, France, Germany, Greece, Ireland, Italy, Luxemburg, Malta, the Netherlands, Portugal, Spain, Switzerland and the United Kingdom;
- Eastern Europe including Armenia, Azerbaijan, Belarus, Croatia, Cyprus, the Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Turkey, Ukraine and Uzbekistan; and
- Middle East, Africa and Other including Algeria, Bahrain, Cameroon, Cape Verde, Chad, Congo, Egypt, Ethiopia, Gabon, Ghana, Guinea, Iraq, Ivory Coast, Kenya, Kuwait, Lebanon, Libya, Madagascar, Mali, Mauritius, Morocco, Mozambique, Niger, Nigeria, Oman, Pakistan, Qatar, Rwanda, Saudi Arabia, Senegal, Sierra Leone, South Africa, South Sudan, Tunisia, Uganda, the United Arab Emirates, Zambia and Zimbabwe.

Radisson's types of contractual arrangements (or operating structures) in which the Radisson hotels are operated consists of:

- Leased contractual arrangements:
  Under Radisson's lease agreements, Radisson leases hotel buildings from property owners and is entitled to the benefits and carries the risks associated with operating of the hotel. The Company derives revenue primarily from room sales and food and beverages sales in restaurants, bars and banqueting. The main costs arising under a lease agreement are costs related to rent paid to the lessor, personnel costs and other operating expenses. Rent payments to lessor typically include a variable rent (as % of hotel revenue) with an underlying minimum rent (for more details see Note 39). Under some lease agreements, the company also reimburses the owner of the hotel property for property taxes and property insurance. Under Radisson's lease agreements, the company is responsible for maintaining the hotels Furniture, Fixtures and Equipment (FFE) in good repair and condition over the term of the lease agreement.

- Managed contractual arrangements:
  Under management agreements, the Company provides management services for third-party hotel proprietors. Revenue is primarily derived from base fees determined as a percentage of total hotel revenue and incentive management fees defined as a percentage of the gross operating profit or adjusted gross operating profit of the hotel operations. In addition, the company collects marketing fees based on total rooms revenue or on total revenue, and reservation fees are based on the number of reservations made. Under some management agreements, Radisson may offer the hotel proprietor a minimum guaranteed result, as further described in Note 40. Under a management agreement, the hotel proprietor is responsible for all investments in and costs of the hotel, including the funding of periodic maintenance and repair, as well as for insurance of the hotel property. The employees that operate the hotels are, in general, employees of the hotel proprietor.

- Franchised contractual arrangements:
  Under franchise agreements, the company authorises a third-party hotel operator or property owner to operate the hotel under one of the brands in the Company's portfolio. Accordingly, under such agreements, the Company neither owns, leases nor manages the hotel. The Company derives revenue from brand royalties or from licensing fees which, under most of the franchise agreements, are based on a percentage of total room revenue generated by a hotel. In addition, the Company collects marketing fees based on total room revenue and reservation fees based on the number of reservations made. In order to gain access to different concepts and programmes associated with the brand, the hotel owners normally have to pay additional fees.

Revenue
The split made between the detailed segments is based on the location of the business activities and on the net contribution of each related entities in their respective regional place of business.

The line item 'Leased' represents, per region, the operating revenue (Room revenue, F&B revenue and Other hotel revenue) from leased hotels.

The line item 'Managed' represents, per region, the fees from managed hotels.

The line item 'Franchised' represents, per region, the fees from franchised hotels.

The line item 'Other' represents revenue from shared service centres.

The line item 'Central activities' represents complementary revenue from administrative and revenue related to central marketing and purchasing activities. Internal transactions between the geographical segments and the central segments are eliminated.

EBITDA and EBIT
The line item 'Leased' represents, per region, the net operational contribution of leased hotels per region, less related marketing costs. Royalty fees and reservation fees.

The line item 'Managed' represents, per region, the fees from managed hotels less related marketing costs, royalty fees, reservation fees and any shortfall guarantees.

The line item 'Franchised' represents, per region, the fees from franchised hotels less related marketing costs, Royalty fees and reservation fees.

The line item 'Other' represents the net contribution from shared service centres and share of income in associates and joint ventures.

The line item 'Central activities' represents the net costs/contribution from central management, central marketing and other central activities (mainly procurement).

Balance sheet, Investments, Key Performance Indicators and Hotel Inventory
The chief operating decision-maker monitors tangible, intangible and financial assets as well as capital expenditure (investments) attributable to each segment for the purpose of monitoring segment performance and allocating resources between segments. Assets and capital expenditure include those used directly in the operation of each segment, including intangible assets, property, plant and equipment and investments in associates. These assets are allocated according to their physical location. Key Performance indicators like RevPAR (i.e. Rooms revenue in relation to the number of rooms available) expressed in euro and occupancy (i.e. number of rooms sold in relation to the numbers of rooms available) expressed in rate are disclosed between the major brands. Number of hotels and rooms in operation are segmented by geographic market and by operating structure.

SEGMENTATION – REVENUE

TEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa and Others	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
Leased	372,937	379,068	421,136	412,968	5.441	—	—	—
Managed	2,354	4,155	25,188	27,245	42,541	40,997	35,046	31,326
Franchised	10,274	9,735	18,884	14,363	8,905	5,634	851	344
Other	1,936	1,885	7,797	6,602	—	—	—	—
Central activities	—	—	—	—	—	—	—	—
Total	**387,501**	**394,843**	**473,005**	**461,178**	**56,887**	**46,631**	**35,897**	**31,670**

TEUR	Central Management		Central Marketing		Other Central Activities		Intra Segment Eliminations		Total			
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	%	2018	%
Leased	—	—	—	—	—	—	–1,338	–1,183	798,176	79.9%	790,853	82.5%
Managed	—	—	—	—	—	—	—	—	105,129	10.5%	103,723	10.8%
Franchised	—	—	—	—	—	—	—	—	38,915	3.9%	30,076	3.1%
Other	—	—	—	—	—	—	–1,602	–1,041	8,129	0.8%	7,446	0.8%
Central activities	19,301	4,095	69,743	64,627	14,649	8,821	–54,717	–50,468	48,977	4,9%	27,075	2.8%
Total	**19,301**	**4,095**	**69,743**	**64,627**	**14,649**	**8,821**	**–57,657**	**–52,692**	**999,326**	**100.0%**	**959,173**	**100.0%**

Countries from which more than 10% of total revenue origins are Norway TEUR 195,265 (199,378), Germany TEUR 143,121 (139,525), United Kingdom TEUR 139,629 (137,825), and Sweden, where the Parent Company is located, TEUR 121,112 (123,844).

SEGMENTATION – EBITDA

TEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa and Others	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
Leased	75,655	48,112	61,049	42,838	–218	—	—	—
Managed	1,246	2,830	18,308	17,786	33,883	28,480	23,360	22,788
Franchised	5,411	4,801	11,624	7,809	6,037	4,732	187	165
Other	2,436	1,536	856	1,565	—	—	251	403
Central activities	—	—	—	—	—	—	—	—
Total	**84,748**	**57,279**	**91,837**	**69,998**	**39,702**	**33,212**	**23,798**	**23,356**

TEUR	Central Management		Central Marketing		Other Central Activities		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
Leased	—	—	—	—	—	—	136,486	90,950
Managed	—	—	—	—	—	—	76,797	71,884
Franchised	—	—	—	—	—	—	23,259	17,507
Other	—	—	—	—	—	—	3,543	3,504
Central activities	–83,526	–80,979	135	–2,266	8,471	3,108	–74,920	–80,137
Total	**–83,526**	**–80,979**	**135**	**–2,266**	**8,471**	**3,108**	**165,165**	**103,708**

Cont. Note 7

SEGMENTATION – EBIT

TEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa and Others	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
Leased	44,654	29,845	11,090	–6,539	–363	—	—	—
Managed	1,173	2,751	17,355	16,819	33,602	28,239	23,088	22,401
Franchised	5,224	4,581	11,436	7,620	5,970	4,669	174	161
Other	2,382	1,418	86	1,159	—	—	251	403
Central activities	—	—	—	—	—	—	—	—
Total	**53,433**	**38,595**	**39,967**	**19,059**	**39,210**	**32,908**	**23,513**	**22,965**

TEUR	Central Management		Central Marketing		Other Central Activities		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
Leased	—	—	—	—	—	—	55,381	23,306
Managed	—	—	—	—	—	—	75,218	70,210
Franchised	—	—	—	—	—	—	22,804	17,031
Other	—	—	—	—	—	—	2,719	2,980
Central activities	–91,361	–82,495	–36	–2,492	8,471	3,108	–82,926	–81,879
Total	**–91,361**	**–82,495**	**–36**	**–2,492**	**8,471**	**3,108**	**73,196**	**31,648**

RECONCILIATION OF PROFIT FOR THE PERIOD

TEUR	**2019**	2018
Operating profit (EBIT) for reportable segments	73,196	31,648
Financial income	1,165	1,758
Financial expense	–40,581	–14,641
Profit before tax	**33,780**	**18,765**

SHARE OF INCOME IN ASSOCIATES

TEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa and Other		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Share of income in associates	—	—	–913	326	—	—	259	403	–654	729
Total	**—**	**—**	**–913**	**326**	**—**	**—**	**259**	**403**	**–654**	**729**

SEGMENTATION – BALANCE SHEET

TEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa and Other		Total	
As of December 31	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Leased	361,446	355,932	759,967	655,656	8,300	2,312	14,217	16,100	1,143,930	1,030,000
Managed	571	761	4,205	4,937	6,438	6,854	6,421	6,342	17,635	18,894
Franchised	2,702	2,828	4,986	4,897	1,924	1,551	460	111	10,072	9,387
Other	305	1,400	15.250	15.765	4,148	4,426	2,951	2,810	22,654	24,401
Total assets	**365,024**	**360,921**	**784,408**	**681,255**	**20,810**	**15,143**	**24,049**	**25,363**	**1,194,291**	**1,082,682**
Total liabilities	**542,383**	**575,601**	**483,687**	**367,498**	**5,390**	**1,692**	**14,046**	**14,235**	**1,045,506**	**959,026**

SEGMENTATION – INVESTMENTS[1)]

TEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa and Other		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Leased	30,331	37,949	111,037	47,005	341	47	45	60	141,754	85,061
Other	6	—	101	227	—	—	—	—	107	227
Total	**30,337**	**37,949**	**111,138**	**47,232**	**341**	**47**	**45**	**60**	**141,861**	**85,288**

1) Excluding investments related to financial assets.

SEGMENTATION – DEPRECIATION, AMORTISATION AND WRITE-DOWNS

TEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa and Other		Central Management		Central Marketing		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Depreciation and amortisation	29,655	17,431	38,585	27,273	492	304	285	391	7,845	1,437	171	226	77,033	47,062
Write-downs	110	250	13,870	23,601	—	—	—	—	—	—	—	—	13,980	23,851
Total costs for depreciation, amortisation and write-downs	**29,765**	**17,681**	**52,455**	**50,874**	**492**	**304**	**285**	**391**	**7,845**	**1,437**	**171**	**226**	**91,013**	**70,913**

Non-current assets in Sweden amounted to TEUR 75,437 (69,780).

SEGMENTATION – REVPAR AND OCCUPANCY[1]

	Radisson[2]		Park Inn by Radisson		Total	
	2019	2018	**2019**	2018	**2019**	2018
RevPAR, EUR	80.0	78.6	51.3	48.7	72.7	70.9
Occupancy, %	68.5	66.9	68.4	65.5	68.5	66.5

1) RevPAR (Revenue per Available Rooms) – is calculated as Rooms revenue in relation to the number of rooms available in leased and managed hotels.
Occupancy – is calculated as the number of rooms sold in relation to the number of rooms available. 2) Includes Radisson Collection, Radisson Blu and Radisson RED.

SEGMENTATION – HOTEL INVENTORY (IN OPERATION)
Summary by geographic area and by operating structure

	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa and Other		Total	
As of December 31, **2019**	Hotels	Room	Hotels	Room	Hotels	Room	Hotels	Room	Hotels	Room
Leased	22	6,759	32	8,231	1	160	—	—	55	15,150
Managed	2	766	39	7,472	70	18,691	85	16,984	196	43,913
Franchised	31	6,296	57	10,517	42	7,382	6	1.584	136	25,779
Total	**55**	**13,821**	**128**	**26,220**	**113**	**26,233**	**91**	**18,568**	**387**	**84,842**

	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa and Other		Total	
As of December 31, 2018	Hotels	Room	Hotels	Room	Hotels	Room	Hotels	Room	Hotels	Room
Leased	23	6,974	32	8,229	—	—	—	—	55	15,203
Managed	3	959	47	8,670	72	18,766	82	16,593	204	44,988
Franchised	31	6,213	53	10,158	36	6,512	1	257	121	23,140
Total	**57**	**14,146**	**132**	**27,057**	**108**	**25,278**	**83**	**16,850**	**380**	**83,331**

Note 8 | Revenue

Operating Revenue per area of operation

	For the Year Ended Dec. 31	
TEUR	**2019**	2018
Rooms revenue	548,911	536,847
Food & beverage revenue	226,382	231,550
Other hotel revenue	22,883	22,456
Hotel revenue	**798,176**	**790,853**
Fee revenue	144,044	133,799
Other revenue	57,106	34,521
Total revenue	**999,326**	**959,173**
Specification of Fee revenue		
Management fees	35,056	33,766
Incentive fees	34,530	35,990
Franchise fees	17,699	14,547
Marketing fees	33,333	31,089
Termination fees	2,196	1,000
Other fees	21,230	17,407
Total	**144,044**	**133,799**

- The line item 'Other hotel revenue' consists of complementary hotel revenue such as revenue from parking, pool, laundry and gym.
- The line item 'Other revenue' consists of complementary group revenue such as administration revenue and revenue from shared service centres.

Note 9 | Cost of goods sold for food & drinks and other related expenses

	For the Year Ended Dec. 31	
TEUR	**2019**	2018
Cost of food	30,987	30,109
Cost of beverage	8,013	7,916
Cost of other income	6,884	6,633
Cost of other goods sold	659	705
Cost of telephone, fax, internet	246	314
Total	**46,789**	**45,677**

- The line item 'Cost of other income' consists of various costs directly related to 'Other hotel revenue' and 'Other revenue'.

Note 10 | Payroll cost, number of employees, etc

Payroll cost	For the Year Ended Dec. 31	
TEUR	**2019**	2018
Salaries	205,185	213,590
Social security	35,165	37,250
Pension costs	7,004	7,064
Sub-total	**247,354**	**257,904**
Other personnel costs (other benefits in kind), including contract labour costs	67,649	64,266
Total	**315,003**	**322,170**

These costs are included in the line personnel cost and contract labour in the income statement.

TEUR 15,745 (17,816) of the total salaries and remuneration in 2019 was related to senior officers within the Group, of which TEUR 4,406 (6,429) was variable salary. TEUR 656 (869) of the pension costs was related to senior officers within the Group. Senior officers are defined as General Managers at hotels, members of the Executive Committee and Area Senior Vice Presidents. The salary specified for senior officers relates to the remuneration they have received in their capacity as General Managers, members of the Executive Committee or Area Senior Vice Presidents.

For the Year Ended Dec. 31	Salaries		Social security		Pension costs		Subtotal		Other personnel costs[1]		Total	
TEUR	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Denmark	19,238	19,656	393	352	1,506	1,520	21,137	21,528	5,902	5,065	27,039	26,593
Norway	38,832	42,249	5,662	6,088	1,362	1,480	45,856	49,817	17,224	17,092	63,080	66,909
Sweden	19,890	23,273	6,934	7,937	1,305	1,565	28,129	32,775	7,735	5,532	35,864	38,307
United Kingdom	28,094	29,012	2,637	2,777	980	877	31,712	32,666	5,682	5,787	37,394	38,453
Germany	27,295	30,865	5,801	6,046	—	—	33,096	36,911	12,327	10,973	45,423	47,884
France	11,768	11,055	4,332	4,262	18	–21	16,118	15,296	3,546	2,945	19,664	18,241
Belgium	28,335	28,200	5,294	6,008	970	873	34,599	35,081	5,824	7,271	40,423	42,352
Other	31,733	29,280	4,112	3,780	863	770	36,707	33,830	9,409	9,601	46,116	43,431
Total	**205,185**	**213,590**	**35,165**	**37,250**	**7,004**	**7,064**	**247,354**	**257,904**	**67,649**	**64,266**	**315,003**	**322,170**

1) Includes variable remuneration and related social costs.

The average number of employees in Radisson's companies was 4,248 (4,431) and is split as follows:

	For the Year Ended Dec. 31			
	2019		2018	
	Men	Women	Men	Women
Denmark	162	146	159	172
Norway	418	367	457	402
Sweden	202	263	229	279
United Kingdom	421	475	430	487
Germany	343	352	376	402
France	169	121	158	130
Belgium	126	151	130	131
Other	278	254	256	233
Total	**2,119**	**2,129**	**2,195**	**2,236**
Total men and women		**4,248**		**4,431**

	As of Dec. 31			
	2019		2018	
	Men	Women	Men	Women
Members of the Board of Directors[1]	7	2	8	1
Executive Committee (including CEO)	6	1	6	1

1) Including two male employee representatives elected by the Swedish labour organisation "Hotell- och restaurangfacket".

Remuneration to the members of the Board of Directors of the Parent Company elected by the AGM[1]

	For the Year Ended Dec. 31	
TEUR	**2019**	2018
Mingju Ma	—	—
Qian Zhu	—	—
Jin Chen	—	—
Liming Chen	—	—
Wei Zhou	—	—
Jing Qin	—	—
Di Xin	—	—
Daoqi Liu	—	—
Xiang Song	—	—
Charles B. Mobus Jr	—	28
Wolfgang M. Neumann	21	41
Kin Ching Lo	26	50
Andreas Schmid[2]	23	45
Thomas Staehelin	24	48
	94	**212**

1) The remuneration to members of the Board of Directors in 2019 is attributable to the remuneration approved by the Annual General Meeting on April 26, 2018 for the period beginning after that Meeting and ending on the Annual General Meeting in 2019. At the Annual General Meeting on April 30, 2019 it was resolved that the members of the Board of Directors shall not receive any remuneration.

2) Andreas Schmid has in addition received compensation of TEUR 100 in 2018 for services provided in connection with the mandatory public offer to the shareholders.

Remuneration of the Executive Committee (incl. the CEO)[1)]

TEUR	For the Year Ended Dec. 31 2019	2018
Base remuneration	3,301	3,662
Variable remuneration	2,374	3,324
Retention bonus	995	1,731
Pension cost, defined contribution plan	302	418
Housing, schooling and company car	502	418

1) The table above shows the gross amounts. One member of the Executive Committee was remunerated on a net basis. Apart from the impact of changes in the agreed upon remuneration levels, the gross remuneration may also differ from year to year due to special tax treatment rules in Belgium. Regarding number of persons in the Executive Committee, see above.

The variable remuneration of the members of the Executive Committee is subject to accruals each year. The basis for the annual variable remuneration scheme for 2019 for the members of the Executive Committee is based on financial and personal performance objectives. The first financial objective, which represents 40% of the total variable opportunity, is defined as the level of earnings before interest, tax, depreciation and amortisation (EBITDA) achieved in the year. The second financial objective, which represents 40% of the total variable opportunity, is defined as the level of earnings after interest, tax, depreciation and amortisation (net profit) achieved in the year. The maximum variable opportunity depends on the executive's role and is capped to between 60% and 100% of the annual base remuneration (excl. CEO). The related variable remuneration costs recorded in the P&L as of the end of the year represent the best estimate made at the balance sheet dates. The final variable remuneration payment is dependent on certain factors that will finally be known at a date subsequent to the release of the financial statements. Therefore, variable remuneration accrued in a specific year may be adjusted in subsequent periods as a result of the final parameters deviating from the assumptions made at the balance sheet dates.

For members of the Executive Committee the contracted notice period for termination of their agreements is between zero and six months. Additional contracted severance payments are calculated based on between six and eighteen months' remuneration. In 2018, the Board put in place a retention bonus for 2018-2019, subject to certain conditions. For the CEO, the bonus amounts to 150% of the fixed annual base remuneration and for the Executive Committee members the bonus varies from 50 to 85% of the fixed annual base remuneration. In addition, for one Executive Committee member the Board also put in place an additional performance based bonus for 2018, 2019 and 2020, which may vary from 0 up to EUR 50,000 per year and with up to an additional EUR 150,000 based on cumulative performance in the years 2018, 2019 and 2020.

Remuneration of the CEO was as follows:

TEUR	For the Year Ended Dec. 31 2019	2018
Base remuneration	992	971
Variable remuneration	1,093	1,716
Retention bonus	532	925
Housing, schooling and company car	75	37

The CEO has a gross base remuneration of TEUR 992 on a full year basis. Due to a split salary arrangement, only part of the base remuneration is paid by the Parent Company. See also Note 3 in the Parent Company accounts. These numbers exclude social costs. In addition, he has an annual and long term incentive programme representing up to 100% of base remuneration at target level achievement and 200% of base remuneration at maximum level achievement for each plan. He also has a company car and housing.

In the event of a change in scope following a change in control, the CEO can exercise his right to terminate his contract within the first six months after such change in scope event. In that case, the CEO will have a right to a notice period of six months with continued payment of base remuneration and contractual benefits as well as full entitlement to the annual and long term incentive payment and, in addition, a severance payment equal to eighteen months' base remuneration and contractual benefits as well as the annual and long term incentive payment for eighteen months, both at target level.

Long-term equity-settled performance-based incentive programme 2016

In 2016 the AGM approved a long-term equity settled performance-based incentive programme to be offered to executives within Radisson. Due to the mandatory public offer to the shareholders of Radisson, the Board of Directors decided in 2019 to replace the equity settled incentive programme with a cash settled programme. Two current members and two former members of the Executive Committee participated in the programme. The programme was settled in 2019 and the associated cost of TEUR 108 is included as variable remuneration in the summary above.

Long-term cash-settled incentive programmes 2017, 2018 and 2019

In addition to the remuneration outlined above, the CEO and the Executive Committee participate in long-term cash settled incentive programmes for 2017, 2018 and 2019, covering a three-year performance period. The variable remuneration of the participants is subject to accruals each year. The long-term variable remuneration programmes for the participants represent a potential to earn a percentage of the fixed annual base remuneration, subject to meeting ambitious, but achievable predefined financial and operational performance objectives. Depending on the level of performance achieved, multi-year variable remuneration can vary from no variable payment up to 100% of the fixed annual base remuneration for Executive Committee members and up to 200% for the CEO.

The total cost recognised in 2019 for the cash-settled programmes amounts to TEUR 1,261 (800) for the CEO and TEUR 1,409 (1,074) for the other members of the Executive Committee. The table below shows the maximum award for the CEO and the rest of the Executive Committee under the respective incentive programmes approved by the Board.

Maximum award for members of the Executive Committee for the 2017 programme

	As of Dec. 31 2019	As of Dec. 31 2018
CEO	1,689	1,689
Other members of the Executive Committee	1,943	1,943
Total	**3,632**	**3,632**

Maximum award for members of the Executive Committee for the 2018 programme

	As of Dec. 31 2019	As of Dec. 31 2018
CEO	1,942	1,942
Other members of the Executive Committee	2,088	2,387
Total	**4,030**	**4,329**

Maximum award for members of the Executive Committee for the 2019 programme

	As of Dec. 31 2019
CEO	1,984
Other members of the Executive Committee	2,242
Total	**4,226**

Note 11 | Other operating expenses

TEUR	For the Year Ended Dec. 31 2019	2018
Fees for royalty, marketing, reservations, rentals and licences to Radisson Hospitality Inc. (see Note 37)	20,515	19,625
Energy costs	24,335	23,271
Supplies	12,402	12,238
Marketing expenses	83,052	84,449
External fees	49.270	22,967
Laundry and dry cleaning	16,810	16,018
Contract services and maintenance	14,753	14,397
Administration costs	15,511	15,211
Communication, travel and transport	12,594	11,490
Operating equipment	3,273	2,938
Rentals and licences	10,639	10.269
Property operating expenses	7,165	7,803
Other expenses	12,419	11,389
Total	**282,738**	**252,065**

Note 12 | Insurance of properties and property tax

TEUR	For the Year Ended Dec. 31 2019	2018
Property and miscellaneous taxes	12,665	12,288
Building insurance	1,536	1,565
Total	**14,201**	**13,853**

Note 13 | Leases

This section provides information for leases where Radisson is a lessee. For accounting principles applied, please see Note 2 and Note 3.

Right-of-use Assets

TEUR	Land and buildings	Machinery and equipment	Total
Cost			
Adjusted opening balance as of 1 Jan. 2019	**669,580**	**4,552**	**674,132**
Additions	4,766	792	5,558
Remeasurements	10,704	239	10,943
Disposals	—	–394	–394
Effect of foreign currency exchange differences	7,689	8	7,697
Reclassifications	–2,190	—	–2,190
Balance as of Dec. 31, 2019	**690,549**	**5,197**	**695,746**
Accumulated depreciation and impairment			
Adjusted opening balance as of 1 Jan. 2019	**–369,896**	**–255**	**–370,151**
Depreciation	–23,571	–1,529	–25,100
Disposals	—	341	341
Effect of foreign currency exchange differences	–3,809	–4	–3,813
Balance as of Dec. 31, 2019	**–397,276**	**–1,447**	**–398,723**
Carrying amount			
As of Jan. 1, 2019	**299,684**	**4,297**	**303,981**
As of Dec. 31, 2019	**293,273**	**3,750**	**297,023**

Amounts recognised in the statement of profit or loss

TEUR	2019
Variable lease payments (included in rental expense)	171,195
Low-value assets lease payments (included in rental expense)	1,306
Short-term lease payments (included in rental expense)	1,063
Depreciation charge of right-of-use assets (included in depreciation and amortisation expense)	25,099
Gain from modification of lease agreements (included in costs due to termination of contracts)	–1,385
Interest expense (included in financial expense)	19,331

The statement of cash flow shows the following amounts relating to leases

TEUR	2019
Variable lease payments, low-value assets lease payments, short-term lease payments	173,564
Repayments of lease liabilities	28,695
Interest paid on lease liabilities	19,331

Per December 31, 2019, Radisson had 55 leased hotels in operation. The following provides an overview of the expiry of the main property lease contracts for those 55 hotels:

Year	**2019** Number of lease agreements expiring	Year	2018 Number of lease agreements expiring
2020	—	2019	—
2021-2025	5	2020-2024	5
2026-2030	11	2025-2029	8
2031-2035	24	2030-2034	24
2036-2040	11	2035-2039	13
2041-2045	4	2040-2044	4
2046-2050	—	2045-2049	1

This section provides information for leases where Radisson is a lessor.

Future minimum sub lease income

Revenue from sub leases recognised in 2019 amounted to TEUR 2,636 (2,588). The expected future sub lease payments to be received from all fixed rent agreements are shown in the table below:

TEUR	2019	2018
Within 1 year	2,461	2,578
1–5 years	7,869	7,229
After 5 years	23,983	24,081
Total	**34,313**	**33,888**

Note 14 | Financial items

TEUR	For the Year Ended Dec. 31 2019	2018
Interest income from external financial institutions	295	250
Interest income from other loans and receivables	545	668
Other financial income	122	318
Foreign currency exchange gains	140	523
Financial income	**1,102**	**1,759**
Interest expense to external financial institutions	–321	–635
Interest expense on lease liabilities	–19,331	—
Interest expense bond	–17,459	–8,487
Interest expense other loans and payables	–469	–487
Write-down of shares	—	–1,162
Borrowing costs bond	–1,973	–2,057
Write-down of other loans and receivables	–59	–775
Other financial expense	–906	–1,039
Financial expense	**40,518**	**14,642**
Financial income and expenses, net	**–39,416**	**–12,883**

Other financial expenses are related to bank charges and similar items.

Net gain/loss per category of financial assets and liabilities.

TEUR	For the Year Ended Dec. 31 2019	2018
Financial assets at fair value through profit and loss (held for trading)	–62	–1,061
Loans and receivables and financial liabilities measured at amortised cost	–39,354	–11,822
Total	**–39,416**	**–12,883**

All interest income and expenses in 2019 and 2018 are related to financial assets and liabilities measured at amortised cost. No interest income in 2019 and 2018 was recognised on impaired financial assets.

Radisson Collection Hotel, Tsinandali Estate

Note 15 | Income taxes

Income tax recognised in profit or loss

TEUR	For the Year Ended Dec. 31 2019	2018
Tax expense(+)/income(–) comprises:		
Current tax expense(+)/income(–)	12,124	19,238
Adjustments recognised in the current year in relation to the current tax of prior years	–1,414	189
Defered tax expense(+)/income(–) relating to the origination and reversal of temporary differences	1,084	–4,217
Total tax expense	**11,794**	**15,210**

The total charge for the year can be reconciled to the accounting profit as follows:

TEUR	For the Year Ended Dec. 31 2019	2018
Profit/loss before tax from continuing operations	33,780	18,765
Income tax income(–)/expense(+) calculated at the local tax rate	9,879	2,215
Effect of revenue that is exempt from taxation	–434	–347
Effect of expenses that are not deductible in determining taxable profit	2,535	3,530
Effect of tax losses and tax offsets not recognised as deferred tax assets	–25	108
Effect of previously unrecognised deferred tax attributable to tax losses, tax credits or temporary differences of prior years	–2,003	–582
Effect on deferred tax balances due to the change in income tax rate	278	1,168
Effect of utilisation of tax losses carry forward previously unrecognised	–98	–73
Effect of withholding taxes	3,082	2,581
Provision for tax case regarding interest deduction	—	6,470
Other	–6	–49
Sub total	**13,208**	**15,021**
Adjustments recognised in the current year related to the current tax of prior years	–1,414	189
Income tax expense recognised in profit or loss	**11,794**	**15,210**

TEUR	For the Year Ended Dec. 31 2019	2018
Income tax recognised in Other comprehensive income:		
Current tax		
Arising on exchange differences	–867	504
Total	**–867**	**504**
Deferred tax		
Arising on income and expenses recognised in Other comprehensive income:		
Remeasurement of defined obligation	–189	–29
Arising on exchange differences	—	31
Gains and losses on cash flow hedges	–49	–26
Total	**–238**	**–24**

The average effective tax rate was 35% (81%). The average tax rate was negatively impacted by non-deductible expenses and withholding taxes.

DEFERRED TAX ASSETS(+)/LIABILITIES(–) ARISE FROM THE FOLLOWING:

2019	Opening balance	Recognised in profit or loss	Recognised in Other comprehensive income	Exchange differences	Closing balance
Temporary differences					
Net lease obligations	39,785	–798	—	371	39,358
Cash flow hedges	–20	—	49	—	–29
Tangible assets	968	–2,572	—	482	–1,122
Intangible assets	–9,672	391	—	—	–9,281
Provisions	171	–127	—	—	44
Doubtful receivables	1,575	–82	—	1	1,494
Untaxed reserves	—	–1,300	—	—	–1,300
Pensions	803	38	189	—	1,030
Other liabilities	666	204	—	–41	829
Other current non-interest-bearing liabilities	152	–148	—	56	60
	34,428	**–4,394**	**238**	**869**	**31,141**
Unused tax losses and credits					
Tax losses	54,395	3,310	—	382	58,087
	54,395	**3,310**	**—**	**382**	**58,087**
Total	**88,823**	**–1,084**	**238**	**1,251**	**89,228**

DEFERRED TAX ASSETS(+)/LIABILITIES(–) ARISE FROM THE FOLLOWING

2018	Opening balance	Recognised in profit or loss	Recognised in Other comprehensive income	Exchange differences	Closing balance
Temporary differences					
Assets held for sale	–550	580	–31	1	—
Cash flow hedges	–46	—	26	—	–20
Property, plant & equipment	2,263	–1,325	—	30	968
Intangible assets	–10,578	906	—	—	–9,672
Provisions	386	–215	—	—	171
Doubtful receivables	1,484	104	—	–13	1,575
Pensions	786	–12	29	—	803
Other liabilities	782	–141	—	25	666
Other current non-interest-bearing liabilities	77	111	—	–36	152
	–5,396	**8**	**24**	**7**	**–5,357**
Unused tax losses and credits					
Tax losses	50,277	4,209	—	–91	54,395
	50,277	**4,209**	**—**	**–91**	**54,395**
Total	**44,881**	**4,217**	**24**	**–84**	**49,038**

Deferred tax balances are presented in the balance sheet as follows:

TEUR	As of Dec. 31 **2019**	2018
Deferred tax assets	109,496	105,469
Deferred tax liabilities	–20,268	–16,646
Total	**89,228**	**88,823**

UNRECOGNISED DEFERRED TAX ASSETS

The following deferred tax assets have not been recognised at the balance sheet date:

TEUR	As of Dec. 31 **2019**	2018
Tax losses	2,852	1,787
Total	**2,852**	**1,787**

The unrecognised tax losses have no expiry date.

Capital gains and losses on sale of shares in subsidiaries, associates and joint ventures are normally not subject to any taxation and there are consequently no temporary differences associated with these assets.

Deferred tax assets attributable to tax losses carry forward are recognised to the extent it is probable, based on convincing evidence, that future taxable profits will be available against which the unused tax losses can be utilised such as for example that a previously loss making entity has turned into profitability or that a change in structure will generate taxable income to offset historic losses. When assessing the probability of utilisation, the amount of taxable temporary differences relating to the same taxation authority as the tax losses carry forward are taken into account as well as the projected future taxable profits. The projected future taxable profits are estimated based on budgets and long range plans, taking into account the expiry of contracts. The deferred tax assets attributable to tax losses carry forward are mainly found in Belgium (TEUR 33,630), UK (TEUR 6,864), Germany (TEUR 1,477), France (TEUR 14,338), Italy (1,032) and Norway (708). Portfolio management, a revision of plans and projections for loss-making hotels or a setback in the economic recovery with major implications on the performance of the company's hotels, could trigger a need for further assessment of the recoverability of tax losses carry forward and therefore also on the carrying value of deferred tax assets. In addition to changes to future cash-flow projections, deferred tax assets are also sensitive to changes in tax rules and regulations.

Note 16 | Sold and acquired operations

The sale of the participation in Radisson Royal Hotel Beijing Co Ltd was finalised in the beginning of 2019, resulting in a gain of TEUR 118.

Radisson has in 2019 also disposed its participation in PBR Hotel, Ltd. with no impact on the profit & loss statement.

Radisson has in 2019 acquired 20% in Fast Lane Hospitality GmbH. Please see Note 19 for further details.

No operations were sold or acquired in 2018.

Note 17 | Intangible assets

TEUR	Other intangible assets	Licenses and related rights	Total
Cost			
Balance as of Jan. 1, 2018	**50,217**	**54,978**	**105,195**
Investments	1,528	213	1,741
Disposals	–3,240	–40	–3,280
Effect of foreign currency exchange differences	–222	3	–219
Balance as of Dec. 31, 2018	**48,283**	**55,154**	**103,437**
Adjusted opening balance as of 1 Jan. 2019	**45,533**	**55,154**	**100,687**
Investments	70,296	29	70,325
Disposals	–198	–36	–234
Effect of foreign currency exchange differences	249	–13	236
Reclassifications	2,190	—	2,190
Balance as of Dec. 31, 2019	**118,070**	**55,134**	**173,204**
Accumulated amortisation and impairment			
Balance as of Jan. 1, 2018	**–28,675**	**–14,971**	**–43,646**
Amortisation	–2,826	–1,245	–4,071
Write-downs and reversals of write-downs	–458	–23	–481
Disposals	3,091	40	3,131
Effect of foreign currency exchange differences	114	7	121
Balance as of Dec. 31, 2018	**–28,754**	**–16,192**	**–44,946**
Adjusted opening balance as of 1 Jan. 2019	**–28,079**	**–16,192**	**–44,271**
Amortisation	–4,758	–1,278	–6,036
Write-downs and reversals of write-downs	–348	—	–348
Disposals	38	35	73
Effect of foreign currency exchange differences	–187	–8	–195
Balance as of Dec. 31, 2019	**–33,334**	**–17,443**	**–50,777**
Carrying amount			
As of Dec. 31, 2018	**19,529**	**38,962**	**58,491**
As of Jan. 1, 2019	**17,454**	**38,962**	**56,416**
As of Dec. 31, 2019	**84,736**	**37,691**	**122,427**

TEUR 37,541 (38,711) of the carrying amount of 'Licences and related rights' is related to the contractual rights associated with the master franchise agreements with Radisson Hospitality, Inc. These rights were renegotiated in 2005 and in exchange for the new terms, Radisson Hospitality, Inc. received 25% of the shares in Radisson. This was achieved through a contribution in kind, where the value of the renegotiated terms was estimated to be TEUR 55,000. This amount is being amortised over the length of the contract, which expires in 2052.

More information about the write-downs recognised during the year is provided in Note 6.

Note 18 | Tangible assets

TEUR	Fixed installations	Machinery and equipment	Investments in progress	Total
Cost				
Balance as of Jan. 1, 2018	**174,324**	**281,494**	**28,281**	**484,099**
Investments	15,416	34,710	33,421	83,547
Disposals	–4,974	–13,783	–11	–18,768
Effect of foreign currency exchange differences	–1,541	–1,562	–204	–3,307
Transfer from investments in progress	9,763	19,548	–29,311	—
Other	88	–95	–32	–39
Balance as of Jan. 1, 2019	**193,076**	**320,311**	**32,128**	**545,515**
Investments	21,276	26,787	23,473	71,536
Disposals	–10,460	–19,464	—	–29,924
Effect of foreign currency exchange differences	3,394	4,208	–20	7,582
Transfer from investments in progress	5,860	17,862	–23,722	—
Balance as of Dec. 31, 2019	**213,146**	**349,704**	**31,859**	**594,709**
Accumulated depreciations and impairment				
Balance as of Jan. 1, 2018	**–104,120**	**–184,543**	**–2,418**	**–291,081**
Depreciation	–11,982	–31,009	—	–42,991
Write-downs and reversals of write-downs	–16,170	–6,956	–244	–23,370
Disposals	4,866	13,749	—	18,615
Effect of foreign currency exchange differences	1,166	1,274	–9	2,431
Other	–4,989	4,995	—	6
Balance as of Jan. 1, 2019	**–131,229**	**–202,490**	**–2,671**	**–336,390**
Depreciation	–12,380	–33,518	—	–45,898
Write-downs and reversals of write-downs	–11,001	–2,399	–232	–13,632
Disposals	10,805	19,060	—	29,865
Effect of foreign currency exchange differences	–2,370	–3,196	–1	–5,567
Balance as of Dec. 31, 2019	**–146,175**	**–222,543**	**–2,904**	**–371,622**
Carrying amount				
As of Dec. 31, 2018	**61,847**	**117,821**	**29,457**	**209,125**
As of Dec. 31, 2019	**66,971**	**127,161**	**28,955**	**223,087**

More information about the write-downs recognised during the year is provided in Note 6.

Note 19 | Investments in associated companies

TEUR	Ownership (%) as of Dec. 31, 2018	Ownership (%) as of Dec. 31, 2019	Carrying value as of Dec. 31, 2018	Acquisition during the year	Dividends	Share of income	Exchange difference	Less assets held for sale	Carrying value as of Dec. 31, 2019
Al Quesir Hotel Company S.A.E	20.00%	20.00%	1,221	—	—	133	—	—	1,354
Fast Lane Hospitality GmbH	—	20.00%	—	41	—	—	—	—	41
Afrinord Hotel Investment A/S	20.00%	20,00%	76	—	—	8	—	—	84
prize Holding GmbH	49.00%	49.00%	15,022	—	–96	–913	–2	–14,011	—
Total			**16,319**	**40**	**–96**	**–772**	**–2**	**–14,011**	**1,479**

TEUR	Ownership (%) as of Dec. 31, 2017	Ownership (%) as of Dec. 31, 2018	Carrying value as of Dec. 31, 2017	Acquisition during the year	Dividends	Share of income	Exchange difference	Carrying value as of Dec. 31, 2018
Al Quesir Hotel Company S.A.E	20.00%	20.00%	1,350	—	—	–125	–4	1,221
Afrinord Hotel Investment A/S	20.00%	20.00%	76	—	—	—	—	76
prize Holding GmbH	49.00%	49.00%	14,736	—	—	326	–40	15,022
Total			**16,162**	—	—	**201**	–44	**16,319**

Summarised financial information for associated companies	As of and for the Year Ended Dec. 31	
TEUR	**2019**	2018
Total assets	12,387	52,561
Total liabilities	9,093	19,452
Net assets	3,294	33,109
Group’s share in net assets	659	15,341
Revenue	1,238	21,680
Profit/loss from continuing operations	383	1,817
Profit/loss after tax	383	1,817
Other comprehensive income	—	—
Total comprehensive income	383	1,817
Group’s share in net profit	77	718

The difference between the carrying value of the investments and group’s share in net assets is due to goodwill of TEUR 1,093 (1,093) and timing differences.

Note 20 | Other shares and participations

TEUR	Ownership (%) as of Dec. 31, 2018	Ownership (%) as of Dec. 31, **2019**	Carrying value as of Dec. 31, 2018	Remeasurement	Disposal	Exchange difference	Carrying value as of Dec. 31, **2019**
Doriscus Enterprise Ltd	13.41%	13.41%	4,146	—	—	–1	4,145
First Hotels Co K.S.C.C	1.82%	1.82%	1,013	—	—	—	1,013
PBR Hotel, Ltd.	9.00%	9.00%	277	—	–265	–12	—
Other	—	—	20	—	—	2	22
Total			**5,456**	**—**	**–265**	**–11**	**5,180**

Note 21 | Pension funds, net

Defined Benefit Pension Plans
These plans mainly cover retirement pensions and widow pensions where the employer has an obligation to pay a lifelong pension corresponding to a certain guaranteed percentage of wages or a certain annual sum. Retirement pensions are based on the number of years a person is employed. The employee must be registered in the plan for a certain number of years in order to receive full retirement pension. For each year at work the employee earns an increasing right to pension, which is recorded as pension earned during the period as well as an increase in pension obligations. Some of Radisson's pension plans for salaried employees in Sweden and Belgium are funded through defined benefit pensions plans with insurance companies.

The amounts recognised in the balance sheet for the defined benefit plans are determined as follows:

	As of Dec. 31	
TEUR	**2019**	2018
Present value of funded obligations	13,590	11,498
Fair value on plan assets	–9,466	–8,276
Deficit/(surplus) of funded plans	**4,124**	**3,222**
Present value of unfunded obligations	188	163
Total deficit of defined benefit pension plans	**4,312**	**3,385**
Impact of minimum funding requirement/asset ceiling	—	—
Liability in the balance sheet	**4,312**	**3,385**

The movement in the defined benefit obligation over the year is as follows:

	For the year ended Dec. 31	
TEUR	**2019**	2018
Opening defined benefit obligation	**11,661**	**11,953**
Current service cost	910	656
Interest cost	183	184
Components recognised in profit or loss	**1,093**	**840**
Remeasurement on the defined benefit obligation:		
Actuarial (gains)/losses from change in financial assumptions	1,859	12
Actuarial (gains)/losses arising from experience adjustments	–445	–125
Components recognised in other comprehensive income	**1,414**	**–113**
Benefits paid	–386	–940
Exchange (gains)/losses on foreign plans	–4	–79
Closing defined benefit obligation	**13,778**	**11,661**

The movement in plan assets over the year is as follows:

	For the year ended Dec. 31	
TEUR	**2019**	2018
Opening plan assets	**8,276**	**8,633**
Interest income	137	134
Components recognised in profit or loss	**137**	**134**
Remeasurement on the plan assets:		
Actuarial gains/(losses) arising from experience adjustments	658	–232
Components recognised in other comprehensive income	**658**	**–232**
Contributions from employer	739	642
Contributions from plan participants	76	71
Benefits paid	–386	–940
Exchange gains/(losses) on foreign plans	–34	–32
Closing fair value of plan assets	**9,466**	**8,276**

The significant actuarial assumptions were as follows:

	As of Dec. 31	
TEUR	**2019**	2018
Discount rate		
Belgium	0.65%	1.57%
Sweden	2.0%	2.0%
Expected rate of salary increase		
Belgium	2.0%	2.0%

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Increase in assumption	Decrease in assumption
Discount rate 0.50%	1,185	–1,342
Expected rate of salary increase 0.50%	–557	513
Life expectancy (men and women) 1 year	–143	150

The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

Plan assets are comprised as follows:

	As of Dec. 31					
	2019			2018		
TEUR	Quoted	Unquoted	%	Quoted	Unquoted	%
Equity investments	435	—	4.6%	420	—	5.1%
Bond investments:						
Government	6,074	—	64.2%	5,142	—	62.1%
Corporate	1,459	—	15.4%	1,254	—	15.2%
Mortgage	153	—	1.6%	164	—	2.0%
Properties	—	1,345	14.2%	—	1,296	15.6%
Total	**8,121**	**1,345**		**6,980**	**1,296**	

The plan assets are part of common funds used by insurance companies for investing. Therefore, information of specific Radisson's assets allocation is not available and it is the insurance companies' allocation of its total assets that is applied to Radisson's assets in the table above.

Through its defined benefit pension plans the group is exposed to a number of risks, the most significant of which are:

Asset volatility:
The present value of defined benefit liability is calculated using a discount rate determined by reference to high quality corporate bond yields in Belgium and government bonds in Sweden. If the return on plan asset is below this rate, it will create a plan deficit.

Changes in bond yields:
A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

Life expectancy:
The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk:
The present value of the defined benefit liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of plan participants will increase the plan's liability.

Expected contributions to post-employment benefit plans for the year ending December 31, 2020 are TEUR 695.

The weighted average duration of the defined benefit obligation is 15.5 years.

Expected maturity analysis of undiscounted pension benefits:

TEUR	
Year 2020	167
Year 2021	200
Year 2022–Year 2024	552
Year 2025–Year 2029	3,358

Defined Contribution Pension Plans
These plans mainly cover retirement, sick and family pensions. The premiums are paid regularly during the year by group companies to different insurance companies. The size of the premium is based on wages. Pension costs for the period are included in the income statement and amount to TEUR 6,048 (6,358).

For clerical employees in Sweden, the defined benefit obligations in the ITP 2 plan for retirement and family pension (or family pension), are safeguarded through insurance in Alecta. According to a statement from the Swedish Accounting Standards Council, UFR 10, this is a defined benefit multi-employer plan. For the financial year 2019, the Company has not had access to the information necessary to account for its shared part of the plan's obligations, plan assets and costs, and a consequence it has not been possible to report the plan as a defined benefit plan. The pension plan ITP 2, which is safeguarded through insurance in Alecta, is therefore reported as a defined contribution plan. The premium for the defined benefit retirement and family pension is individually calculated and is inter alia taking into account salary, previously earned pension and anticipated remaining seniority. Expected fees next reporting period for ITP 2 insurances, covered by Alecta, amounts to TEUR 851 (870). The Group's share of the total contributions to the plan and the Group's share of the total number of active members in the plan is 0.039% and 0.024% (0.052 and 0.024).

The collective consolidation level is the market value of Alecta's assets as a percentage of insurance obligations measured in accordance with Alecta's actuarial assumptions, which do not comply with IAS 19. The collective consolidation level is normally allowed to vary between 125% and 155%. If Alecta's collective consolidation level is less than 125% or greater than 155%, measures should be taken in order to create the conditions to return the consolidation level within the normal range. At low consolidation, an action can be to raise the agreed price for subscription and expansion of existing benefits. At high consolidation, an action can be to introduce premium reductions. At the end of 2019, Alecta's surplus in the form of the collective consolidation level was 148% (142).

Note 22 | Other long-term receivables

In some cases Radisson grants loans to owners of the company's hotels, or to the company's joint venture and associated companies in early stages of new projects. The terms for such loans vary, but in principle there is an agreement on interest on the loans and the repayment schedule is based on the project opening and project progress. These related parties and termsconcerning these loans are presented below. No collateral was held as security for these receivables and no receivables were past due at the end of the reporting periods.

As of Dec. 31, **2019** Counterpart/Specification	Nominal loan amount	Currency	Nominal value in TEUR	Impairment & exchange losses in TEUR	Loan Repay-ment	Short term portion	Amortised cost in TEUR	Duration and interest rates
SIA Polar BEK Daugava	1,750	USD	1,526	—	–1,526	—	—	Undefined duration - 10.08%
Jizhaku Rubanenko	2,020	EUR	2,020	—	—	–20	2,000	31/07/2027 - 6 months Euribor + 3.6%
Afrinord Hotel Investment A/S	981	USD	855	—	–855	—	—	01/03/2020 - 3 months USD Libor + 8.5%
Afrinord Hotel Investment A/S	1,808	EUR	1,808	—	—	—	1,808	31/12/2027 - 3 months Euribor + 3.5%
Afrinord Hotel Investment A/S	1,365	USD	1,218	—	—	—	1,218	31/12/2027 - 6 months USD Libor + 8.0%
SIA (Ltd) D.N.H.	1,513	EUR	1,513	—	—	–513	1,000	21/12/2022 - 6 months Euribor + 4.5%
Prigan D.O.O. Beograd	400	EUR	400	—	—	—	400	01/10/2030 - 3 months Euribor + 1.0%
Dydl Opco B.V.	1,605	EUR	1,605	—	–1,605	—	—	31/12/2021 - 10%
Al Quseir Hotel Company S.A.E.	500	EUR	500	—	—	—	500	31/12/2020 - 6 months Euribor + 4.0%
RR Mpls DT, LLC	17,850	EUR	17,850	—	—	—	17,850	11/10/2024 - 3,4%
Other	59	EUR	59	—	—	—	59	Various interest bearing deposits
Total interest-bearing			**29,354**	**—**	**–3,986**	**–533**	**24,835**	
Meriton Hotels AS	800	EUR	800	—	—	—	800	31/12/2024
Other non-current receivables	407	EUR	407	—	—	—	407	
Total non-interest-bearing			**1,207**	**—**	**—**	**—**	**1,207**	
Total long-term receivables			**30,561**	**—**	**–3,986**	**–533**	**26,042**	

As of Dec. 31, 2018 Counterpart/Specification	Nominal loan amount	Currency	Nominal value in TEUR	Impairment & exchange losses in TEUR	Loan Repay-ment	Short term portion	Amortised cost in TEUR	Duration and interest rates
SIA Polar BEK Daugava	1,750	USD	1,526	—	—	—	1,526	Undefined duration - 10.08%
Jizhaku Rubanenko	2,000	EUR	2,000	—	—	—	2,000	31/07/2027 - 6 months Euribor + 3.6%
Radisson Royal Hotel Beijing Co. Ltd	15,752	USD	13,734	—	–13,734	—	—	Undefined duration
Afrinord Hotel Investment A/S	113	EUR	113	—	—	–113	—	15/04/2019 - 6 months Euribor + 6.1%
Afrinord Hotel Investment A/S	981	USD	856	—	—	–786	70	01/03/2020 - 3 months USD Libor + 8.5%
Afrinord Hotel Investment A/S	1,751	EUR	1,751	—	—	—	1,751	31/12/2027 - 3 months Euribor + 3.5%
Afrinord Hotel Investment A/S	1,230	USD	1,073	—	—	—	1,073	31/12/2027 - 6 months USD Libor + 8.0%
Afrinord Hotel Investment A/S	775	EUR	775	–775	—	—	—	05/06/2022 - 6 months Euribor + 7.0%
SIA (Ltd) D.N.H.	1,500	EUR	1,500	—	—	—	1,500	21/12/2022 - 6 months Euribor + 4.5%
Prigan D.O.O. Beograd	400	EUR	400	—	—	—	400	01/10/2030 - 3 months Euribor + 1.0%
Dydl Opco B.V.	1,605	EUR	1,605	—	—	–739	866	31/12/2021 - 10%
Al Quseir Hotel Company S.A.E.	500	EUR	500	—	—	—	500	31/12/2020 - 6 months Euribor + 4.0%
Other	60	EUR	60	—	—	—	60	Various interest bearing deposits
Total interest-bearing			**25,893**	**–775**	**–13,734**	**–1,638**	**9,746**	
Haute Rive Azuri Hotel Ltd	400	EUR	400	—	—	–150	250	07/01/2020
Immo Congo S.A.	200	EUR	200	—	–200	—	—	07/01/2019
Meriton Hotels AS	247	EUR	247	—	—	—	247	31/12/2024
Other non-current receivables	250	EUR	250	—	—	—	250	
Total non-interest-bearing			**1,097**	**—**	**–200**	**–150**	**747**	
Total long-term receivables			**26,990**	**–775**	**–13,934**	**–1,788**	**10,493**	

Note 23 | Accounts receivables

TEUR	As of Dec. 31 2019	2018
Accounts receivables before allowance for doubtful accounts	83,597	69,523
Allowance for doubtful accounts	–12,346	–18,003
Accounts receivables net of allowance for doubtful accounts	**71,251**	**51,520**

As of Dec. 31, **2019**	Accounts receivables before allowance for doubtful accounts	Provision for doubtful accounts	Accounts receivables net of allowance for doubtful accounts
Accounts receivables not overdue	39,063	–2,072	36,991
Accounts receivables overdue			
1–30 days	20,616	–952	19,664
31–60 days	8,146	–615	7,531
61–90 days	3,572	–533	3,039
More than 90 days	12,200	–8,174	4,026
Total overdue	**44,534**	**–10,274**	**34,260**
Total ledger	**83,597**	**–12,346**	**71,251**

As of Dec. 31, 2018	Accounts receivables before allowance for doubtful accounts	Provision for doubtful accounts	Accounts receivables net of allowance for doubtful accounts
Accounts receivables not overdue	26,996	–174	26,822
Accounts receivables overdue			
1–30 days	18,644	–1,070	17,574
31–60 days	5,318	–1,859	3,459
61–90 days	3,189	–843	2,346
More than 90 days	15,376	–14,057	1,319
Total overdue	**42,527**	**–17,829**	**24,698**
Total ledger	**69,523**	**–18,003**	**51,520**

Movement in the allowance for doubtful accounts

TEUR	As of Dec. 31 2019	2018
Balance at the beginning of the year	**–18,057**	**–21,338**
Amounts written off during the year	3,000	2,666
Amounts recovered during the year	14,862	12,021
Increase/decrease in allowance recognised in profit or loss	–12,149	–11,448
Translation difference	–2	96
Balance at the end of the year	**–12,346**	**–18,003**

No collaterals are held as security for accounts receivables outstanding.

Note 24 | Other current interest-bearing receivables

As of Dec. 31, **2019**

Counterpart	Amortised cost in TEUR	Interest rates
Jizhaku Rubanenko	20	6 months Euribor +3.6%
SIA (Ltd) D.N.H.	513	6 months Euribor + 4.5%
Rubyrock Co. Ltd	5,000	3 months Euribor + 0.5%
Total of current interest-bearing receivables	**5,533**	

As of Dec. 31, 2018

Counterpart	Amortised cost in TEUR	Interest rates
Afrinord Hotel Investment A/S	113	6 months Euribor + 6.1%
Afrinord Hotel Investment A/S	786	3 months USD Libor + 8.5%
Prigan D.O.O Beograd	1	3 months Euribor + 1.0%
Dydl Opco B.V.	739	10%
Jizhaku Rubanenko	20	6 months Euribor +3.6%
Total of current interest-bearing receivables	**1,659**	

No collaterals are held as security for these receivables.

Note 25 | Other current non-interest-bearing receivables

TEUR	As of Dec. 31 2019	2018
Prepaid expenses		
Prepaid rent	10,574	12,451
Prepaid property tax	1,692	1,696
Other prepaid expenses	12,062	9,042
	24,328	**23,189**
Accrued Income		
Accrued fee income	6,742	8,974
Other accrued income	3,871	4,402
	10,613	**13,376**
Other current non-interest-bearing receivables	23,236	17,284
Total	**58,177**	**53,849**

Note 26 | Other short term investments

Other short-term investments relate to cash in restricted accounts. These restricted accounts are maintained in order to meet the liability arising from payroll taxes withheld in Norway (TEUR 1,974) as a legal requirement, and the liabilities arising from an office lease bank guarantee (TEUR 94).

Note 27 | Cash and cash equivalents

Cash and cash equivalents at the end of the financial year as shown in the cash flow statement can be reconciled to the related items in the balance sheet as follows:

	As of Dec.31	
TEUR	**2019**	2018
Bank accounts	238,715	249,303
Cash on hand	928	565
Total cash and cash equivalents	**239,643**	**249,868**

Note 28 | Assets classified as held for sale

The assets related to the investments in prize Holding GmbH and Mongolia Nord GmbH are presented as held for sale. The assets related to the investment in Mongolia Nord GmbH were written-down in 2018.

	As of Dec. 31	
TEUR	**2019**	2018
prize Holding GmbH		
Investments in associated companies	14,011	—
Mongolia Nord GmbH		
Other shares and participations	—	—
Total assets classified as held for sale	14,011	—

Note 29 | Share capital

Issue capital TEUR	Share capital **2019**	Other paid in capital **2019**	Share capital 2018	Other paid in capital 2018
Opening balance as of Jan. 1	11,626	177,124	11,626	177,124
Closing balance as of Dec. 31	**11,626**	**177,124**	**11,626**	**177,124**

Fully paid ordinary shares	Date of resolution	Change in number of shares	Change in share capital
The company is registered	Mar. 8, 2005	1,000	11,000
Share split of ordinary shares	Mar. 22, 2005	10,000	—
Share issue of ordinary shares	Mar. 22, 2005	89,000	89,000
Share issue of ordinary shares	Oct. 10, 2006	26,584	26,584
Share split of ordinary shares	Oct. 10, 2006	149,875,456	—
Bonus issue, without new share issue	May. 4, 2007	—	9,873,416
New share issue	June 5, 2014	24,386,817	1,625,766

The total share capital at year end was EUR 11,625,766, corresponding to 174,388,857 shares, giving a quota value per share of EUR 0.067. All issued shares are fully paid. There are no differences in classes of shares. Each owner of shares in the company is entitled to vote for the full amount of such shares at a general meeting, without any voting limitations. Shares held by the company or any of its subsidiaries do not entitle the owner to any of the rights associated with ownership of shares.

Share buy-back

The number of treasury shares held by the company at the end of the year amounts to 2,532,556, corresponding to 1.5% of all registered shares. The average number of its own shares held by the company during 2019 was 2,532,556 (2,993,332). The shares have been bought back in 2007 and 2008 following authorisations at the Annual General Meetings in the same years.

	As of Dec. 31	
TEUR	**2019**	2019
Number of registered shares	174,388,857	174,388,857
Number of own shares held by the company	–2,532,556	–2,532,556
Number of shares outstanding	**171,856,301**	**171,856,301**

Dividend per share

In accordance with the recommendation from the Board of Directors to the Annual General Meeting 2019, the Annual General Meeting decided to not pay any dividend for the financial year 2018. The Board of Directors proposes to the Annual General Meeting 2020 that no dividend is to be paid for the financial year 2019.

Note 30 | Fair value reserve – Cash-flow hedges

TEUR	2019	2018
Opening value as of Jan. 1	71	165
Effective gains and losses recognised in equity during the year	–550	64
Tax on effective gains and losses recognised in equity during the year	121	–14
Gains and losses reclassified out of equity during the year	328	–184
Tax on gains and losses reclassified out of equity during the year	–72	40
Closing value as of Dec. 31	**–102**	**71**

Note 31 | Provisions

TEUR	Restructuring and termination	Onerous contracts	Legal claims	Total
Balance as of Jan. 1, 2018	**4,658**	—	**6**	**4,664**
Additional provisions recognised	4,403	—	—	4,403
Reductions resulting from remeasurement	–630	—	—	–630
Reductions arising from payments	–2,269	—	—	–2,269
Balance as of Dec. 31, 2018	**4,658**	—	**6**	**4,664**
Additional provisions recognised	1,500	2,100	1,200	4,800
Reductions resulting from remeasurement	—	—	—	—
Reductions arising from payments	–1,474	—	–6	–1,480
Balance as of Dec. 31, 2019	**4,684**	**2,100**	**1,200**	**7.984**

Restructuring and termination

The provision for restructuring and termination of TEUR 4,684 relates to initiatives taken on hotel level and on corporate level. These cost advantage initiatives are taken to enable higher competitiveness, performance and cost efficiency through the development of new organisational and operating models that are optimised and consistent across the organisation.

Onerous contracts

The provision for onerous contracts of TEUR 2,100 relates to IT system contracts which will be obsolete due to internal development of new systems.

Legal claims

The provision for legal claims of TEUR 1,200 relates to three cases in Rest of Western Europe, Eastern Europe and Middle East & Africa.

Note 32 | Borrowings

	Current As of Dec. 31		Non-current As of Dec. 31	
TEUR	**2019**	2018	**2019**	2018
Bond:				
- Principal	—	—	250,000	250,000
- Transaction costs	—	—	–6,630	–8,440
- Original issue discount	—	—	–915	–1,186
Bank overdrafts	—	—	—	—
Other loans	—	—	4,407	13,552
Total	—	—	**248,862**	**253,926**

On July 6, 2018, the subisidiary Radisson Hotel Holdings AB (publ) issued TEUR 250,000 senior secured notes due July 2023 and carrying interest of 6.875%. The transaction costs occurred and capitalised in connection with the notes issuance amounts to TEUR 9,472. The original issue discount paid on July 6, 2018 amounts to TEUR 1,317. The costs for the transaction and the original issue discount is recognised over the length of the term of the bond.

The accrued interest on the senior secured notes amounts to TEUR 7,926 (8,355) per December 31, 2019 and is presented as "Other current non-interest-bearing liabilities" (see Note 33)

The Company has pledged assets as collateral to secure the borrowing (see Note 35).

TEUR 4,407 (4,684) of other non-current loans are related to the financing of renovation investments in a German hotel under a management contract. Radisson has not received any cash in connection with this loan, but has assumed an obligation for the financing of a portion of the renovation works as part of the management agreement. An intangible asset corresponding to the rights granted through the management agreement has been recognised at the same time. Interest costs incurred during the renovation period were capitalised in 2009. In 2011, accrued interest was waived and reported as a financial income. As from 2011, the loan runs with an interest rate of 4.5%. The repayment of the non-current part of the loan is linked to the amount of fees collected from this hotel.

Per December 31, 2018, the Company had a loan of TEUR 8,868 related to the acquisition of the shares in prize Holding GmbH. The loan was settled in 2019.

No borrowing costs other than those described above have been capitalised.

These two borrowings are not subject to any covenants and the Company has not pledged any assets as collateral to secure these two borrowings.

The carrying amounts of the Group's borrowings are denominated in Euro.

The average interest rates were as follows:

	For the Year Ended Dec. 31	
	2019	2018
Bond[1)]	6.875%	6.875%
Bank overdrafts & credit lines	1.35%	0.84%
Other loans	3.46%	3.51%

1) Calculated as from July 6, 2018. Interest is due in January and July every year. In addition an original issue discount was paid on July 6, 2018, equivalent to 0.125%.

Split of bank overdraft

	As of Dec. 31	
TEUR	**2019**	2018
Bank overdraft facilities granted	25,000	25,000
Utilisation of bank overdraft: in guarantees	–340	–304
Utilisation of bank overdraft: in cash	—	—
Bank overdraft facilities unutilised	**24,660**	**24,696**

The committed credit facilities, amounting to TEUR 25,000, have a tenor until January 2023 and carry customary covenants, including change of control provisions.

Note 33 | Other current non-interest-bearing liabilities

	As of Dec. 31	
TEUR	**2019**	2018
Prepayments from customers	13,126	16,045
Accrued expenses & prepaid income	127,365	128,698
Other short term non-interest-bearing liabilities	24,121	13,191
Total	**164,612**	**157,934**

Specification of accrued expenses and prepaid income

TEUR	**2019**	2018
Accrual for vacation pay including social costs	14,183	14,736
Accrual for bonus including social costs	14,341	16,892
Other payroll accruals	16,473	15,936
Accrual for energy expenses	5,243	4,166
Accrued fees	2,219	3,594
Accrued rent	14,814	15,193
Accrued sales & marketing expenses	11,691	10,535
Accrued interest expense	7,926	8,355
Accruals for loyalty programs	2,813	3,539
Other accrued expenses	35,800	34,014
Prepaid income	1,862	1,738
Total	**127,365**	**128,698**

Note 34 | Related parties

Radisson Hospitality, Inc. is a significant related party. The transactions with Radisson Hospitality, Inc. are split as follows:

	Revenue		Operating expenses		Capitalised expenses	
TEUR	**2019**	2018	**2019**	2018	**2019**	2018
Royalty fees, marketing fee, reservation fee and rentals & licenses	—	—	20,515	19,625	—	—
Radisson Rewards	2,780	2,656	5,315	4,793	—	—
Recharged third party costs	—	—	2,789	2,256	—	—
Joint IT projects	15,597	—	24,750	5,093	61,786	—
Other	11,293	8,881	753	1,705	—	—

On December 31, 2019, Radisson had receivables of TEUR 33,877 related to Radisson Hospitality, Inc. (3,194) and current liabilities of TEUR 101,953 (6,044). In addition, Radisson had a non-current interest bearing receivable on one of the subsidiaries of Radisson Hospitality, Inc. of TEUR 17,850 (0) and a related interest receivable of TEUR 167 (0).

The business relationship with Radisson Hospitality, Inc. mainly consisted of operating costs related to the use of the brands and the use of Radisson Hospitality, Inc.'s reservation system. In addition, Radisson Hospitality, Inc. operates a customer loyalty programme, Radisson Rewards, to provide customers with incentives to buy room nights. Loyalty points earned when guests have stayed at hotels are charged by Radisson Hospitality, Inc. to these hotels. Similarly, when points have been redeemed at hotels, these hotels are reimbursed by Radisson Hospitality, Inc.

Radisson Hospitality, Inc. furthermore recharges costs that it has incurred from third parties, mainly internet-based reservation channels, to the hotels to which these costs are related. Including all contract types.

Radisson Hospitality, Inc. and Radisson are also cooperating in various other areas, such as a global integrated IT platform, global sales, brand websites, revenue optimisation tools and purchasing. These other areas do not, however, always lead to direct transactions between the two companies. All transactions are done at an arms' length basis. Any new agreement or transaction with Radisson Hospitality, Inc. deemed material require the approval of the Board of Directors of Radisson.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

Per December 31, 2019, Radisson has an interest bearing receivable on one of the subsidiaries of Jin Jiang International Holdings Co., Ltd. of TEUR 5,000 (0).

Except for the above-mentioned transactions with Radisson Hospitality, Inc., there are no material transactions with Jin Jiang International Holdings Co., Ltd. and its affiliates.

Joint ventures and associated companies

	As of Dec. 31	
TEUR	**2019**	2018
Loans due from joint ventures and associated companies	—	—
Revenue (Management Fees) from joint ventures and associated companies	220	546

More information about shares in joint ventures and associates and the loans to the entities is disclosed in Note 19 and Note 22.

Note 35 | Pledged assets, contingent liabilities and committed investments

Pledged assets

On June 29, 2018, Radisson entered into a Super Senior Multicurrency Revolving Facility Agreement. On July 6, 2018, Radisson issued TEUR 250,000 Senior Secured Notes. See further Note 32. For both transactions Radisson has agreed to provide security to its creditors through share pledges on several of its direct and indirect subsidiaries, pledges on (intra-group) receivables and bank accounts, as well as assignment of rights in relation to certain agreements. The notes are issued by the subsidiary Radisson Hotel Holdings AB (publ). The issuer's obligations under the Notes and the Indenture are guaranteed jointly and severally on a senior basis by 34 subsidiaries within the Group. The Issuer and the Guarantors together comprised 93% of the total assets of the Group as of December 31, 2019.

Contingent liabilities

	As of Dec. 31	
TEUR	**2019**	2018
Guarantees provided for management contracts[1]	—	—
Miscellaneous guarantees provided	340	304
Total	**340**	**304**

1) Refer to Note 37 where these amounts are included in the total maximum future capped guarantee payment.

Under the lease agreements, Radisson is responsible for maintaining the hotel building in good repair and condition over the term of the lease agreement. Under certain lease agreements, Radisson is required to invest an agreed percentage of the hotel revenue in maintenance of the particular property. If renovation works for a period have been lower than what is required in the lease agreements, the renovation works will have to be carried out at a later stage or settled in alternative ways. The total investments carried out by Radisson may therefore vary from year to year, but normally amount to ca 5% of leased hotel revenue.

Litigation

Radisson operates in a number of countries around the world and is always involved in several complex projects and business relationships where professional disputes on various issues can arise. Most times these situations are resolved through negotiations and discussions. In some rare situations, these disputes can lead to major disagreements or claims of violation of law. Provisions for claims due to known disputes are recorded whenever there is a situation where it is more likely than not, that Radisson will have an obligation to settle the dispute and where a reliable estimate can be made regarding the outcome of such dispute. Radisson is not engaged in any judicial or arbitral proceedings, including those which are pending and described below or known to be contemplated, which, in Radisson's judgement, may have or have a material effect on Radisson's financial position of profitability during 2019. The members of the Board of Directors have no knowledge of any proceeding pending or threatened against Radisson or any of the subsidiaries or any facts likely to give rise to any litigation, claim or proceeding which might materially affect the financial position or business of Radisson as at December 31, 2019.

A claim of MEUR 49.5 against a Radisson subsidiary, as compensation for alleged wrongful termination of negotiations of a management agreement, was tried and was first dismissed by commercial court of Brussels in 2009 subsequently by court of appeal of Brussels in 2019. The claimant filed an appeal with the supreme court which can solely rule on the application of the law and not on the merits of the case.

On November 20, 2015, there was a terrorist attack at the Radisson Blu hotel in Bamako, Mali. The hotel is managed by a Radisson subsidiary pursuant to a management agreement. 22 individuals died in the attack, including 14 guests and three employees. The terrorist attack is subject to governmental investigations. As of 31 December 2019, a few surviving guests have brought claims or threatened to bring claims for injuries and for emotional suffering and the families of two of the deceased guests have brought claims for the death of their family members. All claims have been denied by lawyers engaged by the insurance company, based on an assessment of no liability for the hotel or Radisson. As there have been no further developments since 2015 Radisson deems it unlikely that more claims will be filed. It is not possible to make a sensible assessment of any provision based on the known circumstances.

An alleged mismanagement claim was made in 2017 by the owner of a managed hotel, which has been terminated by Radisson in August 2017 for owner's material breaches of the management agreement. In parallel, the owner has brought criminal claims against several of its employees at the hotel, including the general manager and the financial controller. The owner has filed on August 8, 2019 an arbitration case for alleged mismanagement and alleged wrongful termination by Radisson of the management agreement in an amount of not less than MUSD 90. The plaintiff has not substantiated its claim. It is not possible to make a sensible assessment of any provision based on the known circumstances. The mismanagement part of the claim if successful will be covered by Radisson's insurance.

An arbitration claim of MEUR 11.4 for alleged mismanagement has been filed on October 3, 2018 by an owner of a managed hotel. The claim if successful will be covered by Radisson's insurance.

Note 36 | Leasing commitments

Radisson has applied IFRS 16 Leases as from January 1, 2019. Please see further Note 2 and Note 13. As a consequence, the Company has recognized right-of-use assets for its leases.

Future minimum lease payments

TEUR	**2019**	2018
Within 1 year	—	35,524
1–5 years	—	149,536
After 5 years	—	474,303
Total	—	**659,363**

Rental expense relating to operating leases

	For the Year Ended Dec. 31	
TEUR	**2019**	2018
Fixed/minimum rent[1]	—	176,766
Variable rent[2]	—	45,053
Shortfall guarantees[3]	1,212	610
Total	**1,212**	**222,429**

1) Fixed/minimum rent represent all fixed lease payments, or minimum lease payments under contracts with CAP mechanism, made to the owners of the leased hotels. This line item also includes rental costs of premises which are leased for administration purposes. Please see Note 2 for a description of the CAP mechanism.

2) Variable rent represent all variable lease payments (or contingent lease payments) made to the owners of the leased hotels (based on the underlying contract type) which are primarily based on the revenue of the leased hotels.

3) Guarantee payments are made to the owners of the managed hotels (based on the underlying contract type) when Radisson has guaranteed a certain annual result to the property owner. The guarantee payments represent the difference between the guaranteed and achieved result.

Note 37 | Management contract commitments

Under Radisson's management agreements, Radisson provides management services to third-party hotel proprietors. Radisson derives revenue primarily from base fees determined as a percentage of total hotel revenue and incentive management fees defined as percentage of the gross operating profit or adjusted gross operating profit of the hotel operations.

In certain circumstances, Radisson guarantees the hotel proprietor a minimum result measured by adjusted gross operating profit or some other financial measure (a "guarantee"). Under such contracts, in the event that the actual result of a hotel is less than the guaranteed amount, Radisson compensates the hotel proprietor for the shortfall. However, in most agreements with such clauses, Radisson's obligation to compensate for such shortfall amount is typically limited to two to three times the annual guarantee (the "guarantee cap").

As at the end of the year, Radisson granted a certain level of financial commitment in 17 management contracts, as compared to 14 at the end of 2018. The management contracts containing such financial risk for the group will expire as presented in the table below:

Year	**2019** Number of management agreements expiring	Year	2018 Number of management agreements expiring
2020	1	2019	—
2021-2025	2	2020-2024	1
2026-2030	3	2025-2029	3
2031-2035	5	2030-2034	4
2036-2040	4	2035-2039	4
2041-2045	2	2040-2044	2

The following table presents the Company's capped contractual obligations under all management contracts with financial guarantees and shows the maximum capped financial exposure.

Total maximum future capped guarantee payments

TEUR	**2019**	2018
Total	**43,958**	**31,478**

The capped guarantee payment includes the contingent liabilities as disclosed in Note 35 (i.e. Guarantees provided for management contracts). For 2019, Radisson's costs for shortfalls under its management agreements with guarantees amounted to TEUR 1,212 (610), they are included in the line Rental expense.

Note 38 | Auditors' fees

TEUR	**2019**	2018
PwC		
Audit assignments	1,356	1,119
where of PwC Sweden	524	408
Other audit related assignments	47	36
where of PwC Sweden	3	2
Tax assignments	22	29
where of PwC Sweden	—	—
Other assignments	50	98
where of PwC Sweden	—	20
Total fees	**1,475**	**1,282**
where of PwC Sweden	**526**	**430**

Note 39 | Post balance sheet events

Acquistion of remaining 51% of shares in prizeotel Holding GmbH

On October 4, 2019 it was announced that Radisson has exercised its rights to acquire full ownership of the shares in prizeotel Holding GmbH. In 2016, Radisson had entered the company with the acquisition of a 49% stake in the business, and further rights to acquire the remaining 51% within four years. The transaction was finalised in the beginning of January 2020.

Covid-19

The outbreak of Covid-19 in EMEA in Q1 2020 has had a significant impact on Radisson's performance as from March 2020. At the date of the issuance of this annual report, 59% of the hotels in the portfolio are temporary closed.

Management has taken a number of measures to mitigate the financial impact on both profit and cash flow of the significant drop in revenue. These measures include, but are not limited to, temporary layoffs of personnel, rent renegotiations and deferrals, application for governmental subsidies and loans, and postponement of certain capex investments.

Radisson's credit facilities and available liquidity as of December 31, 2019 are presented in the section "Liquidity risks" in Note 4. The effects of Covid-19 in 2020 have significantly impaired available liquidity. Through the Group's and the shareholders' direct actions, liquidity and equity for the next 12 months are secured and the Group's continued operations are not threatened. The Board of Directors and management closely follow developments to continue to take the necessary measures.

Note 40 | Group companies and legal structure

Radisson Hospitality AB (publ) has the following subsidiaries, joint-ventures, associated companies and other investments:

		As of Dec. 31, **2019**		As of Dec. 31, 2018	
	Registered in	Ownership %	Share capital	Ownership %	Share capital
Belgium					
Radisson Hospitality Belgium SPRL	Brussels	100	MEUR 29.4	100	MEUR 29.4
Radisson Hospitality Services BV	Brussels	100	MEUR 0.0	—	—
Czech Republic					
Radisson Hotel Prague s.r.o.	Prague	100	MCZK 4.5	100	MCZK 4.5
Cyprus					
Doriscus Enterprises Limited	Limassol	13.4	MEUR 19.8	13.4	MEUR 19.8
Denmark					
Radisson Hotels ApS Danmark	Copenhagen	100	MDKK 212.0	100	MDKK 212.0
SIHSKA A/S	Copenhagen	100	MDKK 3.0	100	MDKK 3.0
Radisson Scandinavia Hotel Aarhus A/S	Aarhus	100	MDKK 0.5	100	MDKK 0.5
Hotel Development S. Africa A/S	Copenhagen	100	MDKK 1.0	100	MDKK 1.0
Radisson Hotel Kiev A/S	Copenhagen	100	MDKK 1.0	100	MDKK 1.0
Radisson Hotel investment Egypt A/S	Copenhagen	100	MDKK 1.0	100	MDKK 1.0
Radisson Russia A/S	Copenhagen	100	MEUR 0.7	100	MEUR 0.7
Radisson Loyalty Management A/S	Copenhagen	100	MEUR 0.1	100	MEUR 0.1
Radisson Cornerstone A/S	Copenhagen	100	MDKK 2.4	100	MDKK 2.4
Radisson Hotel Management & Development A/S	Copenhagen	100	MDKK 2.5	100	MDKK 2.5
Radisson Hospitality Denmark ApS	Copenhagen	100	MEUR 83.0	100	MEUR 83.0
Afrinord Hotel Investments A/S	Copenhagen	20	MEUR 0.3	20	MEUR 0.3
Radisson Royal Hotel Copenhagen ApS	Copenhagen	100	MEUR 0.5	100	MEUR 0.5
Radisson Scandinavia Hotel Copenhagen ApS	Copenhagen	100	MEUR 0.5	100	MEUR 0.5
Egypt					
Al Quseir Hotel Company S.A.E	Nasr City, Cairo	20	MEGP 68.0	20	MEGP 68.0
France					
Radisson Resort France S.A.S.	Puteaux	100	MEUR 0.0	100	MEUR 0.0
Radisson Hospitality France S.A.S.	Puteaux	100	MEUR 110.4	100	MEUR 110.4
Royal Scandinavia Hotel Nice S.A.S.	Nice	100	MEUR 10.1	100	MEUR 10.1
Royal Scandinavia Hotel Marseille S.A.S.	Marseille	100	MEUR 0.0	100	MEUR 0.0
Radisson Lyon S.A.S.	Lyon	100	MEUR 0.0	100	MEUR 0.0
SARL Régence Plage	Nice	100	MEUR 0.0	100	MEUR 0.0
Germany					
Radisson Hotels Deutschland GmbH	Duisburg	100	MEUR 0.2	100	MEUR 0.2
Radisson Revenue Center Central Europe	Duisburg	100	MEUR 0.0	100	MEUR 0.0
Radisson Hotel Hannover GmbH	Duisburg	100	MEUR 0.0	100	MEUR 0.0
Radisson Hotel Hamburg Airport GmbH	Duisburg	100	MEUR 0.0	100	MEUR 0.0
Radisson Hotel Köln GmbH	Duisburg	100	MEUR 0.0	100	MEUR 0.0
Radisson Hotel Wiesbaden GmbH	Duisburg	100	MEUR 0.0	100	MEUR 0.0
Radisson Hotel Berlin GmbH	Duisburg	100	MEUR 0.0	100	MEUR 0.0
Radisson Hotel Karlsruhe GmbH	Duisburg	100	MEUR 0.0	100	MEUR 0.0
Radisson Hotel Frankfurt am Main GmbH	Duisburg	100	MEUR 0.0	100	MEUR 0.0
Park Inn by Radisson Frankfurt Airport GmbH	Duisburg	100	MEUR 0.0	100	MEUR 0.0
Park Inn by Radisson Stuttgart GmbH	Duisburg	100	MEUR 0.0	100	MEUR 0.0
Radisson Shared Services Centre Deutschland GmbH	Duisburg	100	MEUR 0.8	100	MEUR 0.8
Park Inn München Frankfurter Ring GmbH	Duisburg	100	MEUR 0.0	100	MEUR 0.0
Park Inn München Ost GmbH	Duisburg	100	MEUR 0.0	100	MEUR 0.0
Radisson Düsseldorf Media Harbour Hotel GmbH	Duisburg	100	MEUR 0.0	100	MEUR 0.0
Park Inn by Radisson Nürnberg GmbH	Duisburg	100	MEUR 0.0	100	MEUR 0.0
Mongolia Nord GmbH	Frankfurt	14.28	MEUR 0.0	14.28	MEUR 0.0
Radisson Sales & Marketing Central Europe GmbH	Duisburg	100	MEUR 0.0	100	MEUR 0.0
prize Holding GmbH	Hamburg	49	MEUR 0.0	49	MEUR 0.0
Fast Lane Hospitality GmbH	Berlin	20	MEUR 0.2	—	—

		As of Dec. 31, **2019**		As of Dec. 31, 2018	
	Registered in	Ownership %	Share capital	Ownership %	Share capital
Italy					
Radisson Hotel Milan S.r.l.	Milan	100	MEUR 0.0	100	MEUR 0.0
Radisson Hotel Rome S.R.L.	Milan	100	MEUR 0.0	100	MEUR 0.0
Kuwait					
First Hotels Company KSCC	Safat	1.82	MKWD 40.0	1.82	MKWD 40.0
Latvia					
Radisson Hospitality Baltics SIA	Riga	100	MLVL 0.0	100	MLVL 0.0
Netherlands					
Radisson Hotel Amsterdam B.V.	Amsterdam	100	MEUR 0.0	100	MEUR 0.0
Norway					
Radisson Hospitality Norway AS	Oslo	100	MNOK 249.0	100	MNOK 249.0
Radisson Hotels Norway AS	Oslo	100	MNOK 11.0	100	MNOK 11.0
Radisson Hotel Atlantic Stavanger AS (dormant)	Oslo	100	MNOK 0.0	100	MNOK 0.0
Radisson Hotel Norge Bergen AS (dormant)	Oslo	100	MNOK 0.0	100	MNOK 0.0
South Africa					
Radisson Hospitality South Africa (Pty) Ltd	Johannesbourg	74	MZAR 0.0	74	MZAR 0.0
RHW Management Southern Africa (Pty) Ltd	Johannesbourg	74	MZAR 0.0	74	MZAR 0.0
Spain					
Radisson Hospitality Services Spain S.L.	Madrid	100	MEUR 0.0	100	MEUR 0.0
Radisson Hotel Madrid S.L.U	Madrid	100	MEUR 3.5	100	MEUR 3.5
Radisson Red Madrid S.L.	Madrid	100	MEUR 0.0	100	MEUR 0.0
Sweden					
Radisson Hotel Holdings AB	Stockholm	100	MEUR 0.1	100	MEUR 0.1
Radisson Hospitality Sweden AB	Stockholm	100	MSEK 18.0	100	MSEK 18.0
Radisson Hotel & Congress AB	Stockholm	100	MSEK 0.1	100	MSEK 0.1
AB Strand Hotel	Stockholm	100	MSEK 0.3	100	MSEK 0.3
Royal Viking Hotel AB	Stockholm	100	MSEK 8.0	100	MSEK 8.0
Radisson Arlandia Hotel AB	Stockholm	100	MSEK 1.0	100	MSEK 1.0
Radisson SkyCity Hotel AB	Stockholm	100	MSEK 1.0	100	MSEK 1.0
Radisson Royal Hotel AB	Malmö	100	MSEK 1.0	100	MSEK 1.0
Switzerland					
Park Inn by Radisson Switzerland AG	Rümlang	100	MCHF 0.1	100	MCHF 0.1
Radisson Hotels Switzerland AG	Basel	100	MCHF 0.1	100	MCHF 0.1
Turkey					
Radisson Otelcilik Anonim Şirketi	Istanbul	100	MTRY 0.0	100	MTRY 0.0
United Kingdom					
Radisson Hotels UK Ltd	Manchester	100	MGBP 32.2	100	MGBP 32.2
Radisson Hotel Manchester Ltd	Manchester	100	MGBP 0.0	100	MGBP 0.0
Radisson Hotel Leeds Ltd	Manchester	100	MGBP 0.0	100	MGBP 0.0
Radisson Hotel Edinburgh Ltd	Manchester	100	MGBP 0.0	100	MGBP 0.0
Radisson Hotel Stansted Airport Ltd	Manchester	100	MGBP 0.0	100	MGBP 0.0
park Inn by Radisson UK Ltd	Manchester	100	MGBP 0.0	100	MGBP 0.0
Park Inn by Radisson Hotel Heathrow Ltd	Manchester	100	MGBP 0.0	100	MGBP 0.0
Park Inn by Radisson Hotels Management Ltd	Manchester	100	MGBP 0.0	100	MGBP 0.0
Radisson Collection Hotel Edinburgh Ltd	Manchester	100	MGBP 0.0	100	MGBP 0.0
United Stated of America					
Rezidor Hospitality Minnesota, Inc.	Saint Paul, MN	100	MUSD 0.0	100	MUSD 0.0

Note 41 | Proposed appropriation of Earnings

Non-restricted reserves in the Parent Company available for dividend are (TEUR):

TEUR	
Share premium reserve	254,119
Profit brought forward	–46
Profit/loss for the year	106
Total	**254,179**

The Board of Directors proposes to the Annual General Meeting 2020 that no dividend is to be paid for financial year 2019 and that the distributable funds of TEUR 254,179 are brought forward.

Note 42 | Definitions

The company presents certain financial measures in this interim report that are not defined under IFRS. The company believes that these measures provide useful supplemental information to investors and the company's management as they allow evaluation of the company's performance. Because not all companies calculate these financial measures similarly, these are not always comparable to measures used by other companies. These financial measures should not be considered a substitute for measures defined under IFRS.

IFRS MEASURES

Revenue
All related business revenue (including rooms revenue, food & drinks revenue, other hotel revenue, fee revenue and other non-hotel revenue from administration units).

Earnings per Share
Profit for the period, before allocation to non-controlling interests, divided by the weighted average number of shares outstanding.

Basic Average Number of Shares
Weighted average number of ordinary shares outstanding during the period.

NON-IFRS MEASURES – ALTERNATIVE PERFORMANCE MEASURES

Capital Employed
Total assets less interest-bearing financial assets and cash and cash equivalents and non-interest bearing operating liabilities, including pension liabilities, and excluding tax assets and tax liabilities.

MEUR	**31 Dec. 2019**	31 Dec. 2018
Total assets [A]	1,194.3	750.3
Interest-bearing financial assets [B]	30.4	11.4
Cash & cash equivalents [C]	239.6	249.9
Non-interest-bearing operating liabilities, including pension liabilities and excluding tax assets and tax liabilities [D]	432.7	297.3
Capital employed [A–B–C–D]	**491.6**	**191.7**

EBIT
Operating profit before net financial items and tax.

EBIT Margin
EBIT as a percentage of Revenue.

EBITDA
Operating profit before depreciation and amortisation, costs due to termination/restructuring of contracts, net financial items and tax.

EBITDA Margin
EBITDA as a percentage of Revenue.

EBITDAR
Operating profit before rental expense and share of income in associates, depreciation and amortisation, costs due to termination/restructuring of contracts, net financial items and tax.

EBITDAR Margin
EBITDAR as a percentage of Revenue.

Net Cash (Debt)
Cash & cash equivalents plus short-term interest-bearing assets (with maturity within three months) minus interest-bearing liabilities (short-term & long-term), excluding retirement benefit obligations as well as liabilities related to investments in hotels under management contracts, for which repayments are linked to fees collected.

MEUR	**31 Dec. 2019**	Adj. 1 Jan. 2019
Cash & cash equivalents [A]	239.6	249.9
Interest-bearing liabilities [B]	718.1	732.4
Retirement benefit obligations [C]	4.3	3.4
Liabilities related to investments in hotels under management contracts [D]	4.3	4.6
Net cash (debt) [A–B+C+D]	**–469.8**	**–474.5**

Net Interest-bearing Assets/Liabilities
Interest-bearing assets minus interest-bearing liabilities.

MEUR	**31 Dec. 2019**	Adj. 1 Jan. 2019
Interest-bearing assets [A]	272.1	263.7
Interest-bearing liabilities [B]	718.1	732.4
Net interest-bearing assets/liabilities [A–B]	**–446.0**	**–468.7**

Free Cash Flow
Total cash flow from operating activities and investing activities.

MEUR	**2019**	2018
Cash flow from operating activities [A]	153.8	121.3
Cash flow from investing activities [B]	–88.5	–86.4
Free cash flow [A+B]	**65.3**	**35.1**

Net Working Capital
Inventory plus current non-interest-bearing receivables minus current non-interest-bearing liabilities.

MEUR	**31 Dec. 2019**	Adj. 1 Jan. 2019
Inventory [A]	4.0	4.1
Current non-interest-bearing receivables [B]	144.3	117.3
Current non-interest-bearing liabilities [C]	306.8	209.6
Net working capital [A+B–C]	**–158.5**	**–88.2**

Return on Capital Employed
Operating profit/loss (EBIT), excluding costs due to termination of contracts and write-downs and reversals of write-downs divided by average capital employed.

MEUR	**2019**	2018
Operating profit/loss (EBIT) [A]	73.2	31.7
Write-downs and reversals of write-downs [B]	14.0	23.9
Costs due to termination of contracts [C]	0.9	1.0
Capital employed, beginning of the year [D]	191.7	204.2
Capital employed, end of the year [E]	491.6	191.7
Return on Capital Employed [(A+B+C)/((D+E)/2)]	**25.8%**	**28.5%**

Return on Equity
Profit for the period, attributable to equity holders of the parent, as a percentage of average shareholders' equity, excluding minority interests.

MEUR	2019	2018
Profit for the period [A]	22.0	3.6
Equity, beginning of the year [B]	123.7	253.7
Equity, end of the year [C]	148.8	256.0
Return on Equity [A/((B+C)/2)]	**16.1%**	**1.4%**

RevPAR
Rooms revenue in relation to available rooms, whereas available rooms is defined as total rooms inventory less rooms not available for sale.

Leased portfolio	2019	2018
Rooms revenue (MEUR) [A]	548.9	536.8
Number of available rooms (thousands) [B]	5,561	5,603
RevPAR [A/B]	**98.7**	**95.8**

OPERATING MEASURES

Average Room Rate
Average Room Rate – Rooms revenue in relation to number of rooms sold. This is also referred to as ARR (Average Room Rate), ADR (Average Daily Rate) or AHR (Average House Rate) in the hotel industry.

F&B
Food and Beverage.

FF&E
Furniture, Fittings and Equipment.

Like-for-like Hotels (“LFL”)
Hotels that have been in operation during all months within the current and previous financial year compared. No new hotels exited hotels or hotels under renovation are included.

Like-for-like hotels including renovation (“LFL&R”)
Like-for-like hotels plus hotels under renovation during the current and/or previous financial year compared.

Occupancy (%)
Number of rooms sold in relation to the number of rooms available for sale.

Revenue LFL
Revenue for LFL hotels at constant exchange rates.

Revenue LFL&R
Revenue for LFL&R hotels at constant exchange rates.

RevPAR LFL
RevPAR for LFL hotels at constant exchange rates.

RevPAR LFL&R
RevPAR for LFL&R hotels at constant exchange rates.

GEOGRAPHIC REGIONS/SEGMENTS

Nordics
Denmark, Finland, Iceland, Norway and Sweden.

Rest of Western Europe
Austria, Belgium, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, the Netherlands, Portugal, Spain, Switzerland and the United Kingdom.

Eastern Europe
Armenia, Azerbaijan, Belarus, Croatia, Cyprus, the Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Turkey, Ukraine and Uzbekistan.

Middle East, Africa and Others
Algeria, Bahrain, Cameroon, Cape Verde, Chad, Congo, Egypt, Ethiopia, Gabon, Ghana, Guinea, Iraq, Ivory Coast, Kenya, Kuwait, Lebanon, Libya, Madagascar, Mali, Mauritius, Morocco, Mozambique, Niger, Nigeria, Oman, Pakistan, Qatar, Rwanda, Saudi Arabia, Senegal, Sierra Leone, South Africa, South Sudan, Tunisia, Uganda, the United Arab Emirates, Zambia and Zimbabwe.

PARENT COMPANY, STATEMENT OF OPERATIONS

TEUR	Notes	For the Year Ended December 31 2019	2018
Revenue	2	14,264	13,916
Personnel cost	3	–6,096	–6,422
Other operating expenses	4	–8,153	–8,525
Operating profit/loss before depreciation and amortisation		**15**	**–1,031**
Depreciation and amortisation expense	8, 9	–69	–84
Operating profit/loss		**–55**	**–1,115**
Financial income	6	165	1,348
Financial expenses	6	–4	–4
Profit/loss before tax		**106**	**229**
Income tax	7	0	0
Profit/loss for the year		**106**	**229**
STATEMENT OF COMPREHENSIVE INCOME			
Profit/loss for the year		**106**	**229**
Other comprehensive income		**—**	**—**
Total comprehensive income for the year		**106**	**229**

PARENT COMPANY, BALANCE SHEET STATEMENT

TEUR	Notes	As of December 31 2019	2018
ASSETS			
Non-current assets			
Intangible assets	8	—	—
Tangible assets	9	99	163
Shares in subsidiaries	10	236,934	237,249
		237,033	**237,412**
Current assets			
Receivables on group companies	11	32,328	31,852
Current tax assets		126	123
Other receivables		71	77
Prepaid expenses and accrued income	12	645	610
Cash and cash equivalents		1	1
		33,171	**32,663**
Total assets		**270,204**	**270,075**
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		11,626	11,626
		11,626	**11,626**
Non-restricted equity			
Share premium reserve		254,119	254,119
Retained earnings		-46	40
Profit/loss for the year		106	229
		254,179	**254,388**
Total equity		**265,805**	**266,014**
Current liabilities			
Accounts payable		435	70
Liabilities to group companies	13	936	440
Accrued expenses and prepaid income	15	2,756	3,175
Other liabilities		272	376
		4,399	**4,061**
Total liabilities		**4,399**	**4,061**
Total equity and liabilities		**270,204**	**270,075**

PARENT COMPANY, STATEMENT OF CHANGES IN EQUITY

TEUR	Share capital	Share premium reserve	Retained earnings	Net profit/loss forthe year	Total Equity
Opening balance as of Jan 1, 2018	**11,626**	**254,119**	**7,435**	**–365**	**272,815**
Allocation of last year's result	—	—	–50	50	—
Long term incentive programmes	—	—	687	—	687
Dividend	—	—	–8,542	—	–8,542
Profit/loss for the year	—	—	229	229	–50
Ending balance as of Dec 31, 2018	**11,626**	**254,119**	**40**	**229**	**266,014**
Allocation of last year's result	—	—	229	-229	—
Long term incentive programmes	—	—	–315	—	687
Profit/loss for the year	—	—	—	106	229
Ending balance as of Dec 31, 2019	**11,626**	**254,119**	**–46**	**106**	**265,805**

For information on share capital, please see Note 31 of the consolidated financial statements.

PARENT COMPANY, STATEMENT OF CASH FLOWS

		For the Year Ended December 31	
TEUR	Notes	**2019**	2018
OPERATIONS			
Operating profit/loss		–55	–1,115
Adjustments for non-cash items:			
Depreciation and amortisation	8, 9	69	84
Interest paid/received	6	131	125
Other financial items	6	–3	232
Taxes		—	–18
Cash flows from operations before change in working capital		**142**	**–692**
Change in:			
Current receivables		707	14,406
Current liabilities		–37	–4,406
Change in working capital		**670**	**10,000**
Cash flow from operating activities		**812**	**9,308**
INVESTMENTS			
Purchase of machinery and equipment	9	–5	–4
Cash flow from investing activities		**–5**	**–4**
FINANCING			
Change in interest bearing liabilities and cash pool accounts		–807	–9,304
Total cash flow from shareholder transactions (dividend payment)		—	—
Cash flow from financing activities		**–807**	**–9,304**
Cash flow for the year		**0**	**0**
Cash and cash equivalents, January 1		**1**	**1**
Cash and cash equivalents, December 31		**1**	**1**

NOTES TO THE PARENT COMPANY

Note 1 | General information

The Parent Company has prepared its Annual Report in accordance with the Swedish Annual Accounts Act, RFR 2 (Accounting for legal entities) of the Swedish Financial Accounting Standards Council and applicable statements from its emerging issues Committee. Pursuant to RFR 2, in preparing the Annual Accounts for the legal entity, the Parent Company shall apply all international Financial Reporting Standards (IFRS) and statements, as approved by the European union, as far as this is possible within the framework of the Swedish Annual Accounts Act and the Act on Safeguarding of pension obligations (Tryggandelagen) taking into account the relationship between reporting and taxation. The Parent Company has Euro as presentation currency.

The Parent Company mainly applies the principles explained in the present Note 3 to the Group accounts as in the consolidated accounts with the exception of shares in subsidiaries that are recognised at cost and the accounting of leases. The Parent Company does not apply IFRS 16 Leases.

None of the changes in RFR 2 (Accounting for legal entities) effective for accounting periods beginning on January 1, 2019 have had any significant impact on the financial statements 2019.

The Parent Company applies the general rule in RFR 2: IAS 27 related to Group contributions.

Note 2 | Revenue distribution

	For the Year Ended Dec. 31	
TEUR	**2019**	2018
External revenue	1,540	1,715
Revenue from group companies	12,724	12,201
Total Revenue	**14,264**	**13,916**

Note 3 | Personnel

Payroll cost	For the Year Ended Dec. 31	
TEUR	**2019**	2018
Salaries	4,061	4,140
Social security	1,473	1,646
Pension costs	438	375
Other personnel costs (other benefits in kind)	124	260
Total	**6,096**	**6,422**

These costs are included in the line personnel cost in the income statement and are related to compensation to persons with employment in the company, including remuneration to the CEO of TEUR 40 (39), excluding social costs.

In addition, total remuneration to the Board of Directors amounted to TEUR 94 (212). See also Note 10 of the Group accounts for further information regarding remuneration to the Board of Directors and senior management. The average number of employees in Radisson Hospitality AB (publ) 2019 was 62 (60).

Average number of employees

	As of Dec. 31			
	2019		2018	
	Men	Women	Men	Women
Sweden	22	40	19	41

Information related to Board members is disclosed in Note 10 of the Group accounts.

Note 4 | Other operating expenses

	For the Year Ended Dec. 31	
TEUR	**2019**	2018
External service fees	1,320	1,640
Other external expenses	1,779	1,881
Expenses from group companies	4,542	4,478
Rent	512	526
Total	**8,153**	**8,525**

Note 5 | *Auditor's fees*

	For the Year Ended Dec. 31	
TEUR	**2019**	2018
PwC		
Audit assignments	448	306
Other assignments	38	–
Total fees	**486**	**306**

Note 6 | Financial income and expenses

	For the Year Ended Dec. 31	
TEUR	**2019**	2018
Group contribution	–	993
Interest income from group companies	131	117
Foreign currency exchange gains	285	238
Financial income	**416**	**1,348**
Group contribution	–252	–
Other financial expenses	–3	–4
Financial expenses	**–255**	**–4**
Financial income and expenses, net	**161**	**1,344**

Note 7 | Tax

TEUR	2019	%	2018	%
Profit/loss before tax	106		229	
Tax at the domestic income tax rate	23	21.4	50	22.0
Tax effect of revenue that is exempt from taxation	–60		–66	
Tax effect of expenses that are not deductible in determining taxable income	37		16	
Recorded tax	**—**	**21.4**	**—**	**22.0**

Note 8 | Intangible assets

	As of Dec. 31	
TEUR	**2019**	2018
Cost		
Balance as of January 1	**176**	**176**
Investments	—	—
Balance as of December 31	**176**	**176**
Accumulated depreciations		
Balance as of January 1	**–176**	**–176**
Depreciation	—	—
Balance as of December 31	**–176**	**–176**
Carrying amount	**—**	**—**

Note 9 | Tangible assets

	As of Dec. 31	
TEUR	**2019**	2018
Cost		
Balance as of January 1	**808**	**804**
Investments	5	4
Balance as of December 31	**813**	**808**
Accumulated depreciations		
Balance as of January 1	**–645**	**–561**
Depreciation	–69	–84
Balance as of December 31	**–714**	**–645**
Carrying amount	**99**	**163**

Note 10 | Shares in subsidiaries

	As of Dec. 31	
TEUR	**2019**	2018
Balance as of January 1	**237,249**	**236,864**
Change in investment in the subsidiary Radisson Hotel Holdings AB (publ)	–315	584
Balance as of December 31	**236,934**	**237,249**

The change in the book value in 2019 and 2018 is attributable to the equity based long-term incentive programmes. The remaining outstanding 2016 programme was cancelled in 2019, see further Note 10 in the Group Accounts.

Radisson Hospitality AB (publ) has the following subsidiary:

Sweden	Registered in	Identity no.	No . of shares	Owned share in %	Book value
Radisson Hotel Holdings AB (publ)	Stockholm	556674–0972	106,667	100	236,934

Note 11 | Receivables on group companies

	As of Dec. 31	
TEUR	**2019**	2018
Cash pool	31,449	30,357
Group contribution	—	993
Other	879	502
Total	**32,328**	**31,852**

Note 12 | Prepaid expenses and accrued income

	As of Dec. 31	
TEUR	**2019**	2018
Prepaid rent	121	121
Other	524	489
Total	**645**	**610**

Note 13 | Liabilities to group companies

	As of Dec. 31	
TEUR	**2019**	2018
Accounts payable	684	440
Group contribution	252	—
Total	**936**	**440**

Note 14 | Credit facilities

The banking structure for Radisson provides a cross-border cash pool, which the Parent Company is part of. The total credit facilities are described in Notes 4 and 32 to the consolidated financial statements.

Note 15 | Accrued expenses and prepaid income

	As of Dec. 31	
TEUR	**2019**	2018
Vacation pay including social costs	706	645
Salaries and remuneration	1,557	1,779
Other accrued expenses	494	751
Total	**2,756**	**3,175**

Note 16 | Pledged assets and contingent liabilities

	As of Dec. 31	
TEUR	**2019**	2018
Pledged assets	32,276	31,852
Contingent liabilities	None	None

Receivables on group companies are pledged as security for the Group's credit facility and bond.

SIGNATURES

The consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and give a true and fair view of the Group's financial position and results of operations. The financial statements of the Parent Company have been prepared in accordance with generally accepted accounting principles in Sweden and give a true and fair view of the Parent Company's financial position and results of operations.

The Board of Directors' report of the Group and the Parent Company provides a fair review of the development of the Group's and the Parent Company's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent Company and companies included in the Group.

Stockholm April 30, 2020

Mingju Ma
Chairman of the Board

Qian Zhu
Board Member

Jin Chen
Board Member

Liming Chen
Board Member

Wei Zhou
Board Member

Jing Qin
Board Member

Federico J. González
Board Member / President & CEO

Göran Larsson
Employee Representative

Ulf Petersson
Employee Representative

Our audit report was submitted on
April 30, 2020
PricewaterhouseCoopers AB

Eric Salander
Authorised Public Accountant
Auditor in Charge

Erik Bergh
Authorised Public Accountant

AUDITOR'S REPORT

To the annual general meeting of the shareholders of Radisson Hospitality AB (publ)
Corporate identity number 556674-0964

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Radisson Hospitality AB (publ) for the year 2019. The annual accounts and consolidated accounts of the company are included on pages 3-56 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2019 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2019 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our 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 opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden 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 annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Radisson Hospitality AB for the year 2019 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our 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 opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company´s organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Stockholm April 30, 2020

PricewaterhouseCoopers AB

Eric Salander
Authorised Public Accountant
Auditor in Charge

Erik Bergh
Authorised Public Accountant

Radisson Blu, Dubai Waterfront

CORPORATE GOVERNANCE REPORT

Corporate governance practices refer to the decision-making systems through which owners, directly or indirectly, control a company.

Corporate Governance at Radisson
At Radisson Hospitality AB (publ) ("Radisson"), good corporate governance rests on three pillars – active owners, an involved and well-constructed Board and efficient operating processes. This requires an organisation that has a clear division of responsibility, effective internal controls and an expressed risk management process. Good corporate governance creates value by ensuring an effective decision-making process that is in line with the company's strategy and steers the company toward established business goals. Radisson is incorporated under the laws of Sweden. Reflecting this, the corporate governance of Radisson is based on Swedish legislation and regulations, primarily the Swedish Companies Act, the Swedish Annual Accounts Act and the Articles of Association and other relevant rules.

The Corporate Governance Report for the 2019 financial year has been subject to audit procedures as outlined in the auditor's report on page 66.

The shareholders' meeting is the company's highest decision-making body and serves as a forum for shareholders to exercise influence. At the Annual General Meeting of Shareholders (AGM) the shareholders elect the members of the Board of Directors, the Chairman of the Board, the auditors and decide on several other central issues.

On behalf of Radisson's shareholders, the Board oversees the organisation and the management of the Company. To increase the efficiency and depth of the Board's work on certain issues, the Board has established two committees: the Audit Committee and the Compensation Committee. Internal audit is an important resource for the Board to verify the effectiveness of internal controls.

The Board appoints the CEO, who is charged with carrying out the day-to-day management of the Company in accordance with the directions of the Board.

The CEO is responsible for leading the work conducted by the Executive Committee. The CEO's administration of the Company, as well as the annual report, is audited by Radisson's auditor. The picture below illustrates how governance is organised at Radisson.

Ownership Structure
An application for de-listing of the Company's shares from Nasdaq Stockholm was approved on March 7, 2019. The last day of trading in the Company's shares was March 22, 2019.

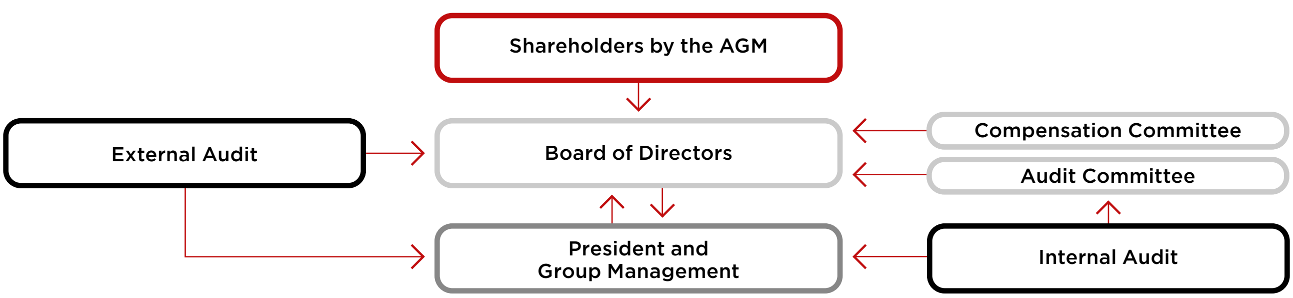
At year-end 2019, Radisson had 1,323 shareholders according to the register of shareholders maintained by Euroclear Sweden AB.

Aplite Holdings AB ("Aplite") represents the largest single shareholder and held 94.1% of the registered shares and votes at year-end 2019. The compulsory redemption process regarding the remaining 5.9% shares is ongoing.

Radisson's share capital amounts to EUR 11,625,766, distributed among 174,388,857 shares. Each share entitles the holder to one vote and all shares carry equal rights to participate in the company's profits and assets.

Annual General Meeting
Radisson shall have one AGM to be held in Stockholm before the end of the month of June each year. The notice convening the AGM is required to be published not earlier than six weeks, but not later than four

Corporate Governance at Radisson



weeks, before the date of the AGM. All shareholders registered in the shareholder's register who have given timely notification to the Company of their intention to attend and who have followed prescribed procedures described in the notice convening the AGM, may attend the AGM and vote for their total share holdings. Shareholders who cannot participate in person may be represented by proxy.

The AGM is held in Swedish. Due to Radisson's international ownership and in order to allow non-Swedish speaking shareholders to participate, the meeting is simultaneously interpreted in English and Chinese and all the information materials for the meeting are also available in English.

Decisions at the AGM usually require a simple majority vote. However, for certain items of business taken up at the AGM, the Swedish Companies Act requires that a proposal is approved by a higher percentage of the shares and votes represented at the AGM.

The AGM is informed about Radisson's development over the past fiscal year and decides on a number of central issues, such as changes to Radisson's Articles of Association, the election of auditor, discharging the members of the Board of Directors from liability for the financial year, remuneration of the Board of Directors, fees to the auditors, decisions on the number of Board members, election of the members of the Board of Directors and Chairman of the Board for the period up to the close of the next AGM and decision on dividends.

Annual General Meeting 2019

Radisson's AGM in 2019 was held at the Radisson Blu Waterfront Hotel in Stockholm on April 30, 2019. The AGM was attended by 11 shareholders personally or by proxy, representing 95.5% of the outstanding shares and votes in the Company. Eight members of the Board of Directors attended the AGM. Also present were the President & CEO, the Deputy President & CFO, the General Counsel, other key executives and Radisson's auditor.

All documents required for the 2019 AGM and the minutes from the meeting had been made available on Radisson's website in both Swedish and English.

Annual General Meeting 2020

The 2020 AGM will take place on May 28 2020 at the Radisson corporate office in Stockholm.

The Board of Directors

Under the Swedish Companies Act, the Board of Directors shall be elected by the shareholders and is ultimately responsible for the organisation and the management of the Company. The Articles of Association provide that the Board of Directors shall consist of not less than three – and not more than fifteen – members.

Each year, the Board of Directors specifies its way of working in written Rules of Procedure clarifying the Board's responsibilities. The Rules of Procedure regulate the internal division of duties between the Board and its committees, including the role of the Chairman and the Vice Chairman, the Board's decision-making procedures, its meeting schedule, procedures governing the convening, agenda and minutes of meetings, as well as the Board's evaluation on accounting, auditing matters and financial reporting. In addition, the Board of Directors has established separate written work plans for the Audit Committee and the Compensation Committee. The Rules of Procedure also govern how the Board will receive information and documentation of importance for its work to facilitate the making of well-founded decisions.

The Board has also issued instructions for the CEO, as well as for the financial reporting to the Board. Moreover, it has adopted other special steering documents, including a Finance Policy, a Communication and Investor Relations Policy and a Code of Business Ethics.

The responsibilities of the Board include monitoring the work of the CEO through ongoing reviews throughout the year. The Board is further responsible for ensuring that Radisson's organisation, management and guidelines for the administration of Radisson's interests are structured appropriately and that there is satisfactory internal control. The responsibilities of the Board also include setting strategies and targets, establishing special control instruments, deciding on larger acquisitions through business combinations and divestments of operations, deciding on other large investments, deciding on deposits and loans in accordance with the Finance Policy and issuing financial reports, as well as evaluating the management of operations and planning managerial succession.

Apart from the activities of the Audit and Compensation Committees (and save for matters resolved by the Independent Committee), there has been no allocation of work among the directors.

The Board shall be assisted by a Secretary, who is not a member of the Board. Eva-Maria Erauw, Executive Vice President and General Counsel of Radisson was the Secretary at the Board meetings during 2019. Minutes from the Audit Committee meetings were taken by Caroline Clavier Mary, Radisson's Head of Internal Audit (three meetings) and Andreas Fondell, Radisson's Head of Group Accounting (one meeting). Minutes from the Compensation Committee meetings were taken by Inigo Capell, Radisson's Global Chief Resources Officer.

The AGM resolves upon:

- Amendments to the Articles of Association
- Dividend
- Decisions on the number of Board members
- Election of Board members and auditors
- Remuneration to Board members
- Fees to the auditors

Decisions at the 2019 AGM included:

- No dividend to be paid for the year 2018. Distributable funds of MEUR 254,388 to be carried forward
- The following Board members were re-elected: Mingju Ma (also elected as Chairman), Qian Zhu and Jin Chen. The following Board members were elected: Chen Liming, Wei Zhou, Jing Qin and Federico González
- PwC was re-elected as auditor
- No remuneration to be paid to the Board of Directors

The Chairman of the Board

At the 2019 AGM Ma Mingju was re-elected as the Chairman of the Board of Directors.

It is the responsibility of the Chairman to follow operations, in consultation with the CEO, and ensure that the other Board members receive the information necessary to maintain a high level of quality in discussions and decisions. The Chairman shall make sure that the Board's work, including the work in the Board committees and the efforts of individual members, regarding working procedures, competences and the working climate are evaluated. This occurs annually in accordance with an established process and this evaluation is then shared with the Nominating Committee. The Board's Compensation Committee participates in evaluation of compensation for the Executive Committee.

Members of the Board of Directors

Pursuant to the Articles of Association, the Board of Directors shall be elected at the AGM and serve for a term expiring at the next AGM. The members of the Board of Directors may be removed from office through a resolution of shareholders, and vacancies on the Board may likewise only be filled by a resolution of shareholders.

Following the 2019 AGM, the Board of Directors was composed of seven directors elected by the shareholders at the AGM, including the Chairman, and two employee representatives elected by the Swedish labour organisation "Hotell- och restaurangfacket". The Directors' biographies can be found on page 68.

Work of the Board in 2019

According to current Rules of Procedure adopted by the Board, the Board must convene at least four times a year, in addition to the statutory Board meeting, and otherwise as necessary.

In 2019, the Board held 10 meetings, including the statutory Board meeting. Four of the Board meetings were coordinated with the dates of the presentation of the external financial reports. In December, there was a meeting concerning the 2020 budget. Audit related matters are reported by the chair of the Audit Committee regularly to the Board and have been addressed as a special item during a Board meeting at least once during the year and in conjunction therewith, the Board met with Radisson's auditor without the CEO or any other member of management being present.

During 2019, the Board has been working in accordance with the adopted Rules of Procedure. The main activities during 2019 were as follows:

- adopting a revised 5-year operating plan in October
- adopting a budget for 2020 in December
- evaluating profit targets and profit improvement opportunities
- discussing and approving of certain hotel projects and investments meeting defined criteria
- keeping informed about the financial position of the Company and the group, evaluating bank facilities and capital requirements
- keeping informed about the Company's activities in the area of asset management and approving of certain transactions
- evaluating internal controls
- evaluating activities in relation to defined focus hotels.

The Board liaises with the auditors regarding plans for the audit procedure and reviews what measures to take based on the auditors' reporting.

Employee Board representatives

In accordance with the law (1987:1245) on board representation for employees, the Swedish labour organisation "Hotell- och restaurangfacket" has the right to appoint two employee representatives to the Board. In 2017, Göran Larsson, who joined the Board in 2009, was re-appointed and Ulf Petersson was appointed as employee representatives until the 2020 AGM.

Board Committees

In order to increase the efficiency of its work and enable a more detailed analysis of certain issues, the Board has formed two committees: the Audit Committee and the Compensation Committee. The members of the committees are appointed for a maximum of one year at the statutory Board meeting and perform their duties as assigned by the instructions adopted for each committee annually.

The primary objective of the committees is to provide preparatory and administrative support to the Board. However, they are also empowered to make decisions on matters that the Board, pursuant to the committee instructions, delegates to them and on other issues in their respective areas of responsibility that are not considered essential in nature or that fall within the overall decision-making powers of the Board. The committees are required to inform the Board of any such decisions. The issues considered and the decisions taken at committee meetings are recorded in the minutes and reported at the next Board meeting. Representatives from the Company's specialist functions participate in committee meetings.

Remuneration of the Board

The amount of remuneration granted to the Board of Directors, including the Chairman, is determined by a resolution at the AGM. At the 2019 AGM it was resolved that no remuneration is to be paid to the Board of Directors.

The members of the Board are not entitled to any benefits upon ceasing to serve as a member of the Board. The Board members' attendance and the annual fees to the Board members for the Board and Committee work are shown in the table on the next page.

Executive Committee

The CEO is responsible for producing necessary information and basic documentation, on the basis of which, the Board can make well founded decisions. The CEO presents matters and proposes decisions, in addition to reporting to the Board on the development of the Company. The CEO is responsible for leading the work conducted by the Executive Committee and renders decisions in consultation with the other members of the Executive Committee, which per December 31, 2019 consisted of seven persons (including the CEO). The Executive Committee's biographies can be found on page 70.

Remuneration of the members of the Executive Committee

The remuneration granted to the CEO and the other members of the Executive Committee consists of a mix of a fixed remuneration, an annual variable remuneration based on the outcome of financial and individual performance objectives, long term incentive programmes, a pension and other benefits.

Details on the compensation of the CEO and the other members of the Executive Committee can be found in Note 10, but a summary of 2019 and the period 2017-2019 is presented on the next page.

Financial reporting

The Board monitors the quality of financial reporting through instructions to the CEO and reporting instructions via the Audit Committee. The Board reviews and approves Radisson's financial reports prepared by the management prior to publication. The Board is also responsible for Radisson's financial statements being prepared in compliance with legislation, applicable accounting standards and other requirements for listed companies.

The CEO and the CFO review and assure the quality of all financial reporting including interim reports and the annual financial statements, press releases with financial content and presentation material issued to the media, owners and financial institutions. With respect to the communication with the auditors, the auditors are present at the Board meeting where Radisson's year-end Financial Report is approved.

Auditors

Auditors in Swedish limited companies are elected by the AGM and tasked with auditing the Company's financial reporting and administration of the company by the Board and the CEO.

At the 2019 AGM the registered public accounting firm PricewaterhouseCoopers ("PwC") was elected as auditor for Radisson for a period until the end of the 2020 AGM with Eric Salander as the responsible auditor. Eric Salander (born 1967) is a member of FAR, the Swedish professional institute for authorised public accountants and approved public accountants. He has been an authorised public accountant since 2000. In addition to Radisson, Eric Salander is also responsible for the audits of Thule and Lifco.

The auditors follow an audit plan that incorporates the comments and concerns of the Audit Committee and report their observations to the Audit Committee during the course of the audit and to the Board in conjunction with the establishment of the 2019 Annual Report. The auditor attended all three meetings of the Audit Committee during the year. On one occasion the Board met with Radisson's auditor without the CEO or anyone else from the Management present. PwC submits an audit report covering Radisson Hospitality AB (publ), the Group and a majority of subsidiaries.

During 2019, the auditors have had consulting assignments outside of the audit, mainly concerning advice on accounting matters as well as corporate and other income tax related matters. The auditors receive a fee based on approved invoiced amounts for their work in accordance with a decision of the AGM. For information about the auditors' fee in 2019, see Note XX.

Internal Control over Financial Reporting

The purpose of this section of the report is to give shareholders and other stakeholders a better view and understanding of how internal control over financial reporting at Radisson is organised. Internal control over financial reporting is a process that involves the Board, and in particular, the Audit Committee appointed by the Board, Company management and personnel. It is designed to provide assurance of reliability in external reporting.

This report has been prepared in accordance with the Swedish Code of Corporate Governance and the guidelines compiled by FAR and the Confederation of Swedish Enterprise. It is thus limited to internal control over financial reporting. Radisson applies the COSO framework as a base for the internal control structure.

The Board evaluates the need for and organisation of an internal audit process annually. The structure of the process for 2019 and 2020 has been approved by the Board. The process is managed from the Radisson corporate office in Brussels. The process also includes internal audit training.

This report supplements the Annual Report. It has been reviewed by Radisson's auditors. The Internal control over financial reporting is described below in five components that jointly form the basis for Radisson's control structure.

Control Environment

The control environment forms the basis of internal control. The control environment includes the culture that the Company communicates and operates from in many areas. Radisson's values include reliability and transparency. It is important that all actions, internal as well as external, reflect these basic values. Radisson's Code of Business Ethics has been made available to employees and describes the required behaviour in various situations. Compliance with the Code of Business Ethics is followed up by regular visits to the hotels by Senior Area Vice Presidents, Regional and District Directors and Human Resources Managers. In addition, the General Manager must certify that he/she is not engaged in any conflict of interest. The whistle-blower procedure gives the employees the possibility to report on issues related to the Code of Business Ethics. Actions taken by the company in response to the whistle-blower procedures are regularly monitored by the Audit Committee.

Radisson's Board of Directors has appointed an Audit Committee with the objective of supervising the quality of the Company's financial and operational repor-

The Board deals with and decides on issues such as:

- Monitoring the work of the CEO
- Appropriately structuring the organisation and management
- Setting guidelines for the administration of Radisson's interests
- Ensuring that satisfactory internal controls exist
- Setting strategies and targets
- Establishing special control instruments
- Evaluating the management of operations and planning managerial succession

Remuneration to the Board of Directors approved by the 2017–2019 AGMs

	2017	2018	**2019**
Board	200,000	210,000	–
Audit Committee	15,500	16,400	–
Compensation Committee	8,000	8,400	–
Total	**223,500**	**234,800**	–

ting. In addition, the Audit Committee evaluates the procedures for internal control and the management of financial and operational risks. The Board has also issued specific instructions for the CEO. Radisson has created a framework that describes the compulsory internal control policies applicable to all brands, all legal entities and all managed hotels within the Group. This document is the core of the Group's financial management system, and it outlines the procedures for the planning, delegation and follow-up of internal control. The document is also a tool for information and education.

One of the principal requirements of internal control is the necessity of written documentation to evidence compliance with the compulsory policies. Another principal purpose is to establish responsibilities and authority within the hotels and across all levels of the Group. This is achieved through job descriptions for the hotel General Managers and Financial Controllers and regional and corporate reviews and analyses of the individual hotels' performance monthly. The policy document and other guidelines are available on the intranet and are regularly updated to comply with accounting and audit regulations. Radisson is also committed to building competencies and ensuring that employees, including those in finance and accounting functions, receive the appropriate training. Other control measures in effect are specific accounting procedures, the human resources manual, quality performance checks, mystery shoppers (cash integrity checks) and hotel reviews performed regularly by regional operational and financial management. For new hotel contract partners, a system is in place to make background checks, managed by the Legal department.

Risk Assessment

Company management performs an annual risk assessment regarding financial reporting. The external auditors provide feedback and may suggest additional considerations for the assessment of risks. The risk assessment process has identified several critical processes such as revenue, purchasing, payroll, financial reporting, IT, related party transactions, cash handling procedures, inventories and equipment, receivables, bank relations and processes, legal requirements regarding operational licensing and insurance as well as contract management for outsourced services. The internal audit of these processes includes, as applicable, segregation of duties, authorisation for payment, contract handling, cost control, recording of revenues and follow-up routines. The annual plan for internal audit is developed based on the assessment of risks.

The risk assessment process is regularly updated to reflect operational changes that warrant specific attention from an internal audit perspective.

The Audit Committee and the Board of Directors analyse the previous year's result from the internal audit and approve the proposed internal audit plan for the following year.

Control activities

Controls have been implemented in the organisation to ensure that risks are managed as intended by the Board, including financial reporting risk, IT risks and fraud risks.

Managers and financial department employees in the hotels perform controls as part of their daily business to comply with central as well as local policies and guidelines. Regular internal audits are performed to evaluate whether controls operate as intended. These audits are scheduled and performed based on Radisson's formal annual risk assessment. Action plans are implemented and followed-up to improve control activities that are lacking or found to be ineffective. Radisson has established specific fraud mitigation programmes and controls and these procedures are known throughout the Company.

The specific internal audits of hotels and area, regional and corporate support offices are primarily aimed at internal control within operation and administration, with a focus on processes that impact financial reporting and risk of irregularities, improper favouritism of another party at the Company's expense, and the risk of losses. The teams for the internal audits consist of persons independent of the audited units, occasionally supported by external specialists and by risk management consultants.

Separate IT audits are carried out, primarily in high risk hotels, by IT managers who are specialised in IT processes and security. In addition, a self-assessment process related to internal control has been developed and completed by the hotels. The self-assessment for each hotel is subject to certain internal audits on a four-year rotating basis to verify the information. In-depth audits in target areas such as Treasury, Financial Reporting, marketing expenses, invoicing and collection of Technical Service Fees and major Capital Investment projects are also carried out in selected hotels and at corporate level.

Information and communication

Employees' individual responsibilities for maintaining internal control have been clearly communicated throughout the Group. Every manager is responsible for

Board committees' work during 2019

	Audit Committee	Compensation Committee
Members	Jin Chen (Chairman) Wei Zhou (as from April) Jing Qin (as from April) Kin Ching Lo (Chairman, until April) Thomas Staehelin (until April)	Mingju Ma (Chairman) Qian Zhu Jing Qin (as from April) Andreas Schmid (until April)
Number of meetings	4	3
Work during 2019	• reviewing auditor's observations from audit work and audit guidelines • reviewing the Company's risk situation • reviewing irregularities and whistle blowing cases • reviewing internal audit results • evaluating adequacy of safety & security function and internal controls	• definition variable compensation plans in form of short term (MIC) and long term (LTIP) incentive schemes • evaluating achievement of strategic objectives for the executive committee during 2019 and setting objectives for H1 and H2 2020 • recommendation to the Board of Directors of CEO evaluation • reviewing and approving 2019 compensation for executive committee members and recommending CEO compensation for Board approval • definition of key guidelines for 2020 MIC, LTIP and other compensation matters

ensuring that employees have received and understood the relevant information needed to perform their tasks.

Persons responsible for operational and financial reporting have access to accounting principles and procedures and updates are communicated regularly. General Managers, Regional Directors and Senior Area Vice Presidents report operational and financial information monthly to the Executive Committee. Management receives the operational and financial information they require, and the Company has procedures for adapting to changing information needs as the competitive and/or regulatory environment evolves. The information systems are regularly evaluated, and the Company has established strategic plans related to future upgrades and information system needs.

The results from the internal audits are communicated throughout the organisation to benchmark and improve internal control procedures. The yearly audit plans and results of the audits are submitted periodically to the Audit Committee.

Radisson's goal is that internal control policies are known and followed in the Group. Policies and guidelines regarding the financial process are communicated to all affected parties in the Group through direct distribution via electronic mail and via the Group's intranet, where all policies and guidelines are available.

Regulations related to a public company's external information to investors and stakeholders are known by those responsible for applying them. To ensure that the submission of external information is correct and complete, there is an information policy regarding disclosures to the stock exchange – as well as an investor relations policy – that have been adopted by the Board of Directors of the Group. These policies state the format, the content and the process for dealing with external information. The internal controls relating to these policies ensure compliance throughout the company.

A system, supported by an external company, that allows employees to anonymously (turn whistle-blower) alert corporate management and the Audit Committee on ethical, financial and other issues in the organisation is in place.

Monitoring

Regular internal meetings are used on different levels in the organisation for management and employees. A group including Executive Committee members, Senior Area Vice Presidents and the Internal Audit Team meets annually to review and follow up on the results from the various internal audits carried out. These reviews include the results from specific internal audits of the financial reporting from corporate, area and regional support offices as well as from leased and managed hotels. The Executive Committee and the Board monitor Radisson's operations and financial reporting on a regular basis. The Audit Committee and the Board review reports from external auditors, internal audits and other internal control activities. The Company, as well as the individual hotels, area, regional and corporate support offices, conduct follow-ups regarding such recommendations and/or action plans.

Attendance record and Board remuneration in 2019

	Attendance			Fees (EUR)			
	Board	Audit Committee	Compensation Committee	Board	Audit Committee	Compensation Committee	Total
Mingju Mu	100%		100%	N/A		N/A	N/A
Qian Zhu	90%		100%	N/A		N/A	N/A
Jin Chen	100%	100%		N/A	N/A		N/A
Liming Chen (as from April)	71%			N/A			N/A
Wei Zhou (as from April)	100%	100%		N/A	N/A		N/A
Jing Qin (as from April)	100%	33%	100%	N/A	N/A	N/A	N/A
Federico J. González (as from April)	100%			N/A			N/A
Wolfgang M. Neumann (until April)	100%			21,000			21,000
Kin Ching Lo (until April)	100%	100%		21,000	4,750		25,750
Andreas Schmid (until April)	100%		100%	21,000		2,100	23,100
Thomas Staehelin (until April)	100%	100%		21,000	3,450		24,450
Göran Larsson	100%			N/A			N/A
Ulf Petersson	90%			N/A			N/A
Total				**84,000**	**8,200**	**2,100**	**94,300**

Remuneration to the Executive Committee

TEUR	Base remuneration	Variable remuneration[2]	Pension	Housing, schooling and company cars	Total
CEO	992	1,625	—	75	2,692
The Executive Committee (incl. CEO)	3,301	3,369	302	502	7,474

1) The remuneration numbers, which are reported gross before the deduction of tax, exclude social security costs.

2) Variable remuneration includes the cost of the retention bonus for six Executive Committee members of TEUR 995.

Remuneration to the Executive Committee 2017–2019

	2017	2018	**2019**
CEO	4,215	3,649	2,692
The Executive Committee (incl. CEO)	9,604	9,553	7,474

Auditor's report on the Corporate Governance Report

To the Annual General Meeting of the shareholders of Radisson Hospitality AB (publ), corporate identity number 556674-0964.

It is the Board of Directors who is responsible for the Corporate Governance Report for the year 2019 included in the printed version of this document on page 60-65 and that it has been prepared in accordance with the Annual Accounts Act.

Our examination of the Corporate Governance Report is conducted in accordance with FAR´s auditing standard RevU 16 The auditor´s examination of the corporate governance report. This means that our examination of the Corporate Governance Report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A Corporate Governance Report has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, April 30, 2020

PricewaterhouseCoopers AB

Eric Salander Authorised Public Accountant Auditor in charge	Erik Bergh Authorised Public Accountant

Park Inn by Radisson, Brussels

BOARD OF DIRECTORS

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1. Mingju Ma

Chairman of the Board and Board member since 10 Dec 2018

Nationality: Chinese

Born: 1961

Education: Senior accountant with a master's degree in business administration from the Asia International Open University (Macau).

Mr. Ma joined Jin Jiang International Holdings Co., Ltd. in 1999, and formerly served as Supervisor of Shanghai Jin Jiang International Hotels (Group) Company Limited and Director of Jin Jiang Inn Co., Ltd. Mr. Ma is now Vice President and General Manager of Finance Business Division of Jin Jiang International Holdings Co., Ltd., Chairman of Shanghai Jin Jiang International Investment and Management Co,. Ltd., CEO of Shanghai Jin Jiang International Hotels (Group) Company Limited, Supervisor of Shanghai Jin Jiang International Hotels Development Co., Ltd., Director of Shanghai Jin Jiang International Industrial Investment Co., Ltd., Director of Beijing Kunlun Hotel Co., Ltd., and Chairman of Jin Jiang International Finance Co., Ltd.

2. Jin Chen

Board member since 10 Dec 2018

Nationality: Chinese

Born: 1971

Education: Master degrees in LLM both from China University of Politics and Law in Beijing and University of Warwick in the UK, as well as an MBA (International) from University of Hong Kong.

Mrs. Jin is the CEO of SINO-CEEF Europe and member of Investment Committee for SINO-CEE Fund. She had worked for Industrial and Commercial Bank of China (ICBC) for more than 20 years where she used to be CEO of ICBC (London) plc, Deputy Head of International Banking Department at ICBC Head office as well as President Commissioner of ICBC Indonesia.

3. Zhu Qian

Board member since 10 Dec 2018

Nationality: Chinese

Born: 1973

Education: Shanghai University with major in Computer Science.

Mr. Zhu formerly served as Deputy Manager of Investment and Development Department of Shanghai Jin Jiang International Holdings Co,. Ltd., Director of Shanghai Jin Jiang International Travel Co., Ltd. Mr. Zhu is now Secretary General of the Board of Directors and CIO of Shanghai Jin Jiang International Hotels Development Co., Ltd., Director of Shanghai Jin Jiang International Industrial Investment Co., Ltd, Vice President of Shanghai Jin Jiang International Investment and Management Co,. Ltd., Manager of Investment and Development Department of Shanghai Jin Jiang International Holdings Co,. Ltd., and Supervisor of Shanghai Shendi (Group) Co., Ltd.

4. Liming Chen

Board member since 30 April 2019

Nationality: Chinese

Born: 1960

Education: Mr. Chen graduated from Fudan University with a Bachelor's degree, and also holds a MBA degree from University of Hong Kong.

He formerly served as General Manager of Holland Shanghai City Restaurant Co., Ltd., Deputy General Manager of Shanghai Sofitel Hyland Hotel, Executive Manager of Shanghai Jin Jiang International Hotels Development Co., Ltd., and Secretary General of the Executive Committee of the Board of Directors of Jinjiang International Holdings Co., Ltd. Mr. Chen is now Deputy Chairman of Jinjiang International Holdings Co., Ltd., Deputy Chairman of Shanghai Jin Jiang International Hotels (Group) Company Limited, Director of Shanghai Jin Jiang International Hotels Development Co., Ltd., Chairman and President of Groupe Du Louvre (France), and Chairman of Radisson Hospitality Inc.(U.S.).

5. Wei Zhou

Board member since 30 April 2019

Nationality: Chinese

Born:1980

Education: She holds an EMBA degree from Shanghai Jiaotong University, a MA degree from Cardiff University in Wales, UK, and a MA degree from Beijing Foreign Studies University.

She formerly served as Deputy Director of Translation Office under Foreign Affairs Office of Shanghai Municipal People's Government, and the Chief Investment Officer of Shanghai Jin Jiang International Hotels (Group) Company Limited. Now she serves as the Vice President of Jinjiang International Holdings Co., Ltd. and Director of Shanghai Jin Jiang International Hotels Development Co., Ltd.

6. Jing Qin

Board member since 30 April 2019

Nationality: Chinese

Born: 1976

Education: Master degree in accounting from Marshall School of Business, University of Southern California

Over 16 years of investment banking and commercial banking experiences. Previously working experiences include Co-Head of China Investment Banking at Deutsche Bank, Deputy GM of Global Banking Department at ICBC Headquarter (in charge of all large scale project financings and cross-border M&A transactions). Extensive expertise in overseas investment and cross-border M&A, covering a wide variety of industries including infrastructure, natural resources, energy utilities, industrial, real estate and etc.

7. Federico J. González-Tejera

Board member since 30 April 2019

Nationality: Spanish

Born: 1964

Education: Major in Economics at the Universidad Complutense de Madrid (Spain) and Master of International Trade and Finance from the École Supérieure de Commerce de Paris (France).

Mr. González joined Radisson Hospitality AB in 2017 as President & CEO. Prior to his appointment, he served as Global Chief Executive Officer of Radisson Hospitality Inc., as Chief Executive Officer of NH Hotel Group, and as Deputy General Manager at Disneyland Paris. He also worked at Procter & Gamble in Madrid, Brussels, and Stockholm, and served as Country Head of Portugal.

8. Göran Larsson

Employee representative since 2009

Nationality: Swedish

Born: 1960

Education: East Asia Studies, 240 ects, at Stockholm University, Sweden.

Mr. Larsson is employed by the Radisson Blu Royal Viking Hotel, Stockholm (Sweden).

9. Ulf Petersson

Employee representative since 2017

Nationality: Swedish

Born: 1969

Education: Degree in Computer System Science at Stockholm University, Sweden.

Mr. Petersson has worked in the hospitality industry since 2003 and joined Radisson in 2009. He is the Chairman of the Board of the HRF Union Club at Radisson Blu Arlandia Hotel, Stockholm where he is employed.

EXECUTIVE COMMITTEE

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1. Federico J. González

President & Chief Executive Officer

Nationality: Spanish

Born: 1964

Year of Appointment & Employment: 2017

Education: Major in Economics at the Universidad Complutense de Madrid (Spain) and Master of International Trade and Finance from the École Supérieure de Commerce de Paris (France).

Mr. González joined Radisson Hospitality AB in 2017 as President & CEO. Prior to his appointment, he served as Global Chief Executive Officer of Radisson Hospitality Inc., as Chief Executive Officer of NH Hotel Group, and as Deputy General Manager at Disneyland Paris. He also worked at Procter & Gamble in Madrid, Brussels, and Stockholm, and served as Country Head of Portugal.

2. Sergio Amodeo

Chief Financial Officer

Nationality: Italian

Year of Appointment & Employment: 2019

Education: graduated from Insead's Advanced Management Program (AMP) and has a major in Business Economic's (University of Salerno, Italy)

Mr. Amodeo joined Radisson Hotel Group in 2019 as Chief Operating Officer (CFO). His most recent position was CFO at TeamSystem Group, the leading management software company in Italy. Prior to that, he spent two years serving as CFO of Bolton Group, a privately owned FMCG group, following sixteen years at Danone. His final role there saw him responsible for the global corporate development of the company's leading division – after holding several country and regional CFO roles.

3. Eric De Neef

Executive Vice President & Global Chief Commercial Officer

Nationality: Belgian

Born: 1964

Year of Appointment & Employment: 2011

Education: Graduate in Hotel Management from CERIA-IPIAT Brussels (Belgium).

Mr. De Neef joined Radisson Hospitality AB in 2011 as Senior Vice President Park Inn by Radisson. In 2013, he was appointed Senior Vice President Marketing, CRM & Global Branding; and in 2014, he was promoted to Executive Vice President & Chief Commercial Officer. Since 2017, Mr. De Neef has been serving as the Executive Vice President and Global Chief Commercial Officer for the Radisson Hotel Group globally. Prior to his career with Radisson Hospitality AB, Mr. De Neef served as Managing Director for Accor's All Seasons, Mercure and M Gallery Hotels brands in France and worked more than 20 years for Accor.

4. Chema Basterrechea

Executive Vice President & Chief Operating Officer

Nationality: Spanish

Born: 1969

Year of Appointment & Employment: 2017

Education: Master's degree in Business Finance from the University of Wisconsin (USA) and a Master of Business Administration degree from the University of Oviedo (Spain). Graduate of the London Business School's Senior Executive Program (UK), IESE Business School of Madrid (Spain) and Dublin City University (Ireland).

Mr. Basterrechea joined Radisson Hospitality AB in 2017 as Executive Vice President & Chief Operating Officer. Prior to this, he worked for NH Hotel Group for more than 23 years, as Chief Operating Officer, Managing Director of different Business Units, Senior Vice President of Food & Beverage, Director of Integration, Merger Integration Officer and General Manager.

5. Iñigo Capell

Executive Vice President & Global Chief Resources Officer

Nationality: Spanish

Born: 1974

Year of Appointment & Employment: 2017

Education: IESE Business School, Madrid (Spain).

Mr. Capell joined Radisson Hospitality AB in 2017 as Executive Vice President & Global Chief Resources Officer. His most recent position was Chief Resources Officer for NH Hotel Group, based in Madrid, Spain. Prior to this, he was appointed as Senior Vice President, Human Resources for NH Hotel Group in 2011, after being Vice President, International HR for NH Hotel Group from 2002-2010. Before joining NH, Mr. Capell was HR Director at Broadnet (Comcast Group) from 2000-2002; HR Director at Netjuice Technologies Pvt. Ltd from 1999-2000 and HR Analyst at BBVA from 1997-1999.

6. Elie Younes

Executive Vice President & Chief Development Officer

Nationality: Lebanese & British

Born: 1977

Year of Appointment: 2013

Year of Employment: 2010

Education: Studies at the universities of Notre Dame Beirut (Lebanon), IMHI/Essec and Insead (France), Cornell (USA) and London City (UK).

Mr. Younes joined Radisson Hospitality AB in 2010 as Vice President Business Development Middle East, based in Dubai. He was appointed Vice President Business Development for the entire Group in 2012 and moved to Brussels. In 2013, he was promoted to Senior Vice President & Head of Group Development, and in 2015 to Executive Vice President & Chief Development Officer. Prior to joining Radisson, Mr. Younes served as Vice President Business Development Middle East for Hilton, as Senior Director of Acquisitions & Development for Starwood, and as Director at the London office of HVS.

7. Eva-Maria Erauw

Executive Vice President & General Counsel

Nationality: Belgian

Born: 1977

Year of Appointment: 2018

Year of Employment: 2017

Education: Master's Degree in Law from Ghent University (Belgium) and an LL.M degree in Corporate Law from New York University, School of Law (US).

Eva-Maria joined Radisson Hospitality AB in 2017 after 11 years at Starwood, where she served as Vice President Legal and Deputy Chief Privacy Officer EAME with responsibilities that included supporting development, operations and data privacy regulations. Prior to moving in-house, she was an Associate at Clearly Gottlieb Steen & Hamilton LLP in Brussels, Belgium.


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