20220513220007

ÅRSREDOVISNING

för

Zleep Hotels AB

Org.nr. 559088-2402

Styrelsen får härmed avlämna årsredovisning för räkenskapsåret 2021-01-01 - 2021-12-31

Innehåll	**Sida**
- förvaltningsberättelse	2
- resultaträkning	3
- balansräkning	4
- noter	6
- underskrifter	7

Undertecknad styrelseledamot i Zleep Hotels AB intygar härmed, dels att denna kopia av årsredovisningen överensstämmer med originalet, dels att resultat- och balansräkning fastställts på årsstämma den 2022-02-28
Stämman beslöt tillika godkänna styrelsens förslag till vinstdisposition.

Upplands Väsby 2022-28/2

Peter Haaber

20220513220009

Zleep Hotels AB
Org.nr. 559088-2402

FÖRVALTNINGSBERÄTTELSE

Årsredovisningen är upprättad i svenska kronor, SEK.

Verksamheten

Allmänt om verksamheten

Bolaget äger dotterbolaget Zleep Hotel Upplands Väsby AB, org nr 559088-2410. Zleep Hotels - ett modernt och prisvärt hotellkoncept. Zleep Hotels är nytt i Sverige. I Danmark har vår närvaro funnits i mer än ett decennium. Konceptet är att ge resenärer etrt enkelt, smidigt och prisvärt alternativ.

Bolaget ägs av Zleep Hotels A/S, org nr 30728726, med säte i Ishöj, Danmark.
Företagets säte är i Stockholm.

Väsentliga händelser under räkenskapsåret

Företaget har under räkenskapsåret påverkats av coronaviruset och därmed tappat betyande andel av försäljningen i år. Företaget har även genomfört nedskrivning av andelar i dotterbolag i år.

Flerårsöversikt

	2021	2020	2019	2018
Nettoomsättning	240 000	240 001	0	0
Resultat efter finansiella poster	-8 299 003	-8 442 180	-14 657 937	-3 920 000
Soliditet (%)	48,29	23,73	35,45	58,4

Definitioner av nyckeltal, se noter

Förändringar i eget kapital

	Aktiekapital	Balanserat resultat	Årets resultat	Summa eget kapital
Belopp vid årets ingång	50 000	8 501 762	-8 442 180	109 583
Balanseras i ny räkning		-8 442 180	8 442 180	0
Erhållna aktieägartillskott		8 300 000		8 300 000
Årets resultat			-8 299 003	-8 299 003
Belopp vid årets utgång	50 000	8 359 582	-8 299 003	110 579

Resultatdisposition

Medel att disponera:	
Balanserat resultat	8 359 582
Årets resultat	-8 299 003
	60 579
Förslag till disposition:	
Balanseras i ny räkning	60 579
	60 579

Beträffande bolagets resultat och ställning i övrigt hänvisas till efterföljande resultat- och balansräkningar med tillhörande noter.

Penneo dokumentnyckel: F8TS5-X85ZU-TTJ58-EQE8E-DF0K2-JMZYN

RESULTATRÄKNING

	Not	2021-01-01 2021-12-31	2020-01-01 2020-12-31
Rörelseintäkter, lagerförändringar m.m.			
Nettoomsättning		240 000	240 001
Övriga rörelseintäkter		17 299	0
Summa rörelseintäkter, lagerförändringar m.m.		257 299	240 001
Rörelsekostnader			
Övriga externa kostnader		-90 728	-76 600
Personalkostnader	2	-619 056	-586 042
Summa rörelsekostnader		-709 784	-662 642
Rörelseresultat		-452 485	-422 641
Finansiella poster			
Övriga ränteintäkter och liknande resultatposter	3	446 226	0
Nedskrivningar av finansiella anläggningstillgångar och kortfristiga placeringar		-8 000 000	-8 000 000
Räntekostnader och liknande resultatposter	4	-292 744	-19 539
Summa finansiella poster		-7 846 518	-8 019 539
Resultat efter finansiella poster		-8 299 003	-8 442 180
Resultat före skatt		-8 299 003	-8 442 180
Årets resultat		**-8 299 003**	**-8 442 180**

20220513220010

Penneo dokumentnyckel: F8TS5-X857U-ITJ58-EQE8F-DF0K2-JMZYW

BALANSRÄKNING

	Not	2021-12-31	2020-12-31
TILLGÅNGAR			
Anläggningstillgångar			
Finansiella anläggningstillgångar			
Andelar i koncernföretag	5	50 000	50 000
Summa finansiella anläggningstillgångar		50 000	50 000
Summa anläggningstillgångar		50 000	50 000
Omsättningstillgångar			
Kortfristiga fordringar			
Kundfordringar		0	300 000
Övriga fordringar		90 715	109 137
Förutbetalda kostnader och upplupna intäkter		1 580	2 100
Summa kortfristiga fordringar		92 295	411 237
Kassa och bank			
Kassa och bank		86 672	422
Summa kassa och bank		86 672	422
Summa omsättningstillgångar		178 967	411 659
SUMMA TILLGÅNGAR		**228 967**	**461 659**

20220513220111

Penneo dokumentnyckel: F8T55-X85ZU-TTJ58-EQE8E-DF0K2-JMZYN

20220513222012

Zleep Hotels AB
Org.nr. 559088-2402

BALANSRÄKNING

	Not	2021-12-31	2020-12-31
EGET KAPITAL OCH SKULDER			
Eget kapital			
Bundet eget kapital			
Aktiekapital		50 000	50 000
Summa bundet eget kapital		50 000	50 000
Fritt eget kapital			
Balanserat resultat		8 359 582	8 501 763
Årets resultat		-8 299 003	-8 442 180
Summa fritt eget kapital		60 579	59 583
Summa eget kapital		110 579	109 583
Kortfristiga skulder			
Leverantörsskulder		3 018	18 362
Skulder till koncernföretag		45 982	228 093
Övriga skulder		24 422	86 521
Upplupna kostnader och förutbetalda intäkter		44 966	19 100
Summa kortfristiga skulder		118 388	352 076
SUMMA EGET KAPITAL OCH SKULDER		**228 967**	**461 659**

Penneo dokumentnyckel: F8T55-X85ZU-TTJ58-EQE8E-DF0K2-JMZYN

NOTER

Not 1 Redovisnings- och värderingsprinciper

Årsredovisningen är upprättad i enlighet med årsredovisningslagen och Bokföringsnämndens allmänna råd (BFNAR 2016:10) om årsredovisning i mindre företag.

Noter till resultaträkningen

Not 2 Medelantal anställda

	2021	2020
Medelantal anställda Medelantalet anställda bygger på av bolaget betalda närvarotimmar relaterade till en normal arbetstid.		
Medelantal anställda har varit	1,00	1,00

Not 3 Övriga ränteintäkter och liknande resultatposter

	2021	2020
Ränteintäkter och liknande resultatposter som avser kortfristiga fordringar på och andelar i koncernföretag som är omsättningstillgång	277 951	0

Not 4 Räntekostnader och liknande resultatposter

	2021	2020
Räntekostnader och liknande resultatposter som avser skulder till koncernföretag	-288 865	-4 996

Noter till balansräkningen

Not 5 Andelar i koncernföretag

	2021-12-31	2020-12-31
Ingående anskaffningsvärden	26 150 000	18 150 000
Tillskott	8 000 000	8 000 000
Utgående anskaffningsvärden	34 150 000	26 150 000
Ingående nedskrivningar	-26 100 000	-18 100 000
Årets nedskrivningar	-8 000 000	-8 000 000
Utgående nedskrivningar	-34 100 000	-26 100 000
Redovisat värde	50 000	50 000

Övriga noter

Not 6 Väsentliga händelser efter räkenskapsårets slut

Bolaget har märkt av en väsentlig negativ påverkan på omsättningen. Styrelsens uppfattning till bolagets fortsatta drift inte är dock inte under hot, de förväntar sig istället en fortsatt expension på den svenska marknaden.

Not 7 Koncernförhållanden

Bolaget är moderbolag, men med stöd av ÅRL 7 kap 2 § upprättas inte någon koncernredovisning.
Minsta koncernredovisning upprättas av:
Deutsche Hospitality, B25755 med säte i Frankfurt am Main, Tyskland.

20220513220013
Penneo dokumentnyckel: F8T55-X85ZU-TTJ58-EQE8E-DFOK2-JMZYN

Zleep Hotels AB
Org.nr. 559088-2402

NOTER

Not 8 Definition av nyckeltal

Soliditet
Justerat eget kapital i procent av balansomslutning

20220513220014

Upplands Väsby 2022-

Peter Haaber Jesper Østerhegn

Vår revisionsberättelse har lämnats den 2022.

Carlsson & Partners Revisionsbyrå AB

Kumar Thirugnanam
Auktoriserad revisor FAR

Penneo dokumentnyckel: F8T55-X85ZU-TTJ58-EQE8E-DF0K2-JMZYN

PENNEO

Signaturerna i detta dokument är juridiskt bindande. Dokumentet är signerat genom Penneo™ för säker digital signering. Tecknarnas identitet har lagrats, och visas nedan.

"Med min signatur bekräftar jag innehållet och alla datum i detta dokumentet."

20220513222015

Jesper Østerhegn
Styrelseledamot
Serienummer: PID:9208-2002-2-207342865292
IP: 178.209.xxx.xxx
2022-01-31 10:59:34 UTC
NEM ID

Peter Haaber
Styrelseledamot
Serienummer: PID:9208-2002-2-748847253140
IP: 87.61.xxx.xxx
2022-01-31 11:44:50 UTC
NEM ID

KUMAR THIRUGNANAM
Auktoriserad Revisor Far
Serienummer: 19821024xxxx
IP: 185.45.xxx.xxx
2022-01-31 12:43:14 UTC
BankID

Penneo dokumentnyckel: F8T55-X85ZU-TTJ58-EO58E-DF0K2-JMZYN

Detta dokument är digitalt signerat genom Penneo.com. Den digitala signeringsdatan i dokumentet är säkrad och validerad genom det datorgenererade hashvärdet hos det originella dokumentet. Dokumentet är låst och tidsstämplat med ett certifikat från en betrodd tredje part. All kryptografisk information är innesluten i denna PDF, för framtida validering om så krävs.

Hur man verifierar originaliteten hos dokumentet
Detta dokument är skyddat genom ett Adobe CDS certifikat. När du öppnar dokumentet i Adobe Reader bör du se att dokumentet är certifierat med **Penneo e-signature service <penneo@penneo.com>** Detta garanterar att dokumentets innehåll inte har ändrats.

Du kan verifiera den kryptografiska informationen i dokumentet genom att använda Penneos validator, som finns på **https://penneo.com/validate**

20220513220016

REVISIONSBERÄTTELSE

Till bolagsstämman i Zleep Hotels AB
Org.nr. 559088-2402

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Zleep Hotels AB för år 2021.
Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Zleep Hotels ABs finansiella ställning per den 31 december 2021 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.
Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet "Revisorns ansvar". Vi är oberoende i förhållande till Zleep Hotels AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.
Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen ansvarar även för den interna kontroll som den bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen för bedömningen av bolagets förmåga att fortsätta verksamheten. Den upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om beslut har fattats om att avveckla verksamheten.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.

Penneo dokumentnyckel: JJ375-AQG8-FXIKZ3-M6AQH-32XT5-4XEFB

20220513220017

• skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.

• utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens uppskattningar i redovisningen och tillhörande upplysningar.

• drar vi en slutsats om lämpligheten i att styrelsen använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.

• utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens förvaltning för Zleep Hotels AB för år 2021 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet "Revisorns ansvar". Vi är oberoende i förhållande till Zleep Hotels AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.

Penneo dokumentnyckel: JJ3Z5-AQG88-FXKZ3-M6AQH-32XT5-4XEFB

20220513222018

Revisorns ansvar
Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Anmärkning
Bolaget har under räkenskapsåret inte i rätt tid och med rätt belopp vare sig redovisat eller betalat avdragen skatt, sociala avgifter eller mervärdeskatt.

Stockholm den 2022

Carlsson & Partners Revisionsbyrå AB

Kumar Thirugnanam
Auktoriserad revisor FAR

Penneo dokumentnyckel: JJ375-AQG88-FXKZ3-M6AQH-32XT5-4XEFB

Carlsson & Partners Revisionsbyrå AB

PENNEO

Signaturerna i detta dokument är juridiskt bindande. Dokumentet är signerat genom Penneo™ för säker digital signering. Tecknarnas identitet har lagrats, och visas nedan.

"Med min signatur bekräftar jag innehållet och alla datum i detta dokumentet."

KUMAR THIRUGNANAM
Auktoriserad Revisor Far
Serienummer: 19821024xxxx
IP: 185.45.xxx.xxx
2022-01-31 12:43:14 UTC

BankID

Fotokopians överensstämmelse med originalet intygas:

Penneo dokumentnyckel: JJ375-AQG88-FXKZ3-IWSAQ-32XTS-4XEFB

Detta dokument är digitalt signerat genom Penneo.com. Den digitala signeringsdatan i dokumentet är säkrad och validerad genom det datorgenererade hashvärdet hos det originella dokumentet. Dokumentet är låst och tidsstämplat med ett certifikat från en betrodd tredje part. All kryptografisk information är innesluten i denna PDF, för framtida validering om så krävs.

Hur man verifierar originaliteten hos dokumentet
Detta dokument är skyddat genom ett Adobe CDS certifikat. När du öppnar dokumentet i Adobe Reader bör du se att dokumentet är certifierat med **Penneo e-signature service <penneo@penneo.com>** Detta garanterar att dokumentets innehåll inte har ändrats.

Du kan verifiera den kryptografiska informationen i dokumentet genom att använda Penneos validator, som finns på **https://penneo.com/validate**

DEUTSCHE
HOSPITALITY



DEUTSCHE HOSPITALITY

ANNUAL REPORT 2021



DEUTSCHE HOSPITALITY

ANNUAL REPORT 2021

DEUTSCHE HOSPITALITY AT A GLANCE[1]

		2021	2020
Sales in € million	Deutsche Hospitality	322.7	330.9
	Consolidated Group	222.9	201.7
Workforce total	Deutsche Hospitality	8,851	9,484
	Consolidated Group	2,996	3,176
Hotels total	Deutsche Hospitality	124	120
	Consolidated Group	76	72
Hotel rooms total	Deutsche Hospitality	25,073	24,027
	Consolidated Group	14,264	13,371
Rooms sold total	Deutsche Hospitality	2,884,428	2,259,263
	Consolidated Group	1,561,239	1,356,660
Occupancy rate in %	Deutsche Hospitality	35.1	34.8
	Consolidated Group	31.6	33.7
Ø Room rate in €	Deutsche Hospitality	90.48	87.81
	Consolidated Group	91.31	89.81
RevPAR in €	Deutsche Hospitality	31.81	30.58
	Consolidated Group	28.90	30.27

STEIGENBERGER HOTELS AKTIENGESELLSCHAFT - CONSOLIDATED GROUP

	2021	2020
Sales (incl. work in progress) in € million	222.9	201.7
Accomodation in %	59.8	60.5
F&B / restaurants in %	19.2	19.5
Other operations in %	21.0	20.0
EBITDA in € million	-47.4	-120.8
EBIT in € million	-61.5	-135.8
EBT in € million	-67.6	-137.2
Net profit in € million	-68.5	-116.0
Capital expenditure in € million	9.9	9.7
Capital expenditure + expenses for asset maintenance (R&I) + major construction work in € million	30.7	27.8
Total assets in € million	374.1	254.3
Shareholders' equity in € million	-119.8	-52.2
Indebtedness ratio in %	-47.1	-25.8
Cash flow from operating activities in € million	-107.0	-128.7
Net credit debt in € million	123.1	85.3

[1] In the following, the Steigenberger Consolidated Group includes all companies and circumstances which are included or attributable to the consolidated financial statements prepared by Steigenberger Hotel Aktiengesellschaft in accordance with § 293 HGB. Deutsche Hospitality also includes all hotels operated worldwide under our brands as management, franchise or license agreements.

WELCOME TO DEUTSCHE HOSPITALITY

Combining hospitality with high standards, tradition with digital technology, and international growth with German roots, we unite eight successful hotel brands under one roof.



CONTENTS

1 THE ENTERPRISE

1/01 Report of the Supervisory Board 10

2 GROUP MANAGEMENT REPORT AND MANAGEMENT REPORT FOR THE 2021 FINANCIAL YEAR

2/01 Review of the Financial Year 14
2/02 Fundamentals of the Group 16
2/03 Economic Report 21
2/04 Risks, Opportunities and Forecast 40
2/05 Sustainability 48
2/06 Other Disclosures 50
2/07 Final Statement Concerning the Report on Dependent Companies 50

3 CONSOLIDATED FINANCIAL STATEMENTS

3/01 Consolidated Balance Sheet 54
3/02 Consolidated Income Statement 56
3/03 Fixed Assets 58

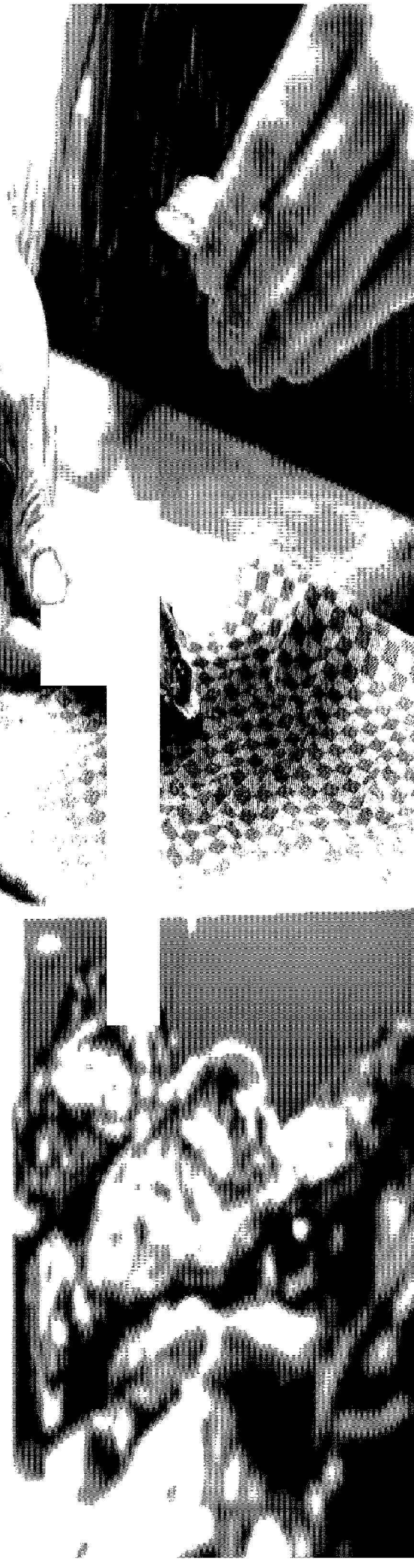
4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4/01 Preliminary Remarks 62
4/02 Consolidation 62
4/03 Accounting, Valuation and Currency Translation Methods 65
4/04 Notes to the Balance Sheet 68
4/05 Notes to the Income Statement 78
4/06 Notes to the Cash Flow Statement 80
4/07 Other Disclosures 80
4/08 Executive Directors and Members of the Supervisory Board 82
4/09 Independent Auditor's Report 85

THE ENTER-PRISE

REPORT 2001
ANNUAL





1/01

REPORT OF THE SUPERVISORY BOARD

In the course of the financial year 2021, the Supervisory Board was kept continuously, promptly and comprehensively informed about the situation of the company, the course of business and business policy by means of written and verbal reports delivered by the Board of Management as well as in six joint meetings, and on this basis supervised management of the company. Due to the Corona pandemic, meetings were held in the virtual realm. The members of the Supervisory Board attended the meetings with few exceptions. In the event they were unable to attend, they took part in resolutions adopted by the Supervisory Board by submitting written votes. In addition, regular meetings were held by the Chairman of the Supervisory Board and the Board of Management. The Human Resources Committee did not meet.

The Supervisory Board in particular addressed in detail the Corona pandemic and its impact on the hotel and catering industry as well as on the Company, and the further development of the corporate and brand strategy, the corporate and in particular with the financial and investment planning, changes in the hotel and stakeholding portfolio, and the award of auditing contracts. The Supervisory Board was submitted detailed written and verbal reports on the course of business.

Business transactions requiring the approval of the Supervisory Board by law, according to the Articles of Association and the Rules of Procedure of the Board of Management, were submitted to the Supervisory Board, approved by it and duly executed.

On the basis of the provisions laid down in Section 107 of the German Stock Corporation Act (AktG), the Supervisory Board obtained information from the Executive Board confirming the propriety of the accounting process, the effectiveness of the internal control system, the risk management system and the internal audit function, and the audit of the annual financial statements.

The annual financial statements of Steigenberger Hotels Aktiengesellschaft prepared by the Board of Management and the consolidated financial statements for the period ending on December 31, 2021, and the combined management report for Steigenberger Hotels Aktiengesellschaft and the Group for the 2021 fiscal year were audited by Deloitte GmbH Wirtschaftsprüfungsgesellschaft in Frankfurt am Main, Germany, appointed by the Annual General Meeting held on May 6, 2021, and issued with an unqualified audit certificate.

The Supervisory Board also examined the aforementioned documents. The auditors' report on the audit of the annual and consolidated financial statements was made available to all members of the Supervisory Board and was discussed in detail at the Supervisory Board's meeting to approve the financial statements held on [June 23, 2022], which the auditors attended, reporting there on their audit of the annual and consolidated financial statements. The Supervisory Board acknowledged the audit report approvingly and raised no objections following presentation of the final results of the audit.

The Supervisory Board approved the annual financial statements of Steigenberger Hotels Aktiengesellschaft prepared by the Board of Management. The annual financial statements have thus been adopted. The consolidated financial statements and the dependent company report were also approved. The Supervisory Board assents to the management reports prepared by the Board of Management for Steigenberger Hotels Aktiengesellschaft and the Group.

The Board of Management submitted to the Supervisory Board its report on relations with affiliated companies pursuant to Section 312 of the German Stock Corporation Act (AktG) and the related audit report prepared by Deloitte GmbH Wirtschaftsprüfungsgesellschaft in Frankfurt am Main pursuant to Section 313 of the German Stock Corporation Act (AktG). The audit opinion pursuant hereto reads as follows:

"Following our statutory audit and assessment, we herewith confirm that:

1. the factual statements forwarded in the report are true and accurate,
2. regarding the legal transactions listed in the report, the expenses incurred by the Company were not unreasonably high."

The Supervisory Board concurs with the report on relations with affiliated companies audited by the auditing company and the audit report prepared in this connection. Based on the final results of its review, no objections were made to the statements made by the Board of Management at the end of the report on relations with affiliated companies.

The following changes have taken place on the Supervisory Board:

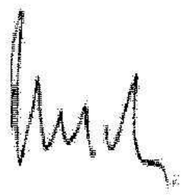
The Supervisory Board member Mr. Teo Nee Chuan was dismissed with effect from May 6, 2021. Mr. Nong Xia was appointed to replace him as member of the Supervisory Board effective beginning May 6, 2021. Mr. Shang Zhi Zhang was dismissed effective December 9, 2021, with Ms. Jihong He being appointed to take his place. The Supervisory Board would like to thank Mr. Teo Nee Chuan and Mr. Shang Zhi Zhang for their trustworthy collaboration.

In addition, Mr. André Witschi, Chairman of the Supervisory Board, stated on March 28, 2022 that he was stepping down from his positions as a member of the Supervisory Board and Chairman of the Supervisory Board with immediate effect. Mr. Witschi thus resigned from the Supervisory Board with effect from March 28, 2022. Prof. Dr. Wilhelm Bender was appointed as a member and Chairman of the Supervisory Board effective March 31, 2022.

The Supervisory Board would like to express its gratitude and appreciation to the Board of Management, the management teams and the employees of the companies who are members of the Steigenberger Group for their successful work and high level of commitment in the past fiscal year.

Frankfurt am Main, Juni 23, 2022

Supervisory Board



Prof. Dr. Wilhelm Bender
Chairman

GROUP MANAGEMENT REPORT AND MANAGEMENT REPORT

ANNUAL REPORT 2021



2/01	Review of the Financial Year	14
2/02	Fundamentals of the Group	16
2/03	Economic Report	21
2/04	Risks, Opportunities and Forecast	40
2/05	Sustainability	48
2/06	Other Disclosures	50
2/07	Concluding Statement on the Dependent Company Report	50

2/01

REVIEW OF THE FINANCIAL YEAR

Corona pandemic

For two years now, the travel industry's business has been massively affected by the impact of the Corona pandemic. To ensure the safety of guests and employees, Deutsche Hospitality ("DH"; umbrella brand of the Steigenberger Hotels AG Group) therefore has consistently implemented detailed hygiene regulations, process specifications and crisis concepts in 2021, which were adapted and further developed on a daily basis to ensure the maximum protection of guests and employees.

Economically, the 2021 financial year started with very low occupancy rates and turnover due to the Corona pandemic. These recovered steadily in the following months, resulting in occupancy rates of over 55% in October. However, with the onset of the new COVID-19 wave in November, the emergence of the Omicron variant and the resulting renewed restrictions, business then slumped again towards the end of the year, with the result that occupancy rates had fallen to below 30% by the end of 2021.

The effects of the pandemic could only be partially offset by the state aid paid out in the financial year, as the aid in Germany in particular was capped at an amount that allowed smaller competitors to be compensated for their losses. However, in the case of the larger hotel chains, this state aid only covered a significantly smaller portion of their lost earnings.

In 2021, Deutsche Hospitality continued to systematically implement dedicated measures to reduce costs and optimize liquidity. Substantial reductions in personnel costs were made possible through short-time working in the hotels and at Group headquarters, while at the same time employees were supported in the crisis through an increase in the short-time working allowance. Intensive negotiations were held with landlords on lease waivers and deferrals, resulting in liquidity effects of approximately €18.7 million in 2021 and subsequent years. In order to minimize the outflow of liquidity, only investments that were contractually or legally absolutely necessary were carried out in 2021.

Against the backdrop of a similar operational impact from the Corona pandemic, the operating performance for 2021 was comparable to the prior year: the Group's leased hotels recorded a decline in occupancy rates from 33.7% to 31.7%. Revenue per available room (RevPAR) was reduced from €30.27 to €28.90. Sales revenue increased from €202.8 million in 2020 to €222.5 million in 2021.

As a result of the significantly higher level of state aid compared with the previous year and consistent cost management, the consolidated net loss for the year was significantly reduced. The pretax result rose to €-67.6 million, compared with €-137.2 million in the previous year.

The number of hotels in operation increased by a total of four hotels compared with the previous year to 124 hotels. There were no expiring hotel contracts during 2021, while there were four new openings and one change of contract from a management contract to a franchise agreement. Seven planned new openings were postponed to next year – also driven by the effects of the Corona pandemic.

Financial situation

The financial position of the Steigenberger Group continued to develop negatively due to the massive effects of the Corona pandemic.

Steigenberger Hotels AG has agreed credit lines with banks and an indirect shareholder in order to mitigate the financial consequences of the Corona pandemic and to secure the Company's liquidity. The Steigenberger Group is in a positive and close dialogue with its lenders about new financing, refinancing and adjustments to conditions and agreements in existing credit facilities, taking into account the pandemic.

In view of the loan agreements that have been concluded and a "hard Letter of Support" from the shareholder Huazhu Group Limited restricted to March 2024, the Company sees itself in a position based on current plans to meet all financial obligations over the next few years at any time, in order to emerge stronger from the crisis.

The financing and liquidity position of the Group was also secured in 2021 by the consistent support of the owner Huazhu through the use of the existing shareholder credit facility.

Operationally and strategically prepared for the future

However, the Corona pandemic presented not only challenges but also opportunities for change. Deutsche Hospitality has continued to transform itself into a digital platform company that will deliver clearly defined added value and services in all areas of hotel management to investors, owners and partners in the future. This service offering is supported by a newly defined fee model. Building on this, the offering for hotel owners has been restructured, in particular with a focus on franchises, service adjustments and greater transparency.

Consistent digitization is the driver of the future business model. To this end, numerous innovative solutions for the hotels were developed in 2021 in cooperation with Huazhu; the implementation started in 2021 and will be stringently continued in 2022.

In organizational terms, the restructuring of the Commercial unit was implemented in the financial year. Responsibilities were centralized, the range of services offered by the Corporate Office was significantly expanded, and the area of analysis and data evaluation was completely restructured.

Investments were also made in the future of Deutsche Hospitality's world brand in 2021. A visible sign was the relaunch of the Group's homepage in July 2021.

Brand portfolio

With the current renovation of the Parkhotel Düsseldorf, the "Steigenberger Icons" brand for Steigenberger Grandhotels with a special history and international orientation) are moving further into the public eye. The new gourmet restaurant Pink Pepper opened in February 2022.

The Steigenberger Hotel Hamburg, a leading upscale hotel, underwent an extensive total renovation by its owner that will significantly upgrade the product when it is completed in the fall of 2022.

The new "House of Beats" brand is located in the lifestyle upscale area. "House of Beats" combines the passion for the hotel industry with the fascination for lifestyle, fashion and music. The brand was successfully launched in 2021 with the signing of a contract for a "House of Beats" in HafenCity Hamburg and declarations of intent for other houses in Europe.

The opening of the Jaz in the City Vienna marks the market entry of the lifestyle brand "Jaz in the City" in Austria. The opening of the Steigenberger Hotel Doha, Qatar, in November 2021 marks another highlight of the 2021 financial year in the upscale segment.

In the midscale segment, the IntercityHotel brand continued its internationalization with the opening of new properties in Zurich, Dubai and Budapest.

2/02

FUNDAMENTALS OF THE GROUP

Business activities and business processes

The Steigenberger Group operates, manages or licenses 124 hotels on three continents under its umbrella brand Deutsche Hospitality. Contracts were signed for a further 43 hotels (including 30 lease, 8 management and 5 franchise or license agreements), the openings of which are currently being planned.

The hotels of all brands of all Steigenberger Hotels AG brands are managed within the framework of lease, management, franchise and license agreements. The operation of the leased hotels, with all sales and expenses is fully included in the Group's income statement, while the business from the management and franchise agreements is essentially included in sales as fees. Due to this fact and the high proportion of leased hotels in Deutsche Hospitality's overall portfolio, the leased operations are a key factor in the Group's business and are therefore the focus of reporting.

While the focus of Deutsche Hospitality in the past was strongly on leases, in the future, with the development of the digital platform, Deutsche Hospitality will provide a significantly improved service portfolio for partners within the framework of franchise and management contracts.

The commitment and customer orientation of the Deutsche Hospitality's employees differentiate the Company from the competition; the satisfaction and long-term development of the employees is therefore a core concern of the Executive Board.

Deutsche Hospitality's operating business is organized by segment:

- Luxury: Steigenberger Icons
- Upscale & Lifestyle: Steigenberger Hotels & Resorts, Jaz in the City, House of Beats
- Midscale: MAXX by Deutsche Hospitality, IntercityHotel
- Economy: Zleep Hotels

Unlike in the past, hotel revenues and the operating results of hotels with which management or franchise agreements exist are no longer shown separately; instead, only the fees of the management and franchise operations are reported in the respective segments.

Deutsche Hospitality's growth is driven by the Development unit, which is responsible for concluding all new hotel contracts. The preparation and coordination of new openings and hotel acquisitions is handled by the Operations & Openings unit. The Franchise unit is responsible for the long-term support of franchise partners.

The hotels and the operational business areas are supported by the central service areas of Commercial & Distribution (Sales, E-Business, Revenue Management, CRM & Loyalty and Marketing), IT, Purchasing, Real Estate and Human Resources. Within the framework of the platform model, these services are also offered in a standardized form to franchise or management partners, so that they can, for example, purchase IT solutions, supply chain support, and financial or personnel services from Deutsche Hospitality at competitive conditions in addition to commercial offerings.

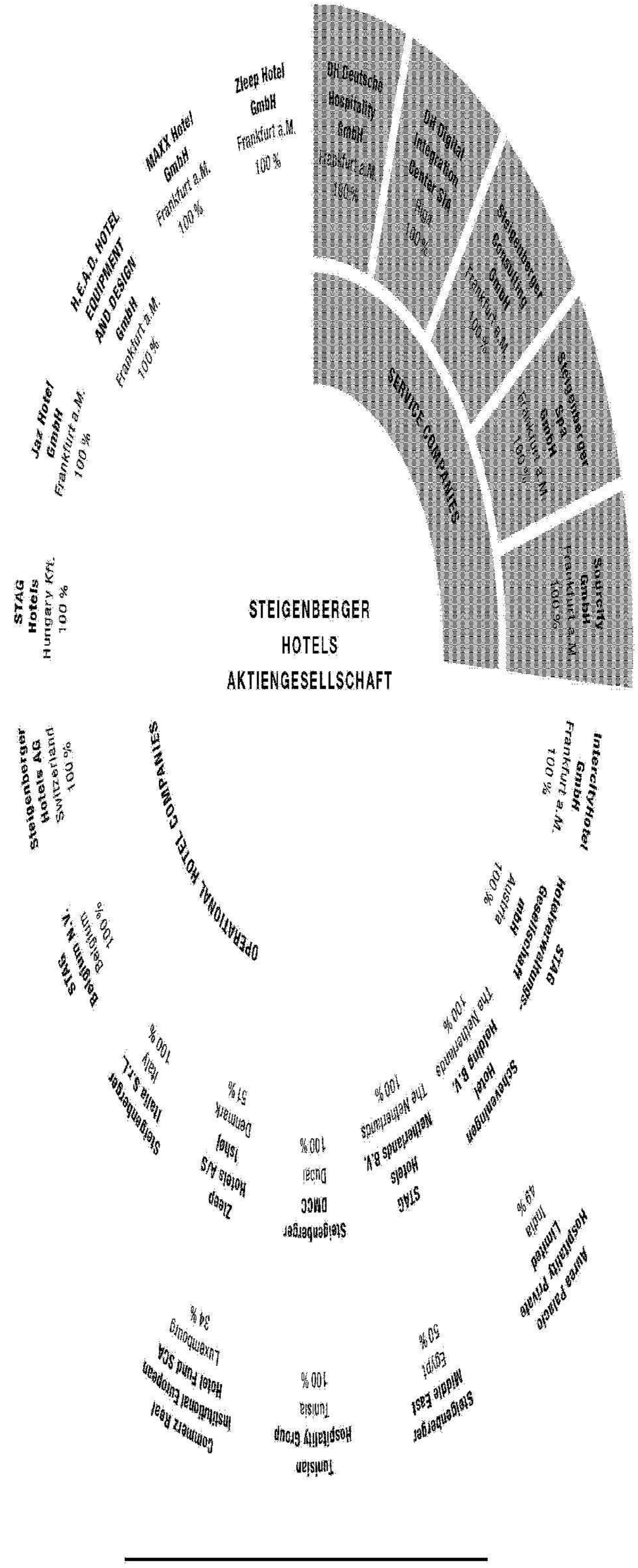
The Controlling, Corporate Strategy & Openings, Brands & Innovations, Legal, Asset Management, Governance, Risk & Compliance and Corporate Communications units ensure that the necessary Group functions are covered.

Group structure

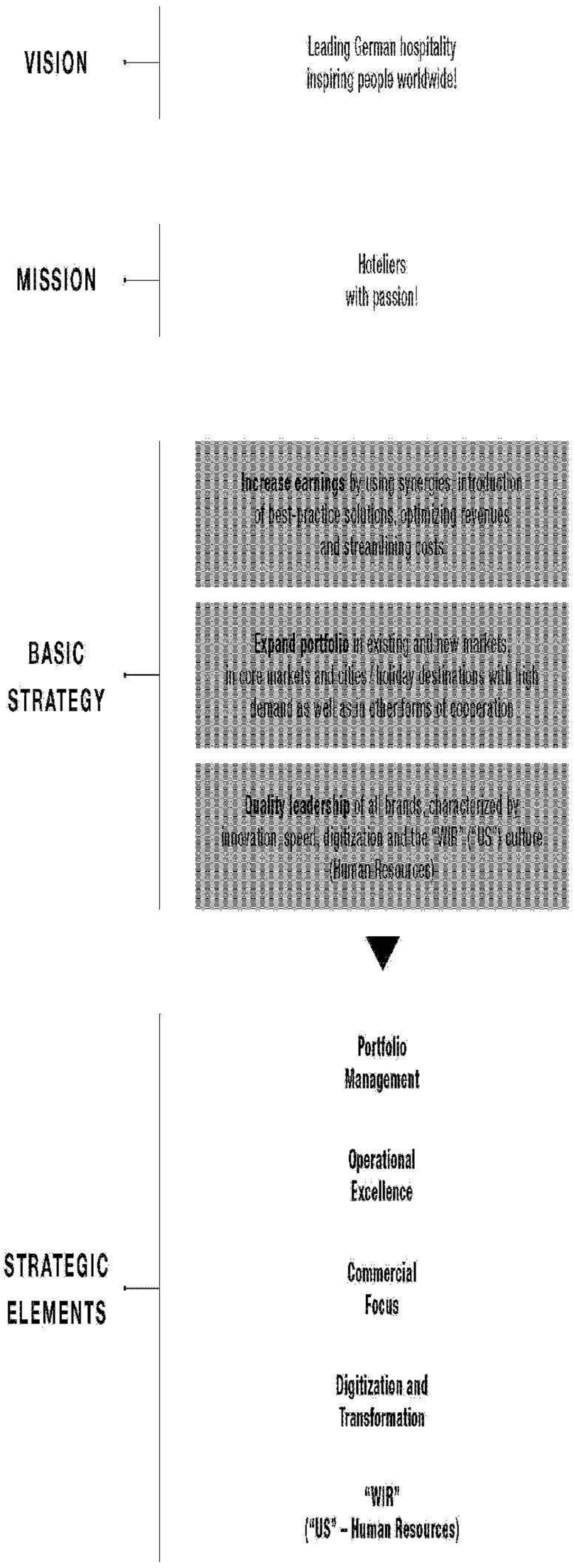
Steigenberger Hotels Aktiengesellschaft with its registered head office in Frankfurt/Main, Germany, is the parent company of the Steigenberger Group and a wholly owned subsidiary of DH Group GmbH & Co. KG, Frankfurt am Main, Germany.

As at December 31, 2021, Steigenberger Hotels AG holds shares either directly or indirectly in nine domestic and twenty-three international companies that are included

SHAREHOLDING STRUCTURE OF THE CONSOLIDATED GROUP



CORPORATE STRATEGY



in the consolidated group (full consolidation). It also holds interests in three international companies that are included in the consolidated financial statements using the equity method. Foreign hotel operations are mainly managed by their own national companies.

Profit/loss transfer and control agreements are in place between Steigenberger Hotels AG as the controlling company and the major German subsidiaries.

While Steigenberger Hotels AG is responsible for management and development in Europe and also concludes lease agreements, Steigenberger DMCC in Dubai (United Arab Emirates), which is also a wholly-owned subsidiary of Steigenberger Hotels AG, and its subsidiaries and participations are responsible for management and franchise agreements in international markets outside Europe.

With the participation of Steigenberger Hotels AG of 51 % in Zleep Hotel A/S, Denmark, with its twelve hotel subsidiaries in Denmark and Sweden as well as the wholly owned subsidiary Zleep Hotel GmbH, Germany, the Company is expanding with the operation of budget hotels in Northern Europe.

Licensing agreements between the licensors Steigenberger Hotels AG, InterCityHotel GmbH and DH Lifestyle GmbH, which combines the operations of Jaz Hotel GmbH and future operations under the "House of Beats" brand, and the respective hotels abroad ensure control over the use of the brands.

Changes in the composition and organizational structure of the Group in the 2021 financial year

Sourcify GmbH, Frankfurt am Main, Germany and DH Digital Integration Center SIA, Riga, Latvia were fully consolidated for the first time in the consolidated financial statements.

Legal and economic factors impacting on the business

As an international group, the business activities of the companies in the Steigenberger Group are subject to a large number of different legal systems and laws. At the level of Steigenberger Hotels AG, these include, for example, regulations under stock corporation law, tax laws and the catering and commercial regulations that typically apply to hotel operations. Particular importance is increasingly being attached to European legal requirements, especially the provisions of the EU General Data Protection Regulation (EU-DS-GVO), which has been in force since 2018, and additionally those of the German Federal Data Protection Act (BDSG).

As regards human resources, the individual labor law regulations must, in particular, be observed. The standards of the German Works Constitution Act (Betriebsverfassungsgesetz – BetrVG), the respective collective wage agreements of the individual German federal states governing the hotel and catering industry, and established case law handed down by the Federal Labor Court are to be observed. In the 2021 financial year, the legal and regulatory requirements issued by the municipalities and federal states in the wake of the Corona pandemic in particular again had a significant impact on the business.

Due to the stock exchange listing of the shareholder Huazhu, Steigenberger Hotels AG must also observe the regulations of the US stock exchange NASDAQ and other legal requirements for the parent company.

The monitoring of compliance with the various legal systems in the Company's international business is the responsibility of the department Governance, Risk & Compliance. Legal advice is provided by international lawyers in the various countries in which the Group operates.

Economically, the Steigenberger Group is dependent on the general economic conditions. Political risks, such as the threat of war or terrorist attacks in major European cities, lead to restraint among business and leisure travelers, as do the spread and consequences of pandemics. At the same time, extraordinary economic developments, such as the existing risks to free global trade from inflation, national foreclosure policies, extreme price increases on the European real estate markets and in construction prices, affect the business of Steigenberger Hotels AG.

Objectives and strategy

Only those companies that act quickly and continue to adapt flexibly to the challenges posed by the Corona pandemic and new geopolitical developments will be able to secure their position in the market and expand their market share.

The strategic focus in 2022 will therefore remain on securing the future viability of the Group, in particular through the following strategies.

a. Operational excellence

The focus of the entire Deutsche Hospitality is on supporting the teams in the hotels. The central success factor is the satisfaction of the guests (guest centricity). Operational excellence is at the heart of Deutsche Hospitality – its measurability is the basis of success.

As part of the "Sprint to Health" program, the aim is to systematically identify and realize further cost-cutting potential in the hotels and at Group Headquarters in order to significantly and sustainably improve the Group's profitability. To this end, discussions will also continue to be held with the landlords with a view to optimizing the existing lease agreements, which should lead to a win-win situation.

In addition, the business model of the upscale hotels, in particular with regard to F&B concepts and use of space, will be systematically analyzed and, if necessary, remodeled. The business model will also be further optimized in the midscale and economy hotel segments.

b. Digitization und transformation

In a constantly changing environment, it is essential to act in a results-oriented manner. Digitization is the central driver for continuous transformation and the basis for growth. The development of a dedicated web platform and the digital mapping of all services on one platform are essential. The reorganization of the Group into a digital business model with a corresponding corporate culture is therefore being driven forward. The further expansion of the digital platform concept should substantially improve the attractiveness of Deutsche Hospitality as a high-performance partner for management and franchise contracts.

c. Commercial focus

At the core of an attractive offering in the market are a competitive, pragmatically designed fee concept, an excellent digital infrastructure and a strong sales force, supported by a strong loyalty program. The H-Rewards loyalty program therefore becomes an essential component and driver of the customer experience across the entire value chain. H-Rewards will increasingly generate low-cost bookings via the Company's own website and enable comprehensive customer relationship-management.

In view of the drastic increase in purchasing and personnel expenses as a result of the Ukraine war and the tariff development in the hotel industry, revenue management will become an even more important success factor for the future. In addition, further optimization of the sales organization and distribution channels is required in order to be able to profitably address the renewed increase in demand.

d. "WIR" ("US" – Employees of Deutsche Hospitality)

The impact of the Corona pandemic, the rise in labor costs coupled with a looming shortage of skilled workers in the hotel industry, is immense. The guest experience must not suffer as a result.

Employees want flexibility as well as a credible approach to social values, equality and diversity. New paths into and within the organization are essential. In the future, Deutsche Hospitality will focus even more strongly on this with its own initiatives, such as the Steigenberger Akademie, the Young Professional Award and the international talent exchange program. In particular, the Company sees the acquisition of the Steigenberger Akademie as its own training and development center in the spring of 2022 as a clear competitive advantage in terms of personnel development and employee satisfaction in view of the clearly emerging "war for talent" in the hospitality industry.

Strengthening internal communication is essential for further developing the sense of togetherness within the Group. Deutsche Hospitality consistently relies on transparency, constructive dialog and flat hierarchies.

By consistently implementing the strategic approaches described above, the Company should be able to grow profitably in the future on a sustainable basis and with significantly higher margins than in the past. The focus of this growth will continue to be on the midscale and economy hotels.

2/03

ECONOMIC REPORT

MACROECONOMIC AND SECTOR-SPECIFIC CONDITIONS

Europe and especially Germany are still by far the most important source markets for the Steigenberger Group.

In 2021 as a whole, economic output in the euro zone rose by 5.2% over the previous year, recovering from its slump at the start of the Corona pandemic. Nevertheless, this still leaves economic output below the level seen in 2019. The recovery weakened towards the end of 2021 due to increasing supply chain problems, rising prices and the emergence of the new Corona variant Omicron.

Among the euro countries for which GDP data are available for the fourth quarter of 2021, Spain (+2.0%) recorded the highest increase, followed by Portugal (+1.6%). Declines were recorded, for example, in Austria (-2.2%) and Latvia (-0.1%).

In Germany, the economy was on course for recovery in 2021 despite the ongoing pandemic and increased supply bottlenecks. After the overall economy had fallen into a deep recession in the previous year following a ten-year growth phase, price-adjusted gross domestic product (GDP) increased by 2.9% in 2021 compared to the previous year, according to initial calculations by the Federal Statistical Office.

The gross value added of the service sector in Germany – especially business service providers – increased by 5.4%. In the trade, transport and hospitality sectors, economic growth was more subdued, with an increase of 3.0%. The construction sector, which largely managed to steer clear of the economic crisis in 2020, suffered a slight decline of 0.4% in 2021; the ongoing shortage of materials and rising prices are causing the sector problems. Almost all sectors of the economy have not yet reached the pre-crisis level of economic output.

The effects of the Corona pandemic were also clearly visible on the demand side. Price-adjusted private consumer spending stabilized last year at the low level of 2020, but is still far from its pre-crisis level. By contrast, government consumption spending had a stabilizing effect with a price-adjusted increase of 3.4%.

With 44.9 million people in employment, the German labor market remains robust, but shows major sector differences. Many employees are now working in different sectors of the economy or in different employment relationships than before the crisis, which is having a particularly negative impact on the hotel and restaurant industry. Overall, there were employment losses in the trade, transport and hospitality sectors in 2021, as in the previous year (-1.8%).

Sector-specific framework conditions

The Corona pandemic continued to have a significant impact on the hotel industry in Germany in 2021. Compared with the pre-crisis year of 2019, these led to drastic falls in revenue, particularly for business travel and in the event and trade show business. According to the German Federal Statistical Office, the total number of overnight stays by guests in German accommodation establishments in the entire 2021 review period was 310.3 million; this represents an increase of just 2.7% over the previous year, but is still 37.4% below the pre-crisis year 2019 figure of 495.6 million overnight stays. While the number of overnight stays by guests from Germany rose by 3.3% to 279.3 million compared to the previous year, the share of foreign guests reduced by 3.1% to a total of 31 million overnight stays. The share of foreign guests in total guest numbers reached just 10.0% last year, compared with 10.6% in 2020 and 18.1% in the record year of 2019.

In the course of 2021, occupancy rates improved continuously until the start of the fifth COVID wave (Omicron) in November 2021. Due to renewed restrictions against the backdrop of the Omicron virus variant, this trend reversed again in November and December 2021, but occupancy rates were still higher than in the previous year 2020. As a result, accommodation establishments in Germany recorded 17.5 million overnight stays in December 2021. This corresponds to an increase of 162.5% compared with December 2020. The sharp rise can be explained by the nationwide accommodation ban on private overnight stays in the same month of the previous year. Compared with December of the pre-crisis year 2019, the number of overnight stays was 43.3% lower.

An analysis by the trade magazine ahgz of the figures provided exclusively by Fairmas and STR shows that the occupancy rate across all hotel categories in Germany averaged 31.1% in 2021. This is around 2 percentage points higher than the previous year. The RevPAR increased by 1.2% to €27.50. Bookings by private travelers performed significantly better than business travel. While the resort hotel segment generated a room rate of € 167.20 with RevPAR of €56.20, city hotels achieved a rate of only €91 and a RevPAR of €28.20.

Financial and non-financial performance indicators

The corporate success of the Steigenberger Group is measured on the basis of using defined financial performance indicators at different levels of the Group.

The key financial and non-financial performance indicators (KPIs) of significance for the Group are essentially:

- Sales revenues
- Gross operating profit (GOP)
- Net operating profit (NOP)
- Average room rate (ARR)
- Room occupancy rate
- Revenue per Available Room (RevPAR)

A new management structure was established in 2021.

The operating segment now consists of the four customer segments Luxury, Upscale, Midscale and Economy. These segments are assigned to the current brands. Further brands can be added as required, so this structure is open to any form of growth.

The management reporting follows this new structure and consequently the focus is now on the leased hotels in the segments and no longer on the brands.

This segment reporting is supplemented by the Franchise, Holdings and Corporate Office areas.

In this context, the former International Business unit was also assigned to the respective segments.

Compared with the previous year, the new management reporting presents sales and the gross profit (GOP) in a different form. For example, the new management reporting also includes the costs and revenues generated by hotels not yet opened in the individual segments. Furthermore, the new management reporting also includes the costs and revenues of the administrative departments of the foreign companies. These are combined in the Holdings segment. To ensure comparability, the year 2020 is also presented in this structure.

A detailed analysis of the economic development of these indicators follows in the presentation of the business performance and results of operations.

BUSINESS PERFORMANCE

Currently, the focus of the Deutsche Hospitality's business is on the operation of leased hotels. Complete information is available for these with regard to sales revenues, KPIs and GOPs. For this reason, the following paragraphs on the performance indicators from the management reporting focus largely on the development of the leased hotels in the respective segments.

Deutsche Hospitality combines 124 hotels under its roof as at December 31, 2021. 120 hotels belong to its own brand family, they are complemented by 4 partner hotels. In the future, these will be managed under a Deutsche Hospitality brand as soon as the standards of the respective brand have been met.

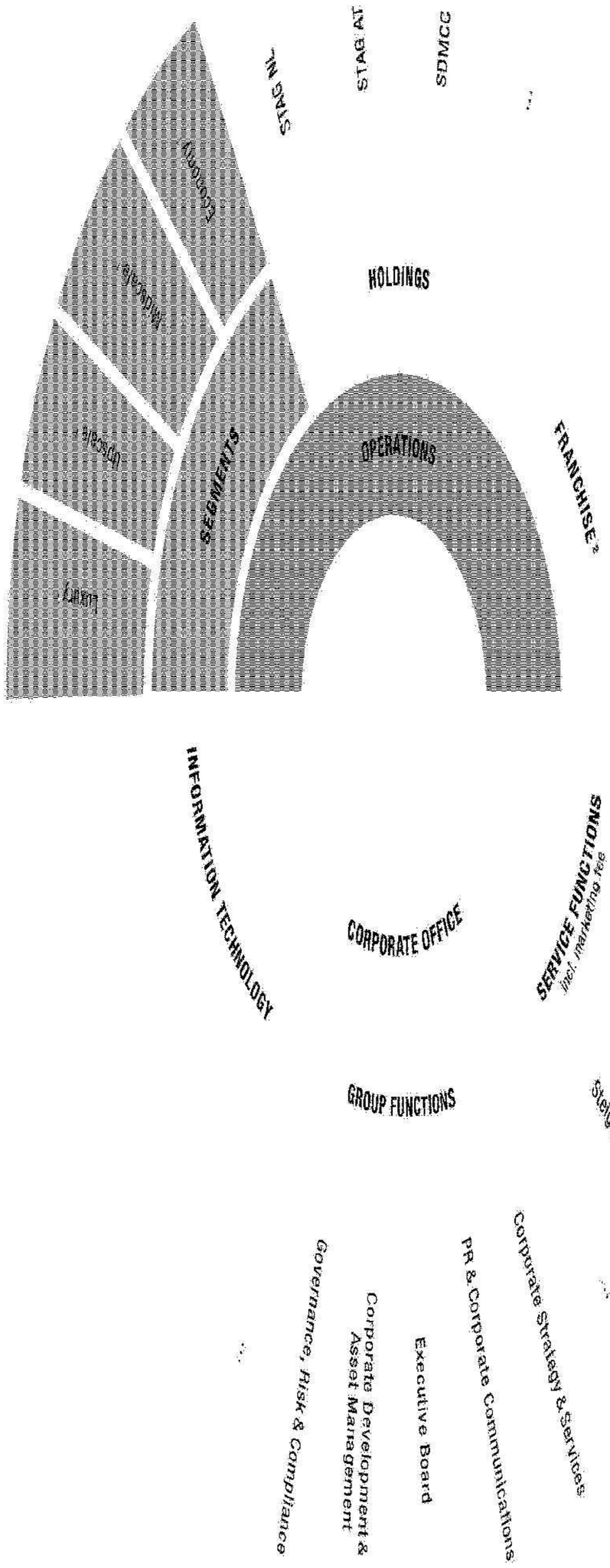
The Luxury segment comprises six hotels, all of which are part of the Steigenberger Icons brand. The Upscale segment has 52 hotels, including 45 hotels under the Steigenberger Hotels & Resorts brand, three Jaz in the City and four partner hotels. The Midscale segment also has 52 hotels, including 47 IntercityHotels and five hotels under the Maxx by Deutsche Hospitality brand. In 2021, 14 hotels fall under the Economy segment, all part of the Zleep Hotels brand.

76 leased hotels are operated under the Deutsche Hospitality umbrella brand. Adding the 27 management and 21 franchise and license operations in Germany and abroad, this resulted in a portfolio of 124 hotels in the 2021 financial year.

Development of the Steigenberger Group's hotel portfolio

The number of leased hotels increased by four compared to the previous year: With the openings of the Jaz in the City hotel in Vienna and three IntercityHotels in Hildesheim, Zurich and Budapest, four new hotels were added to the portfolio, including the first hotel of a Deutsche Hospitality

MANAGEMENT REPORTING STRUCTURE



¹ Hotels, marketing fees, division cost center

² Costs for the management franchise business and franchise fees

brand in Hungary. In this context, the national company STAG Hotels Hungary Kft., Budapest, Hungary, had been established in the previous year. Contract terminations of leased hotels did not occur in 2021.

Due to the change of contract of the IntercityHotel Dubai Jaddaf Waterfront from a management contract to a franchise contract, the opening of the Steigenberger Hotel & Resort in Doha and the closure of the Saphir Palace & Spa in Tunisia, the number of management hotels decreased to a total of 27 hotels.

The portfolio of franchise and licensed hotels grew by one hotel in 2021 compared with the previous year. The contract change of the IntercityHotel Dubai and the openings of the two Steigenberger Hotels Ras Soma and Resort Alalya in Egypt were offset by the departures of the Steigenberger Lörrach and the IntercityHotel Qingdao in China.

In order to present the Group's business performance and position, the key figures for the segments are broken down and explained below on the basis of the internal management income statement. The hotel revenues and the operating results of the management, franchise and licensed hotels are not shown, as their hotel revenues are not included in the consolidated financial statements.

Results of the leased hotels by segment

The 2021 financial year began in the midst of the lockdown. It was not until May 2021 that the measures in place in Germany were largely withdrawn. For the months of January to May, leased hotel sales were 66.1 % below the prior-year level, as the first three months of 2020 were at a good level, unaffected by the Corona pandemic. The GOP for this period was -€24.0 million, significantly lower than the GOP of the previous year. The occupancy rate was 15.3 % during this period. The average room rate (ARR) fell by €16.28 to €79.07. This led to a significant decline in the RevPAR of 71.5 % to €12.13.

From June to December, the ARR rose to €94.34 and the occupancy rate to 42.9 %, due in particular to the increase in demand for leisure services. This resulted in a RevPAR of €40.51 for this period.

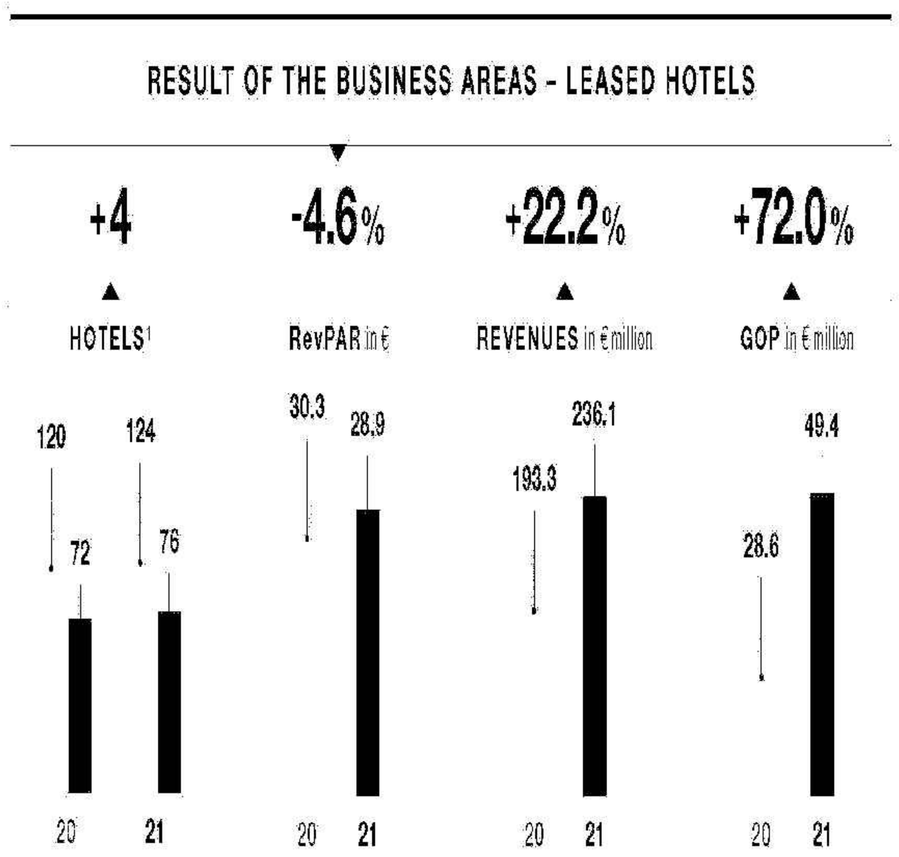
The revenues of the leased hotels analyzed in management reporting by segment can be reconciled to the revenues of the consolidated financial statements under commercial law as shown in the chart above.

A special feature in 2021 was the state aid from the federal government. Since these were partly designed as revenue compensation, parts of the state aid received is included in the management reporting within the revenues of the leased hotels (other operating income under commercial law) and therefore also in the GOP. In 2021, the total relating to the November and December aid amounts to €34.9 million.

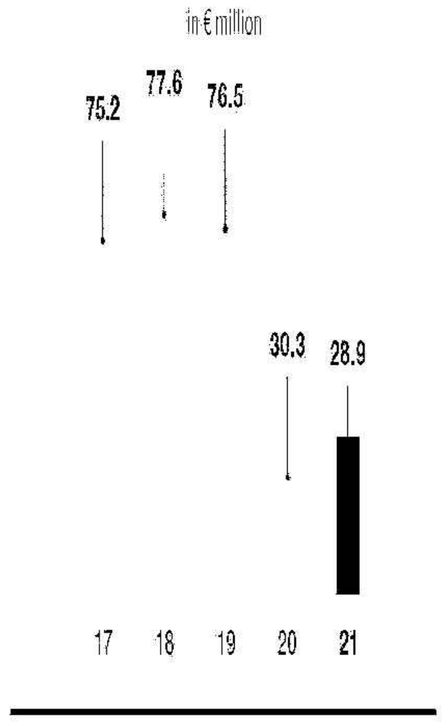
DEVELOPMENT OF THE STEIGENBERGER GROUP'S HOTEL PORTFOLIO

	Hotels		Rooms	
By segment:	**2021**	2020	**2021**	2020
Luxury	6	6	1,114	1,114
Upscale	52	50	13,016	12,419
Midscale	52	50	9,280	8,833
Economy	14	14	1,663	1,661
Total	**124**	**120**	**25,073**	**24,027**
By contract type:				
Leased hotels	76	72	14,264	13,371
Management hotels	27	28	5,390	5,630
Franchise and license hotels	21	20	5,419	5,026
Total	**124**	**120**	**25,073**	**24,027**
By region:				
Western Europe	100	98	18,112	17,776
Eastern Europe	1	-	312	-
China	-	1	-	281
Far East, Africa and other	23	21	6,649	5,970
Total	**124**	**120**	**25,073**	**24,027**

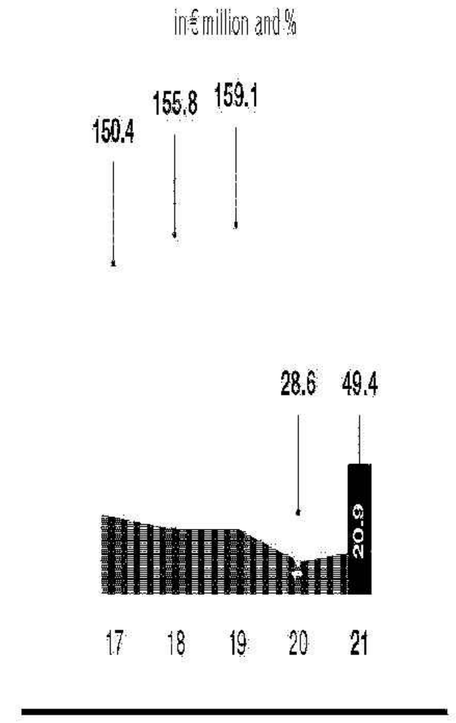
RESULT OF THE BUSINESS AREAS - LEASED HOTELS



REVPAR OF HOTEL OPERATIONS



GOP OF HOTEL OPERATIONS



[1] Number of leased hotels in the Group in blue and number of all hotels of Deutsche Hospitality in gray

REVENUES BY SEGMENT

in € million	2020	2021	Change absolute	Change in %
Luxury	37.2	34.2	-3.0	8.7
Upscale	77.1	97.8	20.8	21.2
Midscale	72.3	92.5	20.2	-21.9
Economy	6.8	11.6	4.8	-41.5
Leased hotels	**193.3**	**236.1**	**42.8**	**-18.1**

STATUTORY REPORTING OF LEASE HOTELS REVENUES RECONCILED OF THE MANAGEMENT REPORTING

in € million	
HGB – statutory reporting	**222.5**
State aid June	34.9
Non-leased hotels revenue (Corporate Office, Holdings, Divisional cost centres)	-17.7
Management and franchise fees	-3.6
Management reporting of lease hotel segment	**236.1**

NET RESULT BY SEGMENT

in € million	2020	2021	Change absolute	Change in %
Luxury	-13.2	-8.3	4.9	58.7
Upscale	-36.1	1.0	37.1	3,588.0
Midscale	-38.5	-5.6	32.9	588.9
Economy	-4.1	-2.2	1.9	83.8
Leased hotels	**-91.9**	**-15.1**	**76.8**	**508.1**

In addition, the management reporting of the leased hotels does not include revenues of the Corporate Office, among other things, for services rendered amounting to €17.7 million, and they are therefore deducted from total revenues under commercial law in the reconciliation statement.

The same applies to management and franchise fees, which are not included in the management reporting of the leased hotels.

The net result of the segments (NOP of leased operations) increased by €76.8 million in the financial year and contributed €-15.1 million to the consolidated net loss for the year. The results of other areas or companies and overheads with a high proportion of fixed costs led to a consolidated net loss of €68.5 million.

When compared to the previous year, the occupancy rate increased by 6.1% in the total 2021 year to 31.7%. The average room rate rose by € 1.63 to €91.31. In combination, this led to a reduction in the RevPAR by € 1.37 to €28.90.

The GOP of the hotel operations increased by €20.8 million to €49.2 million. The GOP margin was 20.9%. This corresponds to an increase of 41.5%.

Cost savings were implemented in all operations. The instruments of short-time working and outlet closures were applied in almost all hotels. Only contractually owed, legally or operationally absolutely necessary investments were carried out.

Negotiations with the lessors of the hotels were continued during the year in order to achieve lease deferrals and/or lease reductions. These negotiations resulted in lease reductions for 2021 amounting to €12.5 million, which are recognized in earnings.

Luxury segment

The Luxury segment comprises the six Steigenberger Icons Hotels and, in future, hotels under the new Steigenberger Porsche Design Hotels brand. The number of leased hotels remained at the prior-year level of five establishments. The number of management hotels also remained unchanged at one hotel.

In the period of the lockdown from January to May 2021, the occupancy rate of the leased hotels in the Luxury segment was 11.6%, down significantly by 38.3 percentage points compared to the previous year. Driven by the various national and international Corona regulations,

KEY FINANCIAL PERFORMANCE INDICATORS (KPI) STEIGENBERGER CONSOLIDATED GROUP

	KPI calculation	Unit	2021	2020	Change absolute	Change %
Sales – Steigenberger Group hotel operations	—	€ million	236.12	193.29	42.80	22.2
Gross operating profit (GOP) hotel operations[1]	—	€ million	49.42	28.59	20.80	72.9
GOP as % of sales	—	%	20.93	14.79	6.10	41.5
APR (average room rate)	Accommodation revenues / Rooms occupied	€	91.31	89.81	1.50	1.7
Room occupancy ratio	Rooms occupied / Available rooms	%	31.65	33.70	-2.10	-6.1
RevPAR (revenue per available room)	Accommodation revenues / Available rooms	€	28.90	30.27	-1.37	-4.5

Zleep Hotels (leased) shown at 100% in all KPIs

[1] Sales less cost of sales, personnel costs and other operating costs

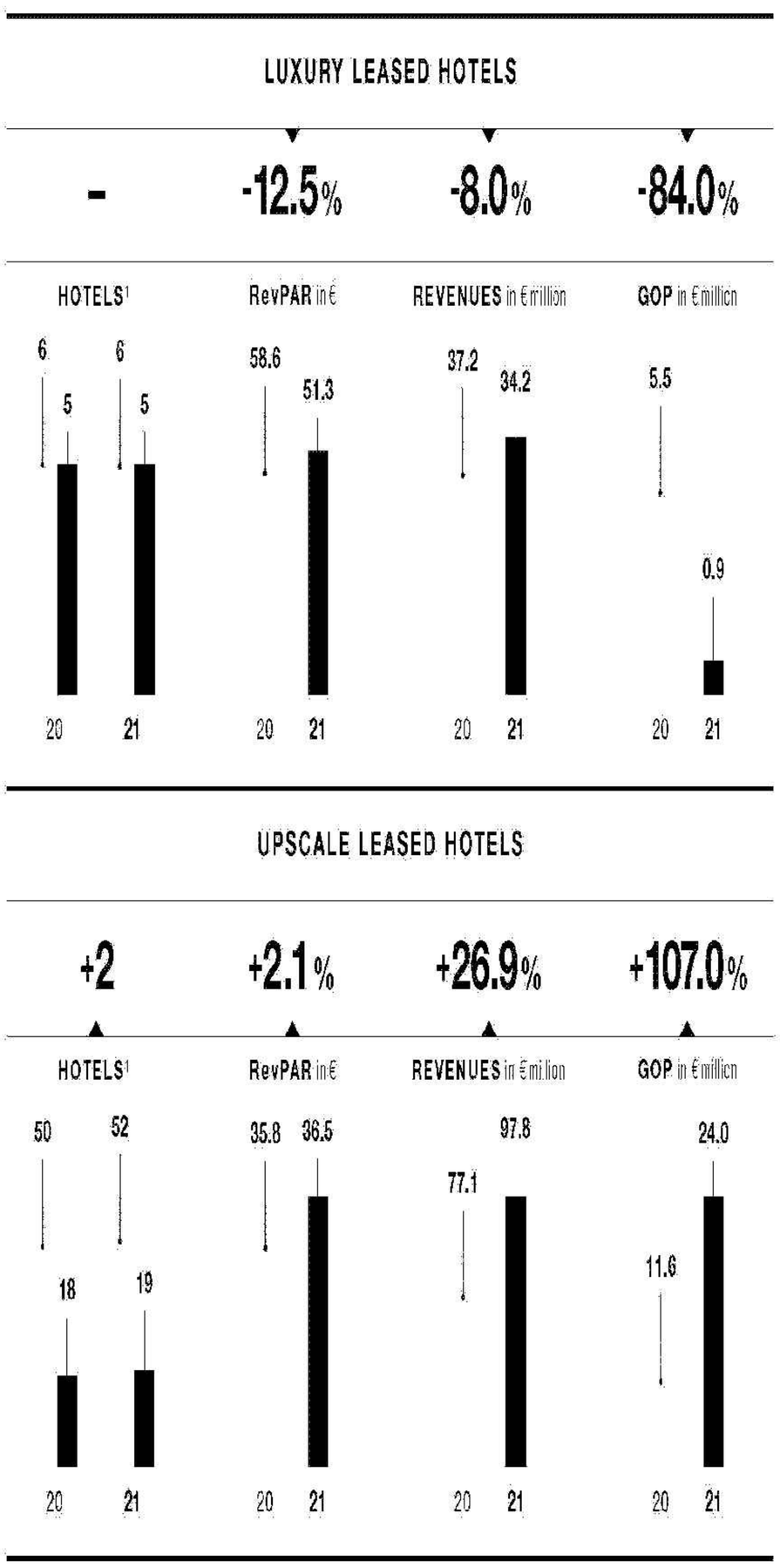
normal hotel operations were not possible during this period. Unlike in the previous year, there were no closures of Luxury hotels due to statutory travel restrictions during this period.

After the end of the lockdown in May 2021, the return of private travelers became noticeable. The room occupancy rate of the leased hotels was 30.8% in the period from June to December 2021 and therefore 19.2 percentage points above the period from January to May 2021. The ARR also increased by €28.19 in this period and therefore amounted to €231.12. This resulted in the RevPAR increasing by €47.65 to end at €71.24.

For 2021 as a whole, the room occupancy rate was 22.8%, down 7.9% on the previous year. The average room price in the 2021 year was €34.35 more than in 2020 at €225.10. The lower RevPAR from January to May compared to the previous year results in a RevPAR of €51.30 for 2021, which is €7.33 below that of the previous year.

All non-mandatory investments planned for 2021 were postponed. These included measures to sharpen the profile of the Steigenberger Icons hotels. The exception is the Steigenberger Parkhotel Düsseldorf. Here, room renovations were implemented at considerable expense, and a new gourmet restaurant was established as a landmark on Königsallee. There were no changes in the number of rooms in the Luxury segment. With the planned reopening of the Steigenberger Icon Europäischer Hof in Baden-Baden in the 2024 financial year, the flagship hotel of the Steigenberger brand will also belong to the Luxury segment.

Earnings in the Luxury segment were significantly lower than in the previous year due to the better business performance in the first months of 2020. Total revenues decreased by €3.0 million compared to the previous year. The GOP decreased in absolute terms by € -4.8 million (-88.0%) to €0.9 million. The GOP as a percentage of sales was 2.6%. The segment's net result (net operating result of the leased hotels) improved year-on-year, driven by lease reductions and state aid, but at €8.3 million contributed more than 50% to the negative overall net operating result.



[1]Number of leased hotels in the Group in blue and number of all hotels of Deutsche Hospitality in grey

Upscale segment

The segment comprises hotels under the Steigenberger Hotels & Resorts and Jaz in the City brands, as well as partner hotels that are to become part of the brand portfolio in the future. The total of 52 hotels is divided into 19 leased hotels, 17 management hotels and 16 franchise and license hotels. Of these, 45 hotels belong to the Steigenberger Hotels & Resorts brand, three to the Jaz in the City brand and four other hotels are managed as partner hotels. The Jaz in the City Vienna hotel, the two Steigenberger Hotels Ras Soma and Resort Alaya in Egypt and the Group's first hotel in Qatar, the Steigenberger Doha, formed an addition of 4 hotels in 2021. This contrasts with the contract terminations of the Steigenberger Hotel in Lörrach and the partner hotel Saphir Palace. Overall, the portfolio of the Upscale segment therefore grew by two hotels in 2021.

Due to the travel restrictions, segment revenues until May 2021 were down 63% on the prior-year period at €13.8 million. As tourist travel and business meetings were largely prohibited, 13 hotels in the Upscale segment closed temporarily. With the end of the travel restrictions and the reopening of the hotels, those hotels with a high demand from private travelers in particular benefited.

As a result of the increased demand, the average room occupancy rate of the leased hotels in the Upscale segment for the full year 2021 was 0.8 percentage points above the previous year at 33.8%. Although the average room rate of €108.16 was just below the previous year's figure by € -0.49 in absolute terms, the higher occupancy rate led to an increase in RevPAR. At €36.50, this was 2.1% higher than the previous year's figure of €35.75. The increase in demand, but also government assistance in the form of sales refunds, led to an increase in sales of €20.8 million and consequently to total sales of Upscale leased hotels of €97.8 million. GOP amounted to €24.0 million, an increase of €12.4 million on the previous year. At €1.0 million, the segment's net profit was €37.1 million higher than in the previous year.

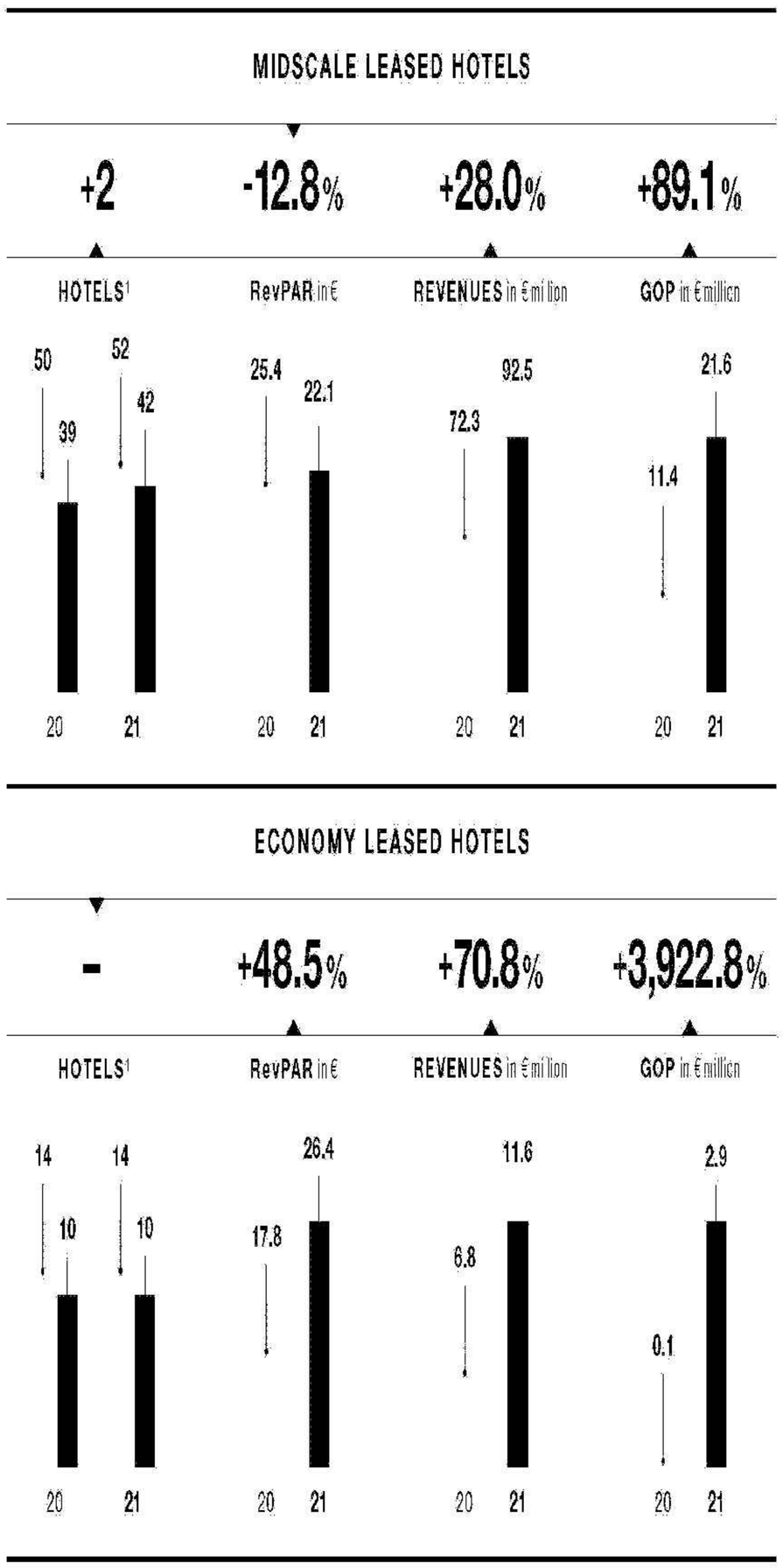
Midscale segment

The Midscale segment is responsible for all hotels of the IntercityHotel and Maxx by Deutsche Hospitality brands. The number of establishments in 2021 was 52, including 42 leased hotels. Broken down by brand, the IntercityHotel brand has 47 hotels and the Maxx by Deutsche Hospitality brand has five hotels. In total, the Midscale segment was responsible for hotels in eight countries in the 2021 year, spread across two continents. In 2021, three new hotels in the Midscale segment opened, all part of the IntercityHotel brand. The new hotel locations are the cities of Hildesheim, Budapest and Zurich. With the hotel in Budapest, Deutsche Hospitality opened the first hotel in the brand landscape in Hungary. The IntercityHotel Qingdao in China is no longer part of the portfolio. This results in an increase in the number of hotels by two hotels in the Midscale segment. IntercityHotel Dubai Jaddaf Waterfront changed its contract type from a management contract to a franchise contract in 2021.

The room occupancy rate of the leased hotels decreased by 4.5 percentage points to 30.5%. The average room rate increased by €0.07 to €72.59. As a result of the opening of the new hotels and the associated increase in available rooms, the RevPAR decreased from €25.35 to €22.11. The state aid received in the form of revenue compensation meant that the Midscale segment recorded significant revenue growth of 28.0% despite lower RevPAR. Total sales of the Midscale segment amounted to €92.5 million.

The segment's GOP amounted to €21.6 million in 2021 and increased by €10.2 million in absolute terms compared with 2020, representing an increase of 88.9% compared to the previous year. GOP as a percentage of sales was 23.4%, whereas in the previous year it was 15.8%. The NOP amounted to € -5.6 million in 2021, which was strongly negative despite state aid.

In the coming year, the portfolio is expected to be expanded by six additional hotels – including three managed-under-lease agreements – in Dortmund, Wiesbaden, Amsterdam Airport, Muscat, Aalen and Herford.



1Number of leased hotels in the Group in blue and number of all hotels of Deutsche Hospitality in grey

Economy segment

In January 2019, Steigenberger Hotels AG acquired 51% of the shares in Zleep A/S including 12 hotel contracts (eight of which are leases, three management contracts and one franchise contract). In 2020, two new leased hotels were opened despite the pandemic. In 2021, the portfolio remained unchanged compared to 2020 with 14 establishments.

Due to the ongoing Corona pandemic, both the Zleep Billund and Zleep Copenhagen Arena hotels were closed in the first quarter of 2021. The main reasons for this at Zleep Billund were the proximity to the airport and the low volume of flights, while at Zleep Copenhagen Arena the closed concert hall and the lower volume of business travel led to an occupancy-related closure.

In the financial year 2021, the leased operations of Zleep Hotels achieved a room occupancy rate of 39.7% (2020: 31.7%), an ARR of €66.66 (2020: €56.09) and, as a result, a RevPAR of €26.44 (2020: €17.80). The total revenue of all leased operations amounted to €11.6 million (2020: €6.8 million). The leased operations generated a GOP of €2.9 million (2020: €0.1 million) and a net result of €-2.2 million (2020: €-3.5 million).

Other service companies

The Steigenberger Group has two independent subsidiaries, H.E.A.D. HOTEL EQUIPMENT AND DESIGN GmbH and Sourcify GmbH, which provide purchasing, software and consulting services for internal and external customers.

As part of the first-time full consolidation of Sourcify GmbH and due to increased purchasing volumes of the hotels as well as the expansion of the independent trading business of H.E.A.D. HOTEL EQUIPMENT AND DESIGN GmbH, sales of the subsidiaries increased by a total of €1.6 million year-on-year to €1.9 million.

Other important events during the financial year

Under an agreement dated February 8, 2021, Steigenberger Hotels AG entered into a contract within the Huazhu Group which provided a credit facility of €175 million for existing loans (as at December 31, 2020 already €40 million) and future financing requirements. As part of this financing, payments of €90 million were received in the 2021 financial year.

As part of lease waiver negotiations, temporary lease waivers were negotiated with a large number of lessors in the 2021 financial year, which in some cases involved an extension of the contract term or changes to the lease conditions.

Together with the partner Porsche Design, a unique hotel concept was developed in the 2021 financial year, which combines the unmistakable Porsche Design lifestyle with the hospitality and service quality of a Steigenberger hotel.

Continued low sales as a result of the Corona pandemic

The significant reduction in economic activity in the Steigenberger Group in 2020 due to the Corona pandemic continued in 2021. Sales revenues (excluding changes in in-

GROUP EARNINGS POSITION

	Dec. 31, 2021		Dec. 31, 2020		Change	
	in € million	in %	in € million	in %	in € million	in %
Sales (incl. changes in work in progress)	222.9	100.0	201.7	100.0	21.2	10.5
Other operating income	137.8	61.8	56.7	28.1	81.1	143.0
Cost of materials	-77.1	-34.6	-70.7	-35.1	-6.4	9.1
Personnel expenses	-118.1	-53.0	-112.1	-55.6	-6.0	5.3
Other operating expenses	-212.9	-95.5	-196.4	-97.4	-16.5	8.4
EBITDA	**-47.4**	**-21.3**	**-120.8**	**-59.9**	**73.4**	**-60.8**
Amortization and depreciation	-14.1	-6.3	-15.0	-7.4	0.9	-6.0
EBIT (consolidated operating result)	**-61.5**	**-27.6**	**-135.8**	**-67.3**	**74.3**	**-54.7**
Financial result	-6.1	-2.7	-1.4	-0.7	-4.7	<200
Earnings before taxes (EBT)	**-67.6**	**-30.3**	**-137.2**	**-68.0**	**69.6**	**-50.7**
Income taxes	-0.9	-0.4	21.2	10.5	-22.1	-104.2
Consolidated net loss for the year	**-68.5**	**-30.7**	**-116.0**	**-57.5**	**47.5**	**-40.9**
Net income attributable to minority shareholders	1.3	0.6	2.6	1.3	-1.3	
Consolidated net loss after non-controlling shareholdings	**-67.2**	**-30.1**	**-113.4**	**-56.2**	**46.2**	

ventories) of €222.5 million were generated in the financial year, compared with €202.8 million in the previous year. This corresponds to an increase in sales of 9.7%. However, sales remained significantly below sales of €494.0 million in the 2019 pre-crisis year.

Other operating income of €137.8 million increased by 143.0% compared with the previous year (€56.7 million). This development was mainly the result of government economic aid of €100.3 million to deal with the consequences of the Corona pandemic, while other operating income in the previous year included in particular compensation payments from plant closure insurance policies in connection with the Corona pandemic amounting to €24.7 million.

The cost of materials increased by €6.4 million compared with the previous year to €77.1 million, due to the slight improvement in business operations in 2021. The ratio of cost of materials to sales revenues plus changes in inventories decreased to 34.6% (prior year: 35.1%).

The average number of employees in the Steigenberger Group in the 2021 financial year was 2,996 and is below the previous year's level (3,176). Personnel costs – excluding expenses for external personnel – amount to €118.1 million (prior year: €112.1 million). The increase in personnel costs per employee is due in particular to restructuring measures in the personnel area and lower short-time working percentages per employee, compared with the previous year. The personnel cost item was improved by the utilization of short-time working allowances amounting to €30.0 million. At 53.0%, the ratio of personnel expenses to sales plus changes in inventories was lower than in the previous year (55.6%).

In total, other operating expenses amounted to €212.9 million in the financial year, compared with €196.4 million in the previous year (+8.4%). Other operating expenses mainly include rent and lease expenses (€122.2 million), repair and maintenance costs (€20.8 million), legal and consulting fees (€11.7 million), commission expenses (€11.1 million), administrative expenses (€7.1 million), and marketing and advertising expenses (€5.9 million). The increase in other operating expenses results from the slight expansion of business activities in 2021 compared with the previous year. The disproportionately low increase in 2021 compared with sales is due to a high proportion of fixed costs in other operating expenses, in particular in lease expenses.

Group EBITDA still significantly negative

The negative EBITDA reflects the effects of the continued sharp reduction in demand for hotel services as a result of the pandemic-related restrictions in the reporting year. Group EBITDA increased from €-120.8 million in 2020 to €-47.4 million in 2021. The year-on-year improvement in Group EBITDA resulted in particular from the government assistance of €100.3 million in connection with the Corona pandemic.

The decrease in goodwill amortization is mainly due to the unscheduled amortization of €1.0 million of the goodwill arising from the acquisition of Steigenberger DMCC, Dubai, which was included in the prior-year figure.

Amortization of intangible assets and depreciation of property, plant and equipment in the Group amounted to €12.7 million and was therefore almost at the same level as in the previous year (€12.8 million).

The consolidated operating result (EBIT) increased significantly to €-61.5 million, compared with €-135.8 million in the previous year, mainly as a result of the state aid received in connection with Corona.

CONSOLIDATED DEPRECIATION AND AMORTIZATION

	2021 in € million	2020 in € million	Change in € million	Change in %
Amortization on goodwill	1.4	2.2	-0.8	-36.4
Amortization and depreciation of intangible assets and property, plant and equipment	12.7	12.8	-0.1	-0.8
Total	**14.1**	**15.0**	**-0.9**	**-6.0**

TYPE OF INVESTMENT

	2021 in € million	2020 in € million	Change in € million	Change in %
Repair and maintenance	11.5	10.8	0.7	6.5
Major construction work	9.3	7.3	2.0	27.4
Additions to intangible assets	1.1	0.9	0.2	22.2
Additions to property, plant and equipment	8.8	8.8	0.0	0.0
Consolidated total	**30.7**	**27.8**	**2.9**	**10.4**

The financial result for 2021 amounts to €-6.1 million (prior year: €-1.4 million). The significantly negative financial result is due to the taking out of bank loans and loans granted by the Huazhu Group in 2020 and 2021, which served to secure liquidity requirements. This resulted in interest expenses of €5.4 million in the financial year (prior year: €1.0 million).

The income taxes of €-0.9 million reported mainly result from expenses of €-2.0 million from the reversal of deferred taxes. This is offset by income from current taxes amounting to €1.1 million. The decrease of €22.1 million compared with the previous year is attributable to the recognition of deferred tax assets of €22.8 million in the previous year, which mainly resulted from tax losses carried forward.

The consolidated net loss for the year including the loss attributable to non-controlling interests for the 2021 financial year amounts to €-68.5 million. After minority interests in the loss of Zleep Hotels A/S, the Group result for 2021 amounts to €-67.2 million.

NET ASSETS AND FINANCIAL POSITION OF THE GROUP

Investments increased slightly

Investments (in fixed assets and for repairs and maintenance) increased in the past financial year to €30.7 million compared with the previous year (€27.8 million). The increase resulted from renovation and modernization measures undertaken by the Group, which mainly related to the Steigenberger Parkhotel Düsseldorf and the InterCityHotel in Erfurt.

Overall, additions to property, plant and equipment remained constant compared with the previous year at €8.8 million; additions to intangible assets increased to €1.1 million (prior year: €0.9 million).

The Company received investment subsidies from non-Group property owners (lessors) for part of the investments, amounting to €0.5 million, which are reported under deferred income and released according to the associated amortization/depreciation.

Financial position significantly impaired

The Group's financial position has again deteriorated significantly in the 2021 financial year due to the effects of the Corona pandemic. To secure liquidity requirements, loans were taken out from banks and affiliated companies, which amounted to €202.2 million as at the balance sheet date (gross debt to banks and affiliated companies).

Liquid funds (including securities held as current assets) at the balance sheet date increased compared with the previous year, in particular as a result of the inflow of €52.0 million in the state Bridging Aid III in December 2021, and amounted to €79.1 million at the balance sheet date (prior year: €25.2 million). As at the balance sheet date, the Group had net loan debt of €123.1 million. As at December 31, 2021, there were additional credit lines approved but not drawn from the indirect shareholder Huazhu Group Limited (€45.0 million), credit lines from banks (€2.0 million) and guarantee lines (€10.5 million).

The cash flow statement was prepared in accordance with the provisions of DRS 21. The net cash outflow from operating activities amounted to €107.0 million (prior year:

FINANCIAL POSITION SIGNIFICANTLY IMPAIRED

	Dec. 31, 2021 in € million	Dec. 31, 2020 in € million	Change in € million	Change in %
Gross debt	**202.2**	**110.5**	**91.7**	**83.0**
Current accounts, cash in hand and short-term investments	79.1	25.2	53.9	213.9
Net debt	**123.1**	**85.3**	**37.8**	**44.3**
Balance sheet total / total assets	374.1	254.3	119.8	47.1
Gearing, net debt as percentage of balance sheet total	32.9%	33.5%	-	-

€128.7 million) due to the restricted business activity as a result of the Corona pandemic. These net outflows and investing activities, as well as the increase in inventory liquidity, were financed by net cash inflows from financing activities (grants and other financing activities) amounting to €181.5 million.

Significant deterioration in the asset and capital structure

The consolidated balance sheet total increased in the financial year by 47.1% to €374.1 million (prior year: €254.3 million).

Due to the Corona pandemic, property, plant and equipment decreased by €2.8 million in the 2021 financial year as a result of reduced investments both in the financial year and in the previous year, compared to the year 2019.

Financial assets increased by €11.5 million compared with the previous year. The increase was mainly due to investments of €12.0 million in Commerz Real Institutional European Hotel Fund SCA, Luxembourg.

The reduction in receivables from affiliated companies (€-10.2 million) is attributable to the payment of outstanding receivables.

The increase in liquid funds (+€54.0 million) is due to the receipt of government aid in connection with the Corona pandemic and the raising of loans from affiliated companies.

As at December 31, 2021, the Group was over-indebted in the balance sheet amounting to €119.8 million (over-indebtedness prior year: €52.2 million). A capital deficit of this amount is shown on the assets side of the balance sheet. As at the balance sheet date, the Group had an indebtedness ratio of 47.1% (prior year: over-indebtedness ratio of 25.8 %).

The increase in the balance sheet over-indebtedness is offset by a significant increase in liabilities of €99.7 million, which, together with an increase of €92.3 million in loan liabilities to affiliated companies, mainly results from the financing of the Group. In addition, other provisions increased by €20.3 million. The increase is mainly due to a rise of €8.7 million in provisions for obligations for management bonuses, premiums and severance payments for members of the Executive Board and employees, as well as an increase of €2.2 million in provisions for guarantees under hotel management agreements, €2.1 million in maintenance and €1.4 million in outstanding lease payments.

Comparison of the 2021 actual business performance with the forecast from the prior period

Due to the longer-than-expected Corona pandemic and, in particular, the impact of the Omicron virus variant at the end of the financial year, the Group's originally forecast revenue and earnings targets could only be achieved to a limited extent. Despite the pandemic development, the sales and GOP forecasts of the hotel operations ultimately matched the actual development. Sales revenue increased by 9.7%. The GOP also rose sharply (+€20.8 million), although this was largely due to the state aid received. The forecasts for the RevPAR and the room occupancy rate were not achieved. Although the increase in room capacity resulting from newly opened hotels led to an overall increase in revenue, the RevPAR of these hotels in the introductory phase ("ramp-up phase") is significantly below the average, meaning that these hotels play an instrumental role in reducing the RevPAR of all hotels.

In summary, the comparison of the actual and forecast business performance of the hotel operations in the management reporting is as follows:

Overall statement of the Executive Board on business development and the situation

The Group's financial situation continued to deteriorate in the 2021 financial year. The driver of this development was the Corona pandemic and the associated regulatory measures, which, as in the previous year, had a massive impact on business performance.

In the second pandemic year in succession, sales increased from €202.8 million in the previous year to €222.5 million. This corresponds to an increase of 9.7%. However, sales are still significantly below the pre-crisis sales of €494.0 million from 2019. The average occupancy rate in 2021 was 31.6%, compared to 33.7% in the previous year.

To limit the economic impact of the pandemic as far as possible, cost-cutting measures were systematically implemented in both the Corporate Office and the hotels.

Consistent personnel cost management reduced the personnel cost ratio from 56.6% of sales in 2020 to 52.9% in 2021. The Group-wide hiring freeze, the use of short-time working allowances, and flexible handling of external service providers all contributed to the cost reduction.

With regard to lease costs, lease waivers with a total volume of EUR 18.7 million were negotiated with a large number of lessors in 2021, which will have an impact on earnings in 2021 or subsequent years. Further positive effects on lease expenses resulted from revenue-driven lease components. Overall, rental and lease expenses rose by EUR 9.5 million (8.4%) compared with the previous year, with a simultaneous increase in the number of leased operations.

Deutsche Hospitality has analyzed all planned investments for the 2021 financial year in detail. Only those measures that were absolutely necessary for the health and safety of guests or required by legal or contractual obligations were implemented. The contractually agreed measures included, in particular, renovation and modernization measures at the Steigenberger Parkhotel Düsseldorf and the IntercityHotel in Erfurt. These two measures in particular contributed to an increase in capital expenditure (on fixed

CASH FLOW STATEMENT, CONSOLIDATED GROUP

	Dec. 31, 2021 in € million	Dec. 31, 2020 in € million	Change in € million	Change in %
Net cash flow from operating activities	-107.0	-128.7	21.7	16.9
Net cash flow from investing activities	-20.9	-9.7	-11.2	-115.5
Net cash flows from state aid subsidies	97.6	8.2	89.4	>200
Net cash flows from financing activities	83.9	108.6	-24.7	-22.7
Other changes in cash and cash equivalents	0.3	0.2	0.1	50.0
Change in cash and cash equivalents	**53.9**	**-21.4**	**75.3**	**>200**
Cash and cash equivalents as at January 1	**25.2**	**46.6**	**-21.4**	**-45.9**
Cash and cash equivalents as at December 31	**79.1**	**25.2**	**53.9**	**>200**

COMPARISON OF KEY INDICATORS FOR HOTELS IN THE STEIGENBERGER CONSOLIDATED GROUP

	Unit	Forecast 2021 Mgmt. Report 2020	**Actual development 2021**	**Actual 2021**	Actual 2020
Sales – Steigenberger Group hotel operations	€ million	rising sharply	rising sharply	236.1	193.3
Gross operating profit (GOP) – hotel operations	€ million	rising sharply	rising sharply	49.4	28.6
GOP as % of sales	%	rising sharply	rising sharply	20.8	14.8
Loss for the year	€ million	strongly improving	strongly improving	**-68.5**	**-116.0**
ARR (average room rate)	€	increasing significantly	stable development	91.31	89.81
Room occupancy ratio	%	rising sharply	decreasing slightly	31.6	33.7
RevPAR (revenue per available room)	€	rising sharply	decreasing significantly	28.90	30.27

COMPARISON OF KEY INDICATORS FOR HOTELS IN THE STEIGENBERGER HOTELS AG

	Unit	Forecast 2021 Mgmt. Report 2020	**Actual development 2021**	**Actual 2021**	Actual 2020
Sales – Steigenberger Group hotel operations	€ million	rising sharply	rising sharply	101.8	76.7
Gross operating profit (GOP) – hotel operations	€ million	rising sharply	rising sharply	23.3	7.0
GOP as % of sales	%	rising sharply	rising sharply	22.9	9.2
ARR (average room rate)	€	rising sharply	stable development	118.70	116.62
Room occupancy ratio	%	increasing significantly	decreasing slightly	33.7	34.8
RevPAR (revenue per available room)	€	rising sharply	stable development	40.03	40.57

assets and for repairs and maintenance) in the past financial year to €30.7 million compared with the previous year (€27.8 million).

The government aid received for the consequences of the Corona pandemic totaling around €100.3 million made a significant positive contribution to earnings in 2021. In Germany, the aid received comprised an amount of €38.0 million ("November/December aid") for 2020 and an amount of €52.0 million ("Bridging Aid III Plus") for 2021. In their entirety, however, the amounts received covered only a small portion of the total financial damage incurred in the two Corona years.

Despite the consistent implementation of cost-cutting measures and the state aid received, the Steigenberger Group closed the financial year with a loss of €-68.5 million. Driven by the state aid, earnings therefore improved by €47.5 million compared with the previous year's loss of €-116.0 million.

Operating cash flow in 2021 amounted to €-107.0 million, compared with €-128.7 million in 2020; it was financed mainly by drawings on the shareholder loan.

Liquid funds (including marketable securities) as at the balance sheet date increased year-on-year to €79.1 million (prior year: €25.2 million), driven by the payment of the Bridging Aid III Plus in December 2021. The Group reported a net loan debt of €123.1 million as at the balance sheet date. As at December 31, 2021, there were also committed but undrawn credit lines with the Huazhu Group (€45.0 million) and with banks (€2.0 million), as well as guarantee lines amounting to €10.5 million.

Transformation

In the 2021 financial year, Deutsche Hospitality continued to drive forward its transformation into a digital platform company. In particular, the realignment of the Company was prioritized with regard to a significantly improved service offering for current and future partner hotels (BE Deutsche Hospitality), combined with a competitive, pragmatically designed fee concept. In addition, the consistent digital transformation of the Company, supported by the know-how of the owner Huazhu, was the focus of activities. With the new, competitive loyalty program H-Rewards, the opportunities for self-sales were significantly expanded and the basis for professional customer relationship management was created. With the segmentation of the brands, the restructuring of the Commercial area and the reorganization of the IT area, further central milestones of the transformation were implemented.

In parallel to the European activities of Steigenberger Hotels AG, the Huazhu Group also pushed ahead with the development of hotels under the brands Steigenberger Porsche Design Hotels, Steigenberger Icons, Steigenberger Hotels & Resorts, MAXX by Deutsche Hospitality, Jaz in the City and IntercityHotel in China and Asia.

Also in the second year of the pandemic, Deutsche Hospitality again made a clear and unreserved commitment to its core values: hospitality, cosmopolitanism, diversity and efforts to increase sustainability. Deutsche Hospitality is a cosmopolitan company that builds on tolerance, diversity and respect and lives these values. Deutsche Hospitality's employees take their societal responsibility very seriously. Deutsche Hospitality sees Corporate Social Responsibility, the sustainability strategy, as a foundation of its daily performance and future success and as such stands for responsible and sustainable growth.

The Executive Board is convinced that 2022 will also present major challenges for business operations, society and economic development due to the pandemic and its consequences. The war in Ukraine harbors additional risks that are difficult to calculate, particularly with regard to central cost categories. Despite these negative influencing factors, the Executive Board expects to be able to significantly increase the Group's operating result in 2022 due to the encouraging current business developments and the transformation and restructuring measures that have been initiated. It believes that Deutsche Hospitality is well positioned to emerge strengthened from the crisis years into the future in close cooperation with the owner of the Steigenberger Group.

POSITION OF THE STEIGENBERGER HOTELS AKTIENGESELLSCHAFT

Earnings position

Steigenberger Hotels AG operates 18 leased hotels. When adding the 10 management and 7 franchise and license operations in Germany and abroad, this results in a portfolio of 35 hotels in the 2021 financial year.

The 2021 financial year of Steigenberger Hotels AG is again characterized by the negative business development as a result of the Corona pandemic. The significant restrictions on economic activities for Steigenberger Hotels AG and its subsidiaries has led to a negative earnings development as a result of the persistently low level of sales at the Steigenberger Hotels AG and the subsidiaries.

The Company's sales rose by 14.5% from €84.8 million in the previous year to €97.2 million in the financial year. The sales revenues resulted from accommodation and gastronomy revenues amounting to €71.1 million as well as from other hotel services of €26.1 million.

Other operating income increased from €28.7 million in the previous year to €63.9 million. This increase was mainly due to income from government assistance in connection with the Corona pandemic (totaling €45.3 million).

The cost of materials increased by 5.0% compared to the previous year resulting from a slight increase in business activities and amounted to €27.2 million. Due to higher sales, the cost of materials ratio decreased from 30.7% to 28.0% of sales revenues.

Personnel expenses decreased by 2.1% from €64.9 million to €63.6 million. The reduced average number of employees including trainees (-274) essentially contributed to this development. Opposing effects result from the higher wage and salary costs due to the reduced use of short-time working allowances from the Federal Employment Agency. Due to the higher sales, the personnel expenses ratio fell significantly to 65.4% compared to the previous year (prior year: 76.5%).

Other operating expenses increased from €91.8 million in the previous year to €94.3 million in 2021. The increase was due in particular to €3.0 million higher rental and lease expenses and expenses for guarantees amounting to €4.2 million relating to hotel management agreements. This is offset by lower legal, consulting and audit costs in 2021, which were incurred in the previous year for consulting and audit costs in connection with capital market transactions by the parent company.

As a result of the restrictions on business operations and the associated continued significant reduction in sales compared with "normal operations", the operating result in 2021 was €-29.9 million, compared with an operating result of €-74.6 million in the previous year. The reduction in the negative operating result is mainly due to the income from state aid in 2021.

The financial result primarily comprises the expenses from the assumption of losses of the German subsidiaries IntercityHotel GmbH, H.E.A.D. HOTEL EQUIPMENT AND DESIGN GmbH, Jaz Hotels GmbH, MAXX Hotel GmbH, Sourcify GmbH, Zleep Hotel GmbH and Steigenberger Spa GmbH amounting to €7.8 million (prior year: expenses of €42.2 million) and reflects the special economic situation in the Corona crisis.

In addition, the financial result of Steigenberger Hotels AG in 2021 includes an increase of €4.0 million in interest expenses, which results from the taking out of bank loans and a loan from the parent company which were necessary due to the increased liquidity requirements.

In addition, the financial result in 2021 includes an unscheduled write-down of €3.4 million on the investment in Steigenberger DMCC, Dubai, which were made due to the negative business outlook.

Overall, the financial result in 2021 was negative at €-14.1 million. The financial result improved significantly compared to the previous year (€-40.6 million) due to lower expenses from profit transfers from the German subsidiaries in 2021, the decrease of which was also largely due to income from subsidiaries received from state aid.

In the financial year, Steigenberger Hotels AG reported a loss for the year of €43.1 million after income taxes of €0.9 million (prior year: a loss for the year of €115.9 million).

Assets and financial situation

The Company's intangible assets and property, plant and equipment increased by €0.8 million to €23.6 million as a result of scheduled depreciation and amortization of €5.7 million, investments of €7.3 million and disposals at the net book value of €0.8 million. The decrease of €2.3 million in financial assets is mainly due to the unscheduled write-down of €3.4 million on the investment in Steigenberger DMCC, Dubai.

Current assets increased by €24.7 million. This increase is mainly due to the increase in cash and cash equivalents of €46.6 million as a result of government assistance of €52.2 million received in December 2021. This is offset by a reduction in receivables from affiliated companies amounting to €15.5 million, mainly resulting from the settlement of receivables from the sole shareholder in the financial year.

On the liabilities side, amounts due to affiliated companies in particular increased by €57.8 million as a result of loans received by the Huazhu Group in connection with the special situation arising from the Corona pandemic.

As a result of the net loss for the year of €43.1 million, shareholders' equity reduced to €-107.3 million (negative) as at the balance sheet date. The balance sheet total/total assets increased from €236.6 million to €302.8 million as a result of the higher level of borrowings on the liabilities side of the balance sheet and, essentially, the increase in bank balances and the capital deficit on the assets side of the balance sheet.

As at December 31, 2021, there were committed but unused credit lines with the Huazhu Group (€45.0 million), credit lines with banks (€2.0 million) and guarantee lines (€10.5 million).

The liquid funds at the balance sheet date amounting to €61.6 million are offset by liabilities to the banks amounting to €40.6 million. In connection with the Group companies there are receivables and liabilities from cash pooling.

Major investment portfolio

The subsidiaries are shown in the list of shareholdings with their respective 2021 annual result in the notes to the annual financial statements as at December 31, 2021.

Revenues of IntercityHotel GmbH increased by 3.2% from €73.3 million to €75.6 million, but remained well below the pre-crisis level. The net loss for the year before loss transfer was €5.7 million (prior year: €38.9 million). The reduction in the net loss for the year before the loss transfer compared to the previous year is mainly due to government assistance received in the reporting year. Like the other major German subsidiaries, the Company is linked to Steigenberger Hotels Aktiengesellschaft by means of a control and profit/loss transfer agreement.

At H.E.A.D. HOTEL EQUIPMENT AND DESIGN GmbH, sales in the financial year of €2.5 million were slightly above the previous year's level (€2.2 million). The operating result was positive at €0.2 million (prior year: €0.2 million).

Steigenberger Spa GmbH has been operating the "Day Spa" in the Steigenberger Frankfurter Hof, Frankfurt am Main since 2013. Before profit transfer to Steigenberger Hotels AG, the Company posted a slightly positive result for the year of k€23 (prior year: negative result for the year of k€-81).

The earnings position of Jaz Hotel GmbH, Frankfurt am Main, which was founded in 2015 and operates hotels under the Jaz in the City brand, continues to be impacted by restrictions in connection with the Corona pandemic. At €3.1 million, sales in the financial year were on a par with the previous year. The net loss for the year, which is transferred to Steigenberger Hotels Aktiengesellschaft, amounted to €1.1 million (prior year: €2.1 million).

The business development at STAG Hotels Netherlands B.V., Amsterdam (The Netherlands), with the Steigenberger Airport Hotel in Amsterdam managed since 2012 within the framework of a lease agreement and the new operations of IntercityHotel Enschede and Jaz in the City Hotel Amsterdam newly opened in 2015, was negative in the financial year, as in the previous year. Compared to the previous year, sales revenues decreased slightly from €10.9 million to €9.5 million. The Company reported a net loss of €4.6 million in the financial year, compared with €7.9 million in the previous year.

The operation of STAG Belgium N.V., Brussels (Belgium), the Steigenberger Wiltcher's in Brussels, was taken over in 2013. Sales revenues increased in the financial year from €5.4 million to €8.0 million. Due to Corona and restructuring measures, the company posted a negative net result of €11.0 million in the current financial year (prior year: negative net result of €6.3 million).

STAG Hotelverwaltungs-Gesellschaft mbH, Vienna (Austria) sales in the financial year increased from €13.7 million in the previous year to €19.7 million. The net loss for the year was €6.8 million, compared to a net loss for the year of €4.8 million in the previous year.

Steigenberger Hotels AG, Zurich (Switzerland) posted a net loss of €0.6 million in 2021, following a net profit of €2.8 million in the same period of the previous year. Sales revenues decreased from €13.9 million to €3.5 million compared to the previous year, due to the World Economic Forum in Davos, which did not take place in the financial year.

Sales revenues of Steigenberger DMCC, Dubai (United Arab Emirates) amounted to €0.2 million in 2021, as in the previous year. In the current financial year, the company generated a net loss of €0.6 million (prior year: €1.8 million) due to the Corona-related restrictions of business operations.

Steigenberger Hotels Hungary Kft, Budapest (Hungary) was founded in February 2020. The opening of the IntercityHotel Budapest was scheduled for the spring of 2021. Sales revenues in the financial year amounted to €1.0 million. The net loss for the year amounted to €1.0 million.

2/04

RISKS, OPPORTUNITIES AND FORECAST

GOALS OF RISK AND OPPORTUNITY MANAGEMENT

In recent years, the Group has begun to implement an integrated governance system. In the past financial year, the risk management system was relaunched in conjunction with the internal control system and thereby further improved. From 2022, the newly defined risk management system will be implemented in its entirety. Both the competencies and responsibilities and the current risk management process are presented below as part of the updated risk management concept.

Competencies and responsibilities

The Executive Board of Steigenberger Hotels AG bears overall responsibility for developing and maintaining an effective risk and opportunity management system (RMS). As an instrument of the Executive Board, the DH Audit & Risk Management Committee will in future define the strategic direction of the RMS and evaluate its efficiency in implementation.

The risk management officer within Steigenberger Hotels AG specifies the risk policy within the Steigenberger Group by means of guidelines, monitors the defined processes and is responsible for operational planning as well as regular reporting and monitoring.

Steigenberger Hotels AG's risks were grouped into the following categories as part of the redesign of the RMS:

- Institutional risks
- System risks
- Societal risks

The term institutional risks encompasses risks that arise from the presence of Steigenberger Hotels AG on the market and that can be directly influenced by Steigenberger Hotels AG. Systemic risks include risks that are caused by the political, social and ecological system and can only be influenced indirectly by the Group. Social risks include external risks that cannot be influenced by Steigenberger Hotels AG, as it has no way of influencing them directly or indirectly through political parties, associations or others.

All risks are identified and assessed in the business units and segments and forwarded to the risk management officer. Furthermore, those responsible in the individual departments regularly receive an overview of current risks in order to take these into account in their decisions.

Objectives of the RMS

The aim of the RMS is to create the transparency necessary for decision-makers with regard to risks and opportunities, to promote a risk and opportunity culture, and to build a common understanding of risks and opportunities within Steigenberger Hotels AG and the Group.

The identification and assessment of risks and opportunities as well as risk management measures is carried out both on an ongoing basis by the business unit and segment heads, who can forward changes to the risk management officer via ad hoc reporting, and on a semi-annual basis by the risk management officer with the aid of various tools such as SWOT analyses, workshops, interviews and self-assessments.

All identified risks and opportunities are assessed on the basis of their probability of occurrence and potential net loss within a period of one year and are presented and prioritized in a risk matrix.

The risk and opportunity officers, in consultation with the risk management officer, are responsible for developing and implementing measures to mitigate risks and seize opportunities within their area of responsibility. This applies in particular to risks that can actually be controlled and influenced by Steigenberger Hotels AG and therefore primarily concerns the area of institutional risks. Possible strategies here include risk acceptance, avoidance, mitigation or transfer to third parties.

The risk management system is reviewed by the Internal Audit department in line with the audit cycles. The aim is to evaluate and improve the effectiveness of the risk management system.

At the same time, the identified risks are continuously communicated so that they can be taken into account by the management of Steigenberger Hotels AG in all decisions, as all management decisions are forward-looking and therefore involve uncertainty, i.e., risks.

Accounting-related internal control system

In addition to the RMS, Steigenberger Hotels AG has implemented an accounting-related internal control system (ICS). In the second half of 2020, the redesign and implementation of the ICS in accordance with the U.S. Sarbanes-Oxley Act (US-SOX) was started and continued in the reporting year.

The aim of the ICS is to identify, assess and manage all risks relevant to financial reporting at the level of the main business processes by introducing preventive, monitoring and detective control measures. Furthermore, the risks are linked in risk control matrices with their associated controls, which at the same time represent the measures for mitigating the risks.

As part of the RMS, the ICS therefore covers operational and financial reporting risks.

In the reporting year, activities focused on redesigning the ICS in accordance with US-SOX – in particular, the sum of rules and procedures designed to ensure that the organization and processes function properly and that critical areas identified by risk management are regulated and monitored. Within Steigenberger Hotels AG, 15 core processes were analyzed in the last reporting year, for which detailed process descriptions were prepared. Based on this, risk analyses were carried out, controls were defined at the relevant points and the risk control matrices were drawn up step by step by the Governance, Risk& Compliance department in collaboration with the central specialist departments. Coordinators were appointed throughout the company in the relevant operating and central units who are responsible internally for ensuring that the controls are integrated into the operational processes.

Based on the results of the first so-called management testing as part of the implementation of the ICS in accordance with the U.S. Sarbanes-Oxley Act (US-SOX), weaknesses in the existing control system compared with the strict requirements of the US-SOX standards were identified in some areas, which will be systematically addressed in the coming months.

Presentation of material risks

As an international company, the Steigenberger Group is exposed to a variety of macroeconomic, financial, industry-specific and company-specific risks. The risks considered to be material for the Group are explained in more detail below.

Institutional risks

Shortage of workers and skilled personnel

In the area of institutional risks, the shortage of workers and skilled labor, triggered by demographic developments and the academization of the labor market and accelerated by the Corona pandemic, has hit the hotel and tourism industry particularly hard. On the one hand, this affects central specialists and managers, on the other hand, this development is particularly noticeable in the hotel businesses. The hotel industry has developed into an employee market, which not least drives up personnel costs and therefore represents a financial risk in addition to the operational one. To mitigate the risk, 40 short-, medium- and long-term measures were defined on the topics of retaining and finding employees and presented in the roadmap of the "Employer Branding" campaign.

Supply bottlenecks and shortage of raw materials

Furthermore, supply bottlenecks and shortages of raw materials – triggered by the Corona pandemic and the Russia-Ukraine war – are increasing the costs of planned construction work. In addition to the financial risk, these also cause risks for planned completion dates.

However, by actively monitoring current prices for construction measures and adjusting project calculations, including reserve budgets, the planned modernization projects can be implemented. Lastly, there is the possibility of making the time frame for awarding construction contracts more flexible.

The current geopolitical tensions, the war in Ukraine and further trade wars are currently leading to a substantial increase in input prices for almost all purchased services. The most recent collective wage agreements in the hotel industry have also resulted in significant increases in

personnel costs. Although these developments also affect all of Steigenberger Hotels AG's competitors, there is a risk that these cost increases cannot be fully passed on to the market.

Growth and hotel development

Long-term expansion is a key success factor for hotel companies. Although, in the opinion of the Executive Board, the hotel market in the countries in which Steigenberger Hotels AG is represented with its brands continues to be healthy and robust to the greatest possible extent, the price increases already described and the risks to the industry clearly highlighted in the Corona pandemic are creating major challenges for investors in new hotel projects. The ability to finance hotel projects is clearly uncertain to implement, and the macro and micro location of the hotel property as well as operator concept and orientation will have a much greater influence on the assessment of financing in the future. Investments in the hotel segment will consequently become more time- and capital-intensive, so that it is to be expected that the development of new projects will be significantly more restrained than in the past.

In addition, there are risks from possible misjudgments in market entries into new markets or M&A transactions due to inconsistent or insufficiently detailed due diligences of the new markets. This could result in market entry costs not being fully included in the planning calculation.

Furthermore, a lack of international brand awareness of Steigenberger Hotels AG's hotel brands when entering new markets, exacerbated by the lack of a critical mass of hotels, involves that new hotel operations have a difficult start in the market, with the risk that revenue and return expectations will not be achieved.

These market entry risks can be countered on the one hand by creating clusters in the new markets to generate synergy effects and increase brand awareness, and on the other hand by process improvements with regard to the due diligence process and the realignment of market and business partner reviews.

Contract and project risks

The Steigenberger Group, as operator of hotel properties, concludes long-term lease, management and franchise agreements with the owners of the properties. Under certain circumstances, the terms and conditions of the contracts entail a location risk that may lie in the industry-specific development of a destination and be increased by competitors entering the market at short notice. Since currently realized hotel projects were planned without the expectation of a pandemic, supply is growing faster than demand, especially in A-locations. This intensifies competition. Loss limitation clauses (so-called cap regulations) and the economic monitoring of contracts by the Asset Management unit ensure a reduction in the risk inherent in long-term location decisions. In addition, to further strategically counter this risk, low-risk management and franchise contracts are favored.

Contractual investment obligations are met through ongoing maintenance of rooms and public areas. Appropriate provisions are made for contractual obligations relating to maintenance, renewals, replacements and the modernization of fixtures and fittings.

System strategy and cyber risks

Steigenberger Hotels AG plans to realize competitive advantages through the independent development of integrated hotel systems. In this context, compliance with laws and regulations based on confidentiality, the integrity and availability of personal data, including in particular data security and the aspects of data protection and privacy, are of paramount importance. Development delays and additional development costs may affect the economics of this strategy.

Furthermore, the one-system strategy and the in-house operation of IT systems mean that the existing data security risk depends less on the security measures taken by third-party service providers and more on the technical and organizational measures taken by Steigenberger Hotels AG itself. Due to increasing cybercrime worldwide and new technological developments, the technical and organizational measures taken by Steigenberger Hotels AG must also protect it from cyber attacks. To counter these dynamic risks, extensive technical and organizational measures have been implemented as part of the IT security concept. These include, in particular, restrictive access controls, regular backups, penetration tests, adequate contractual agreements with service providers for outsourced systems and an active risk assessment.

Data protection risks

The Steigenberger Group gives top priority to safeguarding and respecting the personal rights and protection of personal data, in particular of employees, guests and customers, in accordance with the applicable legal provisions. The applicable data protection principles, in particular purpose limitation, data minimization, transparency, accuracy and limitation of the storage period – generally integrity and confidentiality – are binding standards for data processing and security in the Steigenberger Group. This is associated with extensive documentation and reporting obligations. The structures and corresponding processes in the Steigenberger Group are continuously aligned with the legal requirements in close coordination with the data protection working group in order to manage the increased requirements and associated risks.

Financial risks

Financial risks arising from market price changes or cash flow fluctuations are of minor significance for the overall Group. Default and liquidity risks in the area of account receivables are limited by refining cash-relevant processes as part of the internal control system, and maintaining a well functioning accounts receivable management and dunning system.

The valuation of the shares in affiliated companies and loans to affiliated companies in the Steigenberger Hotels AG depends on the future development of the subsidiaries. Steigenberger counters these valuation risks by continuously monitoring business development.

Currency risks exist due to the international orientation of the Group. Steigenberger Hotels Aktiengesellschaft therefore continuously monitors developments on the foreign exchange markets, foreign currency receivables and liabilities arising from contracts concluded or under negotiation, and in particular examines the need for additional hedging measures based on expected changes in exchange rates. No additional hedging measures were taken as of the balance sheet date.

The Corona pandemic had a significant impact on the Group's liquidity position. Despite the early introduction of liquidity-preserving measures, the crisis resulted in a significant need for financing, which was covered both by external banks and by the shareholder Huazhu. Steigenberger Hotels AG and its subsidiaries will not be able to cover their cumulative liquidity requirements entirely from their own resources over the next 24 months either, but will have to rely on additional financing. To this end, the Company can continue to draw on a credit line agreed with the shareholder, which can fully cover the liquidity requirements for the next 12 months on the basis of current liquidity planning.

Liquidity requirements from operating activities are expected to return to normal to a large extent in 2023 and the following years; strategic investments above and beyond this will be coordinated with the shareholder. To finance any resulting further cash requirements, the Group can draw on the existing credit line and a Letter of Support in which Huazhu is obligated to support Steigenberger Hotels AG and its subsidiaries at all times until at least March 18, 2024 in such a way that the latter can meet its payment obligations at all times.

In the past, all financing requests to Huazhu have been met swiftly and without any problems on the part of the shareholder. Huazhu has communicated a cash balance of approximately US$ 651 million and unused credit lines of approximately €424 million as part of the publication of the quarterly results as of the end of March 2022.

The Executive Board is convinced that the Huazhu Group is not only willing, but also able to meet the obligations of the loan agreement and the Letter of Support.

Against this background, the Executive Board considers the Company's solvency to be assured at all times for at least the next 24 months.

Tax risks

The tax audit currently taking place for the years 2013–2015 has been largely completed. The reports have not yet been issued. The tax audit for the years 2016–2018 is expected to start in spring 2022. Appropriate provisions have been made for risks in subsequent years resulting from the tax audits.

Payroll tax audits are currently taking place at the Jaz Hotel GmbH (2015–2018). Audits of the Company pension schemes are currently taking place at Steigenberger Hotels AG and IntercityHotel GmbH for the years 2013–2015. The payroll tax audit at Steigenberger Hotels AG (for the years 2013–2016) was completed in December 2019. Reports and assessments were available in January 2020.

As a result of the change in the Group affiliation to the Huazhu Group in 2020, the clarification of tax issues in the context of tax audits has become more complex. In addition, the increasing internationalization of the Group leads to international tax risks. The transfer of services

and the granting of licenses between group companies are recorded group-wide in transfer pricing documentation. When new hotel projects are being assessed, a definitive decision regarding a specific location and the process of defining contract terms are supported on a timely basis by way of an assessment of international tax risks and opportunities. The information and assessment of possible tax risks and documentation are supported by early tax monitoring.

System and societal risks

In addition to inherent risks, Steigenberger Hotels AG is also exposed to political and legal factors that may have an impact on business development.

Changes in legislation, e.g., with regard to sales tax regulations for hotel services, reporting requirements for hotel stays or even compensation for the consequences of pandemics, can have a significant impact on the profitability of the hotel industry and the market position of individual competitors.

In connection with the personnel risks mentioned, there is a risk arising from the increase in the minimum wage to € 12 by the new German government, which will result in an overall increase in salaries. This will lead to an increase in personnel costs, particularly in the area of temporary staff, but also in general, while productivity will remain unchanged. Mitigating measures have already been taken in the area of inherent risks.

In connection with the institutional risk of an increase in prices for construction work, a further risk arises from the flood disaster in the Ahr valley and the destruction of the infrastructure there and the Steigenberger Hotel Bad Neuenahr. Unless the infrastructure at this location is fully restored, the location will remain unattractive for leisure and business travelers. This threatens to result in lost sales for the Steigenberger Hotel there, even if it is again operational.

The economic situation of the Group's hotels will continue to be affected by economic factors in the coming years, which may have a positive or negative impact on the Company.

Terrorist attacks, natural disasters, wars and new pandemics can have a negative impact on business development in the Steigenberger Group's markets and a substantial effect on the Group's sales and costs.

Economic trends in the Group's markets exert a strong influence on demand for hotel travel for business and private customers. Recessions or economic stagnation can therefore have a strong negative impact on the revenue and earnings of Steigenberger Hotels AG.

The behavior of competitors, particularly with regard to pricing measures and the development of potential new, superior hotel concepts, may have a significant impact on the competitive position of Steigenberger Hotels AG.

Changing customer preferences in terms of their requirements for hotel services can also lead to an increased need for investment in long-term leases to ensure that product offerings remain competitive. In particular, with the acceleration of digitization and increased use of online meetings during the Corona pandemic, many companies have found that high-cost face-to-face meetings, events and conventions can also be held online. This change in the perception of business travel, meetings, trade shows as well as events is reducing the occupancy rate at locations that traditionally serve business customers, trade show customers and event travelers. Furthermore, the general travel behavior of the target groups, especially business travelers, is changing as a result. This may lead to a drop in revenues and, particularly in the business travel segment, where loyalty programs are of particular importance in contrast to the leisure segment, to a decline in loyalty contributions and consequently to rising transaction fees. To address these risks, the Company has established a trade show task force consisting of members of the Sales division to deal with the remaining business in a dedicated manner.

As currently implemented hotel projects were planned several years ago, the focus of some Deutsche Hospitality brands, especially Steigenberger and IntercityHotel, on A-locations represents a risk, as the currently implemented hotel projects in the industry were planned without the expectation of a pandemic and thus the supply at these A-locations is currently growing significantly faster than the demand. The resulting excess supply is intensifying competition via increasing pressure on room rates.

Other social risk factors relate to the increasing requirements of customers (especially in the corporate sector) and business partners in terms of ESG criteria. These could lead to a shift in the competitive situation and therefore to the loss of guests in the corporate and leisure sectors. In the worst case, this could also lead to delisting from booking portals. Steigenberger Hotels AG has therefore set up a committee to implement and comply with ESG criteria. The committee's task is to define clear goals and sustainable management strategies. The goal is to create a plan of action that is supported by all employees of Steigenberger Hotels AG.

Overall assessment of the risk situation

The Corona pandemic continued to have a major impact on the German and international economy in 2021 and will continue to have a significant effect on Steigenberger Hotels AG in the next financial year. Lockdowns, event and guest count restrictions, changes in guest travel behavior and non-plannable political decisions will lead to significantly reduced revenue and earnings compared to "normal operations", particularly in the first half of the financial year. The expected impact on earnings is reflected in the Group's planning, and current booking figures show that the recovery of the industry is somewhat faster than expected.

The Corona pandemic will continue to affect the Group's net assets, financial position and results of operations until at least 2023. In view of the measures initiated, the Executive Board expects Steigenberger Hotels AG to emerge from the crisis stronger in terms of future results and margins.

In view of the continuing support of the owner Huazhu, the Executive Board does not currently see any risks to the continued existence of Steigenberger Hotels AG.

Opportunities report

The management of opportunities at Steigenberger Hotels Aktiengesellschaft is determined by the corporate strategy with the core elements of increased earnings, quality leadership and profitable growth.

Opportunities are identified and evaluated throughout the year by the operating segments and the supporting specialist departments as part of the management of the Company. Whereas short-term earnings reporting focuses on opportunities that mainly relate to the current financial year, the medium-term planning process focuses on opportunities that are of strategic importance for the Group.

External opportunities for Deutsche Hospitality result from the strong recovery in demand for hotel services that can currently be observed in Europe, which is significantly exceeding expectations at the moment.

The Deutsche Hospitality umbrella brand is a key lever for developing momentum, expanding internationally and driving innovation. It sees itself as an international brand family characterized by the attributes "Passion – Perfection – Caring – Tradition – Visionary". In doing so, it positions itself not only as an excellent host, but also as an attractive employer that inspires its employees around the globe.

The end of the Corona-related measures enables the company to restart on the basis of significantly leaner structures. Through consistent cost control and process improvements, these structures can be strengthened in the long term and therefore lead to permanent improvements in margins.

With "BE Deutsche Hospitality", Steigenberger Hotels AG has created a new and innovative service package. It offers digital innovations and business solutions from a single source – from sales, marketing and communications to IT and digital commerce to operations, purchasing, human resources, accounting and other areas of the hotel industry. This innovation is associated with a change in attitude towards a service mentality with respect to hotels and investors. The program increases management and franchise attractiveness and is an important component of the long-term strategy to further develop the hotel network within and outside Europe and thus to be present for guests in attractive destinations.

With the clear goal of further improving the guest experience around our hotels and brands and continuously strengthening our competitive position, the structure of the Group headquarters is being continuously developed and made more flexible. Synergies are being created through "cross-functional" work in the area of communication with guests and in sales in order to position our brands and quality standards even more effectively.

In addition, the Company expects the systematic further development of its customer retention and loyalty offerings to result in substantial cost reductions, a significant simplification of processes, and considerably higher customer retention.

The demands of our working world and constantly changing processes in connection with the digital transformation require an open and agile corporate culture. To this end, the Steigenberger Group is planning to revise its management development program for middle management in the segments and specialist areas. In this context,

HR work will focus on actively shaping change processes, increasing competencies and promoting entrepreneurial talent to ensure more sustainable results.

Following the change of ownership in 2020 to Huazhu Group, the Company will have opportunities in terms of connection to a joint customer loyalty program, adoption of highly efficient sales and property management systems, synergies in international development, administration and purchasing, and potential access to international capital markets.

In summary, the opportunities identified can help the Company achieve its strategic goals faster and better in the future.

Forecast

In its Autumn Report 2021, the European Commission expects the EU economy to grow by 4.3% and 2.5% respectively in the years 2022 to 2023. The greatest risks to growth continue to arise from bottlenecks and disruptions in global supply chains and, currently, from the consequences of the war in Ukraine. Energy prices have risen rapidly recently and are holding back both consumption and future investment.

The upcoming relaxation of regulatory requirements has visibly improved the labor market in the EU. From the European Commission's business survey, labor shortages are emerging in the sectors that are growing fastest.

As a result of these developments, inflationary pressure is expected to continue in the EU, which according to current forecasts will be reflected in inflation rates of 6.8% in 2022 and 3.2% in 2023. The expected developments in the main sales markets of Steigenberger Hotel AG are as follows:

According to the DIW forecast, GDP in Germany will increase by 3.0% in 2022 compared to the previous year. Economic growth of 2.9% is forecast for 2023. The number of unemployed in 2022 is estimated at around 2.29 million. For 2023, the DIW expects a further reduction to 2.15 million unemployed.

Sales in the travel & tourism segment are expected to total around €45.1 billion in 2022. According to the forecast, a market volume of €59.9 billion will be reached in 2026, corresponding to expected revenue growth of 7.4% p.a.

Economic growth in Belgium is slowing due to supply bottlenecks, rising energy prices and a deteriorating healthcare situation. After strong growth of over 6% in 2021, economic activity is expected to increase by only around 2.6% in 2022. The unemployment rate is forecast to fall steadily to 5.7% in 2024.

Real GDP in the Netherlands is forecast to increase by 3.3% in 2022. Both domestic demand (+3.4%) and exports of goods and services (+5.2%) are expected to increase noticeably.

Despite the negative effects of the fourth lockdown, the Austrian economy recorded significant GDP growth of 4.8% in 2021, as the report by Erste Group Bank AG shows. Growth of 4.3% is expected for 2022. The inflation rate for 2022 is estimated at +3.9%.

The expert group of the Swiss State Secretariat for Economic Affairs assumes that Switzerland's GDP for the full year 2022, adjusted for sports events, will increase by 3.0% compared to the previous year. In 2023, according to the forecast of the State Secretariat for Economic Affairs, real GDP will increase by 2.0% compared to the previous year. Tourism continues to face the greatest setback. Travel restrictions, quarantine rules and the continuing uncertainty are keeping many foreign guests away.

Alongside Ireland, Luxembourg and Sweden, Denmark is one of the countries that exceeded its pre-crisis economic level in 2021. In 2021, GDP was up 1.8% on the pre-crisis level. The key factor here was the relaxed Corona-related measures implemented in the summer. For the following year 2022, the Scandinavian financial and economic institutes expect economic growth of 3.0% to 3.5%. In view of the good order situation, increasing automation pressure and higher environmental targets, investment in Denmark will grow by 3 to 4% in each of the next two years.

Germany Trade & Invest Gesellschaft reports an expected GDP increase of 3.3% for Egypt in 2021 and forecasts growth of 4.4% for 2022 based on the evaluation of the Economist Intelligence Unit. The tourism market will continue to develop positively. Having already recorded between five and six million foreign guests in the year, this trend will continue to strengthen after the resumption of Russian scheduled flights after a break of several years.

The Steigenberger Group has responded to this development by establishing shorter forecasting cycles and extending the active planning period for the liquidity planning to three years. A monthly reassessment is offset by a shortened reliable range of forecasts.

The development of the most important customer segments is estimated to be very different. Leisure segments (vacation and recreation) will recover the fastest and most sustainably. The level of individual leisure segments may exceed the levels of previous years due to pent-up demand; this could be observed at times as early as 2020 and 2021. The development of corporate segments (business travel and events) will follow the individual trend. The level of previous years will probably be reached with a delay. Group segments are increasingly dependent on the general travel environment and the expectation is that the demand level of previous years will be reached by 2024 at the latest.

The actual level of future demand is difficult to estimate and current experiences with virtual meetings will permanently change the market. Finally, international demand will take the longest to recover due to restrictions on air travel and has further growth potential in the medium term.

A continuous recovery can currently be observed, which varies depending on the segment. The Steigenberger Hotels & Resorts and Jaz in the City brands are benefiting most from the recovery in demand. At the same time, the war in Ukraine poses additional risks that are difficult to calculate. Together with pandemic-related transport and,

FORECAST KEY FINANCIAL PERFORMANCE INDICATORS OF THE STEIGENBERGER GROUP

	Unit	Forecast 2022	Actual 2021	Actual 2020
Sales – Steigenberger Group hotel operations	€ million	rising sharply	236.1	193.3
Gross operating profit (GOP) – hotel operations	€ million	rising sharply	49.4	28.6
GOP as % of sales	%	rising sharply	20.9	14.8
Loss for the year	€ million	strongly improving	68.5	-116.0
ARR (average room rate)	€	rising sharply	91.31	89.81
Room occupancy ratio	%	rising sharply	31.6	33.7
RevPAR (revenue per available room)	€	rising sharply	28.90	30.27

FORECAST KEY FINANCIAL PERFORMANCE INDICATORS OF THE STEIGENBERGER HOTELS AG[1]

	Unit	Forecast 2022	Actual 2021	Actual 2020
Sales – Steigenberger Group hotel operations	€ million	rising sharply	101.8	76.7
Gross operating profit (GOP) – hotel operations	€ million	stable development	23.3	7.0
GOP as % of sales	%	rising sharply	22.9	9.2
Loss for the year	%	strongly improving	-43.1	-115.9
ARR (average room rate)	€	rising sharply	118.70	116.62
Room occupancy ratio	%	rising sharply	33.7	34.8
RevPAR (revenue per available room)	€	rising sharply	40.03	40.57

[1] including Maxx Potsdam and Deidesheim

if necessary, production restrictions in China, there is considerable price pressure on input factors, to which we are responding with flexible adjustments to rates.

In addition, work is being done on new product concepts such as "Long Stay" (long-term guests). The implementation of organizational optimization in the commercial area and the new segment structure will enable the Steigenberger Group to act more quickly in the market and take advantage of new opportunities. Cost and process optimizations established in the pandemic period, together with the implementation of digitization, will ensure an improved cost position.

Overall, the Steigenberger Group considers itself well prepared for the expected recovery in 2022 and expects rising sales and earnings for Steigenberger Hotels AG and the Group.

2/05

SUSTAINABILITY

Employees

The continuous development of corporate strategy and culture is a key success factor for the future of Deutsche Hospitality. A crucial factor is the strategy-based Group-wide change process in the corporate and management culture as well as the continuous digitization of many processes. Structured specialist and managerial development, the internationalization of further training measures and organizational development as well as an effective recruiting process based on an attractive employer image are decisive for sustainable change.

The employer branding initiatives increase the attractiveness of Deutsche Hospitality and its brands as an employer on the external job market and make it easier to recruit qualified employees and managers.

At the same time, the measures to retain or train senior executives through targeted employee development are having an effect. The Young Potential Award and the Talent Review Conference increase the transparency of talents within the Group. In this way, vacancies can increasingly be filled internally. In order to additionally ensure the systematic organizational development at Group level in a sustainable manner, the executive development program will be continued at senior management level and a further program is being implemented for "junior leaders" with initial management experience.

With the onset and progression of the Corona pandemic, the central areas of hygiene concepts, communication, working from home offers, the introduction and continuation of short-time work, training concepts and a large number of other measures had to be sensibly adapted to the constantly changing conditions and communicated transparently. This was supported by the #DHconnect communication platform, which employees can access. The connected eCampus made it easier to switch all training courses to digital formats. At the same time, #DHconnect promotes cross-functional and cross-hierarchical collaboration among the hotels and between the hotels and the corporate office.

The current changes in the world of work give rise to a shared responsibility on the part of managers, employees and stakeholders to maintain social and cultural integration in the Company. The Company meets this responsibility through a variety of regular exchange and communication platforms as well as by maintaining the company contact point in the form of the corporate office for personal contact.

For process digitization and standardization, the HR management system "rexx" was introduced throughout Germany, which also increases transparency and efficiency in the entire HR area. The international roll-out will start at the beginning of 2022.

The human resources strategy implemented by Steigenberger Hotels Aktiengesellschaft has been distinguished not least by the fact that it has been awarded the "Top Employer Germany" seal of approval by the independent Top Employer Institute since 2010. The Company impressed in the categories of benefits, training, development and career opportunities, and corporate culture. The company also received the "Top National Employer Award" (Focus and Kununu), which is based on the ratings of its own employees and applicants.

Sustainability: corporate social responsibility

Deutsche Hospitality began implementing its new corporate social responsibility strategy in 2021. It sees corporate social responsibility (CSR) as one of the most important future topics for responsible and successful business. In 2022, the strategy will be consistently pursued and tested for topicality by the first official sustainability report for the 2021 financial year.

The new CSR strategy sets the following guiding principle:

"We believe it is our natural responsibility to consider the effects of our actions on the environment and climate, on people and society. This philosophy includes looking at our value chain – from our raw materials and products right up to the travel behavior of our guests. To provide transparency on how we understand this responsibility, the resulting measures and the objectives both inside and outside the company, we have set out our strategy for corporate social responsibility in a CSR roadmap."

The mission statement is based on binding short, medium and long-term goals for all key sustainability issues at Deutsche Hospitality. Based on these targets, the approach to the formulated ambitions is continuously evaluated, so that CSR can be controlled in a business sense. This clear orientation and the consideration of the sustainability expectations of various stakeholders allow the Company to use the CSR strategy to secure its market position, minimize risks at an early stage, implement innovation and thus promote growth and internationalization.

CSR comprises five key areas of action for Deutsche Hospitality: Green Buildings, Green Services, Fair Partnerships, One Team, New Chance.

The mission statement is to be implemented consistently in the coming years. In the process, targets will be continuously reviewed and adjusted as necessary. The sustainability standards are secured through regular certifications of our hotels as well as processes. These certifications include, for example, ISO 14001:2015, ISO 50001:2018, industry-specific certifications with GSTC recognition such as Green Start or Green Key, and Ecodavis. The respective scope of the certifications may differ and does not necessarily apply to all hotels.

2/06

OTHER DISCLOSURES

Equal participation for men and women in management positions (Declaration on corporate governance)

Steigenberger Hotels Aktiengesellschaft had defined a target percentage of 33.3% by June 30, 2017 for the proportion of women on the Supervisory Board and, if the Executive Board is expanded, also for the first and second management levels below. This target was confirmed in the Supervisory Board by resolution on June 24, 2021 with an implementation deadline of June 30, 2022. The proportion of women on the Supervisory Board is 33.3%, meaning that the target was met in 2021.

The 2020 confirmed target for the expansion of the Executive Board until June 30, 2022 does not come into effect in the reporting year, as there was no change in the Executive Board in 2021.

Due to extensive restructuring at the Company, the resolution adopted by the Executive Board on June 7, 2021 only defined a first management level below the Executive Board, for which, in the event of expansion, the objective for achieving the defined target figure for the proportion of women of 33.3% was established with an implementation deadline of June 30, 2022. Up to this point, the defined target figure was not achieved at this management level in the reporting year. There were no suitable applications from candidates. At the time of the determination in June 2021, the percentage was 11.76%. No new positions were filled after the definition in the reporting year.

2/07

CONCLUDING STATEMENT ON THE DEPENDENT COMPANY REPORT

The Executive Board's report on relationships with affiliated companies (Section 312 of the German Stock Corporation Act [AktG] concludes with the following statement:

"In respect of the legal transactions and measures listed in the report on relationships with affiliated companies, our Company has received an appropriate consideration for each legal transaction according to the circumstances known to the Executive Board at the time the legal transactions were carried out or the measures were taken or omitted and has not thereby been disadvantaged."

Frankfurt am Main, Germany, June 15, 2022
Executive Board



Oliver Bonke



Dr. Ulrich Johannwille

CONSOLIDATED FINANCIAL STATEMENTS

REPORT 2021

8/01	Consolidated Balance Sheet	54
8/02	Consolidated Income Statement	56
8/03	Fixed Assets	58

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2021

Assets in k€	Dec. 31, 2021	Dec. 31, 2020
A. Fixed assets		
I. Intangible assets		
1. Purchased concessions, industrial property and similar rights and assets, and licenses in such rights and assets	5,128	5,199
2. Goodwill	10,966	12,124
3. Payments on account	0	224
	16,094	**17,547**
II. Property, plant and equipment		
1. Land, similar rights and buildings including buildings on third-party land	11,260	13,236
2. Technical equipment and machinery	11,232	12,230
3. Other equipment, operational and office equipment	19,045	21,901
4. Payments on account and construction in process	5,526	2,489
	47,063	**49,856**
III. Financial assets		
1. Loans to companies with which there is a participation relationship	0	75
2. Shares in associated companies	14,059	2,513
3. Other investments	500	500
4. Other loans	3,989	4,010
	18,548	**7,098**
	81,705	**74,501**
B. Current assets		
I. Inventories		
1. Raw materials, consumables and supplies	1,716	1,586
2. Work in progress	1,220	754
3. Goods for sale	1,780	1,614
	4,716	**3,954**
II. Receivables and other assets Trade receivables		
1. Trade receivables	15,204	14,172
2. Receivables from affiliated companies	125	10,346
3. Receivables from companies with which there is a participation relationship	16	38
4. Other assets	36,693	35,437
	52,038	**59,993**
III. Securities		
Other securities	2	2
IV. Cash on hand, bank balances and checks	79,096	25,177
	135,852	**89,126**
C. Prepaid expenses and deferred charges	**12,380**	**12,175**
D. Deferred tax assets	**24,320**	**26,369**
E. Capital deficit	**119,836**	**52,150**
	374,093	**254,321**

Shareholders' equity and liabilities in k€	Dec. 31, 2021	Dec. 31, 2020
A. Shareholders' equity		
I. Subscribed capital	12,480	12,480
II. Capital reserve	13,273	13,273
III. Revenue reserves	6,302	6,302
IV. Equity difference due to currency translation	2,381	1,610
V. Consolidated retained losses	-154,649	-87,504
VI. Minority interests	377	1,689
Subtotal	-119,836	-52,150
Transfer to assets item E.	119,836	52,150
	0	**0**
B. Negative goodwill arising from the capital consolidation	**457**	**0**
C. Provisions		
1. Provisions for pensions and similar obligations	14,888	14,060
2. Tax provisions	2,448	2,943
3. Other provisions	70,850	50,590
	88,186	**67,593**
D. Liabilities		
1. Liabilities due to credit institutions	45,333	50,069
2. Advance payments received on account of orders	12,970	11,920
3. Trade payables	39,831	38,581
4. Liabilities to affiliated companies	156,880	60,468
5. Liabilities to companies with which there is a participation relationship	20	62
6. Other liabilities	24,022	18,229
	279,056	**179,329**
E. Deferred income	**5,561**	**6,506**
F. Deferred tax liabilities	**833**	**893**
	374,093	**254,321**

CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL YEAR FROM JANUARY 1 TO DECEMBER 31, 2021

in k€	2021	2020
1. Sales revenues	222,481	202,828
2. Increase (prior year: decrease) in work in progress	466	-1,110
3. Other operating income	137,815	56,787
4. Total output	**360,762**	**258,505**
5. Cost of materials		
a) Cost of raw materials, consumables, trading stock and purchased goods	-48,428	-43,925
b) Cost of purchased services	-28,713	-26,817
	-77,141	**-70,742**
6. Gross profit	**283,621**	**187,763**
7. Personnel expenses		
a) Wages and salaries	-98,240	-90,366
b) Social security, pension and other benefit costs	-19,803	-21,719
	-118,043	**-112,085**
8. Depreciation and amortization on intangible assets and property, plant and equipment	-14,140	-15,040
9. Other operating expenses	-212,897	-196,413
10. Operating result	**-61,459**	**-135,775**
11. Income from investments	0	522
12. Income from long-term loans	86	4
13. Other interest and similar income	368	541
14. Interest and similar expenses	-6,610	-2,272
15. Result from associated companies	25	-227
16. Financial result	**-6,131**	**-1,432**
17. Taxes (income (+) / expense (-)) on income and earnings	-869	21,225
18. Result after taxes	**-68,459**	**-115,982**
19. Consolidated net loss for the year	**-68,459**	**-115,982**
20. Losses attributable to minority interests	1,314	2,609
21. Retained earnings brought forward	-87,504	26,497
22. Transfer to other revenue reserves	0	-628
23. Consolidated retained losses	**-154,649**	**-87,504**

GROUP FIXED ASSETS SCHEDULE FOR THE 2021 FINANCIAL YEAR

in k€	Acquisition or construction costs Jan. 1, 2021	Additions	Disposals	Transfers between categories	Changes in the scope of consolidation	Currency differences	Accumulated amortization and depreciation Dec. 31, 2021	Jan. 1, 2021	Currency differences	Additions	Disposals	Dec. 31, 2021	Net book values Dec. 31, 2021	Dec. 31, 2020
A. Fixed assets														
I. Intangible assets														
1. Purchased concessions, industrial property and similar rights and assets, and licenses in such rights and assets	12,176	1,115	-270	224	462	1	13,708	6,977	1,809	-206	0	8,580	5,128	5,199
2. Goodwill	28,764	0	0	0		294	29,058	16,640	1,452	0	0	18,092	10,966	12,124
3. Payments on account	224	0	0	-224		0	0	0	0	0	0	0	0	224
	41,164	**1,115**	**-270**	**0**	**462**	**295**	**42,766**	**23,617**	**3,261**	**-206**	**0**	**26,672**	**16,094**	**17,547**
II. Property, plant and equipment														
1. Land, similar rights and buildings including buildings on third-party land	49,266	208	-91	0	0	267	49,665	36,050	2,191	-91	255	38,405	11,260	13,236
2. Technical equipment and machinery	36,606	1,398	-1,605	27	0	564	36,990	24,376	2,378	-1,483	487	25,758	11,232	12,230
3. Other equipment, operational and office equipment	79,622	2,574	-4,180	1,429	9	331	79,785	57,721	6,310	-3,598	307	60,740	19,045	21,901
4. Payments on account and construction in process	2,493	4,669	-176	-1,456	0	0	5,530	4	0	0	0	4	5,526	2,489
	168,007	**8,844**	**-6,052**	**0**	**9**	**1,162**	**171,970**	**118,151**	**10,879**	**-5,172**	**1,049**	**124,907**	**47,063**	**49,856**
III. Financial assets														
1. Loans to companies with which there is a participation relationship	75	0	-75	0	0	0	0	0	0	0	0	0	0	75
2. Shares in associated companies	2,539	12,000	-605	0	0	157	14,091	26	0	0	6	32	14,059	2,513
3. Other investments	500	2	-2	0	0	0	500	0	0	0	0	0	500	500
4. Other loans	4,010	11	-33	0	0	1	3,989	0	0	0	0	0	3,989	4,010
	7,124	**12,013**	**-715**	**0**	**0**	**158**	**18,580**	**26**	**0**	**0**	**6**	**32**	**18,548**	**7,098**
	216,295	**21,972**	**-7,037**	**0**	**471**	**1,615**	**233,316**	**141,794**	**14,140**	**-5,378**	**1,055**	**151,611**	**81,705**	**74,501**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4/01	Preliminary Remarks	62
4/02	Consolidation	62
4/03	Accounting, Valuation and Currency Translation Methods	65
4/04	Notes to the Balance Sheet	68
4/05	Notes to the Income Statement	78
4/06	Notes to the Cash Flow Statement	80
4/07	Other Disclosures	80
4/08	Executive Directors and Members of the Supervisory Board	82
4/09	Independent Auditor's Report	85



4/01

PRELIMINARY REMARKS

Steigenberger Hotels Aktiengesellschaft has its registered offices in Frankfurt am Main (Germany) and is entered in the Commercial Register of the district court (Amtsgericht) of Frankfurt am Main under the number HRB 25755.

The 2021 consolidated financial statements of Steigenberger Hotels Aktiengesellschaft have been prepared in accordance with the applicable regulations for corporations set out by the German Commercial Code (Handelsgesetzbuch; HGB) and the Stock Corporation Act (Aktiengesetz; AktG) in the version of the Accounting Directive Implementation Act (Bilanzrichtlinien-Umsetzungsgesetz; BilRUG).

Contrary to the legal classification scheme stipulated under Section 275 Para. 2 of the German Commercial Code (HGB), other taxes that are to be disclosed under caption no. 16 are reported under other operating expenses as they are operating costs.

In the interest of improved transparency, the disclosures to be provided with respect to individual balance sheet and income statement captions as well as those that can be optionally provided in the balance sheet or in the income statement in accordance with statutory regulations are stated in the notes to the financial statements ("Notes").

Where changes in the scope of consolidation impact comparability to the prior year, these effects are explained in the Notes.

4/02

CONSOLIDATION

Consolidation group

With effect from January 2, 2020, DH Group GmbH & Co. KG (formerly: Huazhu GmbH & Co. KG), Frankfurt am Main, Germany holds all shares in Steigenberger Hotels Aktiengesellschaft.

As of December 31, 2021, the Group includes, in addition to Steigenberger Hotels Aktiengesellschaft, nine domestic and twenty-three foreign subsidiaries (full consolidation) for which Steigenberger Hotels Aktiengesellschaft holds – directly or indirectly – the majority of votes (Section 290 Para. 1 of the German Commercial Code [HGB]).

With effect from January 1, 2021, the remaining 50% of the shares in Sourcify GmbH, Frankfurt am Main, Germany, were acquired at a purchase price of one euro. Through the acquisition of the remaining 50% of the shares and voting rights, Sourcify GmbH will be fully consolidated in the Steigenberger Group for the first time from 2021.

In addition, DH Digital Integration Center SIA in Riga, Latvia, was founded during the 2021 financial year and consolidated for the first time as at December 31, 2021.

The scope of consolidation has therefore been increased by two companies compared to the prior year. The changes in the scope of consolidation do not have any significant effects on the balance sheet and income statement compared to the previous year, as DH Digital Integration Center SIA is not yet operational as at December 31, 2021 and the impact of Sourcify GmbH as a small corporation on the balance sheet and income statement is negligible.

In accordance with Section 312, Para. 1, Clause 1 of the German Commercial Code (HGB), three foreign companies in which substantial influence is exercised in business or financial policies, due to shares of voting rights and/or actual influence through the appointment of management or supervisory bodies (associated companies), have been included in the consolidated financial statements using the equity method.

Due to the acquisition of the remaining 50% of the shares in Sourcify GmbH, Frankfurt am Main, this company is no longer reported as an associated company as at December 31, 2021, but is fully consolidated as a subsidiary.

In the 2021 financial year, 34% of the shares in Commerz Real Institutional European Hotel Fund SCA, Luxembourg were acquired from the subsidiary DH Deutsche Hospitality GmbH, Frankfurt am Main, for a purchase price of k€12,000. The objective of the investment is to expand the investments in European hotel properties and subsequently to take over the long-term leases of the real estate properties. The share value (fair value) amounted to k€11,420 as at December 31, 2021. Commerz Real Institutional European Hotel Fund SCA, Luxembourg is included in the consolidated financial statements as at December 31, 2021 as an associated company with a carrying amount of k€11,882. The difference to the carrying amount was k€-402. There is no expected permanent impairment because the share value is characterized by start-up losses and future agreed investments are expected to increase the value. In addition, the current issue value for future committed share purchases is higher than the current share value. No distribution was made for the financial year. When requesting the redemption of the units, the Fund Manager has the right to postpone the redemption for up to 24 months if the liquid assets are insufficient.

Reference date of consolidated financial statements

The consolidated balance sheet date as of December 31, 2021 corresponds to the reporting date of the annual financial statements of the parent company and the included subsidiaries and associated companies. Aurea Palacio Hospitality Private Limited, New Delhi (India) is an exception in this context; the company prepares its financial statements as of March 31, i.e., the end of its financial year and is included in the consolidated financial statements on the basis of interim financial statements as at December 31, 2021.

Consolidation principles

In accordance with the retention option under Art. 67 Para. 5 Clause 2 of the Introductory Act to the Commercial Code (Einführungsgesetz zum Handelsgesetzbuch – EGHGB) capital consolidation for acquisitions made prior to January 1, 2010 is performed using the book value method on the basis of the carrying values of the shares in the companies included in the consolidated financial statements at the time of acquisition or formation date or at the time of initial inclusion in the consolidated financial statements. First-time consolidations during the reporting year were performed based on the revaluation method, which is a variation of the purchase method. Any excess of the cost of acquisition over the fair value of the identifiable net assets acquired was recognized as goodwill and amortized on a straight-line basis over the estimated useful life of the asset. The useful life is based on an assessment of the time pattern of earnings returns based on the identified components of goodwill. These components represent in particular the brand name acquired as part of the acquisition of the shares in the company.

The asset difference of k€7,723 resulting from the acquisition of Steigenberger DMCC, Dubai (United Arab Emirates) in 2016 has been allocated to goodwill. The goodwill is amortized over a period of 15 years. The average duration of the management agreements in place at the time of the acquisition was the criterion used for estimating this useful life. Scheduled amortization in the reporting year amounted to k€247.

The acquisition of Zleep Hotels A/S, Taastrup (Denmark) in the year 2019 has resulted in an asset difference of k€9,605. The goodwill is amortized as scheduled in accordance with the duration of the hotel agreements over 15 years. In the financial year, this has resulted in scheduled amortization of k€643.

The acquisition of a further 50% of the shares and voting rights of Tunisian Hospitality Group Ltd., Tunis (Tunisia) in the year 2019 has resulted in an asset difference of k€1,691. In line with the duration of the management agreements of the Company, the resultant goodwill is written down over a period of eight years (in 2021: k€204). Impairment losses of k€356 were recognized in 2021.

The acquisition of a further 50% of the shares and voting rights of Sourcify GmbH, Germany in 2021 resulted in a negative goodwill of k€457, which is reported under the

item "Negative goodwill arising from the capital consolidation" in accordance with Section 301 Para. 3 of the German Commercial Code [HGB] and has an equity character. As the previous joint venture partner wanted to sell its shares in Sourcify GmbH at short notice, it was possible to acquire the shares in the company at a favorable price in the reporting year. The negative goodwill is amortized over the remaining useful life of the acquired intangible assets (mainly licenses) of 3.5 years.

In accordance with Section 303 of the German Commercial Code [HGB], intercompany receivables, provisions and liabilities of consolidated companies were eliminated within the scope of debt consolidation. Any resulting currency differences were recorded directly in equity in the currency reserve. Within the scope of expense and income consolidation, intercompany revenues of the companies included in the consolidated financial statements as well as other income were netted with the corresponding expenses in accordance with Section 305 of the German Commercial Code [HGB].

If assets accounted for in the individual financial statements were sold by included companies to other companies of the Group, any significant intercompany profits were eliminated in accordance with Section 304 Para. 1 of the German Commercial Code [HGB].

Associated companies

The companies

Steigenberger Middle East Hotels & Resorts S.A.E., Cairo (Egypt)
Aurea Palacio Hospitality Private Limited, New Delhi (India)
Commerz Real Institutional European Hotel Fund SCA (Luxemburg)

are shown as associated companies in the consolidated financial statements. These companies are accounted for using the equity method in accordance with Section 312 Para. 1 Clause 1 of the German Commercial Code [HGB] (book value method). The carrying amounts of the investments are extrapolated by proportionate annual profits or losses, dividend distributions and amortization/depreciation.

The interest in the capital and the voting rights of Steigenberger Middle East Hotels & Resorts S.A.E., Cairo (Egypt) is 50% of the capital and voting rights, and the corresponding interest at Aurea Palacio Hospitality Private Limited, New Delhi (India) is 49%, and Commerz Real Institutional European Hotel Fund SCA (Luxemburg) is 34%.

The information in accordance with Section 312 Para. 1 Clause 2 HGB is as follows:

In line with the process of foreign currency translation for the purpose of the equity value approach, subscribed capital and reserves are translated using the historical rate, the assets and liabilities are translated using the reference date rate, and the pro-rata annual result is translated using the average rate for the period.

ASSOCIATED COMPANIES

Company	Pro-rata equity in k€	Book value in k€	Difference between pro-rata equity and book in k€	Goodwill included in book value in k€
Steigenberger Middle East Hotels & Resorts S.A.E.	651	2,233	1,582	1,013
Aurea Palacio Hospitality Private Limited [1]	0	0	0	-
Commerz Real Institutional European Hotel Fund SCA (Luxembourg)	11,184	11,822	638	-

[1] Audited financial statements as of March 31, 2021

4/03

ACCOUNTING, VALUATION AND CURRENCY TRANSLATION METHODS

Uniform accounting and valuation methods are used with respect to fully consolidated companies included in the financial statements. Minor deviations concerning foreign subsidiaries are not of major significance. The individual financial statements of associated foreign companies are adapted to the parent company's valuation principles when material.

Purchased intangible assets are stated at cost and are reduced by scheduled straight-line amortization in accordance with their expected useful life. Property, plant and equipment are stated at cost of purchase or cost of production net of scheduled (linear) and non-scheduled depreciation. Own production costs include directly attributable costs and overhead costs that can be capitalized in accordance with Section 255 Para. 2 of the German Commercial Code [HGB].

The amortization/depreciation periods are determined on the basis of the shortest useful lives specified in the tax depreciation tables, unless there are indications of a different, company-specific useful life in individual cases.

The useful economic life is mainly defined as 3 to 5 years for intangible assets, 15 years for goodwill, 8 to 15 years for fittings in third-party buildings, and 1 to 20 years for technical equipment, plant and machinery as well as other equipment, operational and office equipment. Each of the useful lives is limited by the term of the lease agreements. Impairments are recognized where the fair values of individual assets are less than their carrying amount, and where there is an anticipated long-term decrease in value.

Low-value assets with purchase costs of up to €250 are recognized in full as an expense. Low-value items with a cost of purchase of more than €250 continue to be written down using the straight-line method on the basis of useful lives of 3 to 17 years.

Borrowing costs are not stated as part of costs of production.

Financial assets (with the exception of shares in associated companies) are stated at acquisition cost and, to the extent required, less non-scheduled write-downs or plus write-ups, if applicable. Write-downs are recorded if the cost of purchase is higher than the fair value of the financial assets as of the reporting date. Write-ups are recorded if the reasons for write-downs effected in prior financial years no longer exist (Section 298 Para. 1 in conjunction with Section 253 Para. 5 of the German Commercial Code [HGB]). Write-downs are only recorded in the event of permanent impairment in value.

Shares in associated companies are accounted for using the equity method.

Raw materials, consumables and supplies are stated at acquisition cost or the lower applicable value. Acquisition costs are determined using the FIFO method. As part of the lowest value test, the lower replacement costs are applied. A fixed value is recognized for marketing and office material.

Work in progress is valued at production cost on the basis of individual calculations based on current operating accounts. Production costs include direct costs as well as appropriate portions of material and production overheads in accordance with Section 255 Para. 2 of the German Commercial Code [HGB]. The principle of loss-free valuation taking into account the sales side has been observed.

Goods held for sale are stated at acquisition cost or the lower applicable value. Acquisition costs are determined using the FIFO method.

Receivables and other assets are stated at acquisition cost or the lower fair value as of the balance sheet date. Specific valuation allowances are recognized to account for particular insolvency and/or creditworthiness risks inherent in the receivables portfolio. Uncollectible receivables are written off.

In order to cover the general credit risk concerning trade receivables, a general bad debt allowance of 2.0% is recorded on the net receivables portfolio that has not been subject to a specific valuation allowance.

Reinsurance claims are stated at amortized cost of purchase (cover funds plus profit bonus) as of the balance sheet date based on information provided by the insurer. Receivables from and liabilities to affiliated companies that are not consolidated are netted provided that a netting situation in terms of Section 387 of the German Civil Code [Bürgerliches Gesetzbuch; BGB] applies.

Marketable securities are capitalized at acquisition cost or the lower fair value as at the balance sheet date.

Foreign currency receivables and foreign currency liabilities with residual terms of up to one year are converted at the time of receipt using the rate on the day of the business transaction and are stated at the spot mid-rate as at the balance sheet date.

Liquid assets (cash on hand, bank balances and checks) are stated at nominal value.

In accordance with Section 306 of the German Commercial Code [HGB] and applicable German Accounting Standards [Deutscher Rechnungslegungsstandard DRS 18, "Deferred Taxes"], deferred tax assets within the Group are reported applying the balance sheet-oriented approach. They are stated, in particular, to account for temporary differences between the tax and commercial balance sheets and for unused tax losses carried forward to the extent that future offsetable taxable income can be expected with sufficient probability. In this context, the useful life of losses carried forward is assumed to be five years. Deferred tax assets and deferred tax liabilities are reported net as far offsetting is possible.

The deferred taxes for the German tax group are calculated on the basis of an effective tax rate of 31.63% (15.83% for corporation tax including solidarity surcharge and 15.80% for the trade tax) or 25% in Austria, Switzerland, Belgium and the Netherlands, 9% in Hungary, 15% in Tunisia and 22% in Denmark, which is expected to be applicable at the point at which the differences are reversed. The tax rate for the trade tax in Germany is based on the average trade tax multiplier rate of 452.0%.

Since the equity has been fully utilized because of the high consolidated cumulated balance sheet loss in the reporting year, there is consequently a surplus of liabilities over assets. Therefore, the caption "Capital deficit" must be shown separately as the last item on the assets side.

The subscribed capital (share capital) is stated at nominal value.

Provisions for pensions and similar obligations relating to the German subsidiaries are determined on the basis of actuarial calculations using the projected unit credit method in accordance with the Prof. Dr. Heubeck 2018 G Mortality Tables. The provisions for pensions and similar obligations have been discounted with the average market rate for the previous 10 years for an assumed remaining term of 15 years published by the German Federal Bank [Deutsche Bundesbank] (Section 253 Para. 2 Clause 2 of the German Commercial Code [HGB]). A rate of 1.87% p.a. was used as at December 31, 2021 (prior year: 2.30% p.a.). Annual wage and salary increases of 2.2% (prior year: 2.0%) and pension increases of 1.8% p.a. (unchanged) have been used as the basis for calculating the provisions for pensions and similar obligations. The Company opted not to account for a fluctuation rate due to the predominance of pensioners.

On February 26, 2016, the German Bundesrat (Upper House) approved the "Law for implementing the residential mortgage guideline and for amending regulations of commercial law". In accordance with this law, Section 253 of the German Commercial Code [HGB] was modified with regard to the valuation of the provisions for retirement benefit obligations, and the period for the average rate used for discounting pension provisions for commercial law purposes was extended from 7 to 10 years. The difference resulting in 2020 from discounting using the average market rate of the previous 7 years and the average discounting using the 10-year period amounts to k€1,225 (prior year: k€963).

The difference amount of k€1,225 as of December 31, 2021 is subject to a distribution restriction in accordance with Section 253 Para. 6 Clause 2 of the German Commercial Code [HGB] (revised) as there are not adequate freely available reserves.

The valuation of severance payment rights in accordance with actuarial principles at STAG Hotelverwaltungs-Gesellschaft mbH, Vienna (Austria) is based on an interest rate of 1.87% p.a. (prior year: 2.30% p.a.).

Pension obligations and similar obligations are netted with reinsurance claims that are exclusively used for meeting retirement benefit obligations and similar obligations and that are not available for use by third parties (so-called cover funds). The offset reinsurance claims are valued on the basis of notifications from the insurer at the amortized acquisition costs (cover capital plus profit sharing) as of the balance sheet date, which corresponds to the fair value.

Tax provisions and other provisions are created to account for uncertain liabilities, based on prudent business judgement. Future price and cost increases are taken into account insofar as there are sufficient objective indications that they will occur. Provisions for maintenance not carried out were recorded in accordance with Section 249 Para. 1 Clause 2 No. 1 of the German Commercial Code [HGB].

Long-service provisions regarding the German companies were determined on the basis of an actuarial calculation using the projected unit credit method on the basis of Prof. Dr. Heubeck 2018 G Mortality Tables. An average market interest rate of 1.35% p.a. (prior year: 1.60% p.a.) published by the German Federal Bank [Deutsche Bundesbank] is generally applied for a remaining term of 15 years. The long-service provisions at STAG Hotelverwaltungs-Gesellschaft mbH, Vienna (Austria) were calculated using actuarial principles and applying an interest rate of 1.35% p.a. (prior year: 1.60% p.a.).

Provisions for future expenses arising from the fulfilment of contractual obligations concerning replacement purchases are accumulated on a pro-rata basis. The accumulation of provisions starts with the commencement of operations and takes into account the cost conditions that are expected to prevail at the settlement date.

Other pension obligations for people outside of the group of employees have been calculated on the basis of an actuarial appraisal using the projected unit credit method with the 2018 G Mortality Tables of Prof. Dr. Heubeck based on an average matching-maturity market rate for a remaining term of 15 years of the Deutsche Bundesbank (1.35% p.a.; prior year: 1.60% p.a.) and pension adjustments (unchanged) of 1.8% p.a.

In order to account for future costs arising from the fulfillment of warranty obligations, appropriate provisions were created to cover the respective settlement amount, i.e., taking into account the cost situation that will probably exist at the time of settlement. The provisions were discounted using the average market interest rate of the past seven financial years in accordance with their residual terms.

The other provisions take into account all uncertain liabilities and impending losses from pending transactions. They are stated at the settlement amount necessary according to a reasonable commercial assessment, i.e., including future cost and price increases or, in the case of impending losses, on a full cost basis at the necessary settlement amount. Provisions with a remaining term of more than one year have been discounted. The other provisions contain obligations for the renewal of the leased fixed assets. The expense incurred in setting up the provision is based either on individual contractual provisions or on group-wide guidelines.

Liabilities are recognized at their respective settlement amounts.

Advance payments made and received are shown with their nominal value.

Currency translation

The Euro is the functional currency of the parent company and the Group. In the annual financial statements of the Group companies, foreign currency positions are generally valued at the rates applicable as of the acquisition date. A lower exchange rate as at the balance sheet date may be applied to positions on the assets side and a higher exchange rate as of the balance sheet date may possibly be recorded for items on the liabilities side.

The individual financial statements prepared in foreign currencies are translated in the consolidated financial statements in accordance with the modified reference date rate method. The assets and liabilities of the foreign companies included in the financial statements are translated using the reference date rate, the expenses and income are converted using annual average rates and shareholders' equity is translated using historical rates.

The main exchange rates applicable to the consolidated financial statements are as follows:

EXCHANGE RATES

	Reference date rate Dec. 31, 2021	Reference date rate Dec. 31, 2020	Average rate 2021	Average rate 2020
1 CHF in EUR	0.9680	0.9258	0.9610	0.9346
1 AED in EUR	0.2405	0.2220	0.2408	0.2389
1 EGP in EUR	0.0563	0.0519	0.0539	0.0552
1 TND in EUR	0.3072	0.3071	0.3086	0.3032
1 DKK in EUR	0.1345	0.1344	0.1345	0.1341
1 HUF in EUR	0.0027	0.0027	0.0027	0.0029
1 SEK in EUR	0.0976	0.0997	0.0972	0.0954
1 INR in EUR	0.0119	0.0111	0.0119	0.0111

Overall, as of December 31, 2021, accumulated differences of k€2,382 (prior year: k€ 1,610) were recognized directly in equity.

4/04

NOTES TO THE BALANCE SHEET

Fixed assets

The classification and development of fixed asset items disclosed in the consolidated financial statements including amortization/depreciation for the 2021 financial year are shown in the consolidated schedule of fixed assets, which is attached as an annex to the Notes.

Property, plant and equipment

Additions to buildings, technical equipment, plant and machinery, and other equipment, operational and office equipment mainly relate to WLAN installations and to the purchase of furniture and fixtures for the guest rooms of several hotel operations.

Financial assets

Please refer to the list of shareholdings in accordance with Section 313 Para. 2 of the German Commercial Code (HGB), which is attached as an annex to the Notes.

The mean spot exchange rates for equity and earnings amounts in foreign currencies as of the balance sheet date are as follows:

CHF (Switzerland):	1.0331
AED (Dubai):	4.1588
TND (Tunisia):	3.2552
DKK (Denmark):	7.4364
SEK (Sweden):	10.2407
HUF (Hungary):	369.1900
INR (India):	84.2083
EGP (Egypt):	17.7586

Current assets

Raw materials, consumables and supplies include a fixed value amount of k€1,044 (prior year: k€1,037) relating to marketing material and stationery.

As in the prior year, all trade receivables are due within one year.

Receivables from affiliated companies relate to short-term loans (k€0; prior year: k€4,092) and receivables from clearing transactions (k€0; prior year: k€6,254) from the sole shareholder. Liabilities to the sole shareholder from financing transactions amounting to k€125 have been offset against these receivables.

As in the prior year, all receivables from affiliated companies are due within one year.

The receivables from other companies with which there is a participation relationship mainly comprise trade receivables of k€16 (prior year: k€38). All receivables from other companies with which there is a participation relationship are due within one year.

Other assets include tax refund claims amounting to k€10,025 (prior year: k€4,721) and claims from government assistance amounting to k€4,678.

Other assets include receivables amounting to k€5,781 (prior year: k€5,494) with residual terms of more than one year.

Cash and cash equivalents

Liquid funds include earmarked funds for replacement procurement (FF&E) amounting to k€266 (prior year: k€266) from Steigenberger Hotels Aktiengesellschaft and in the prior year k€ 150 from STAG Hotelverwaltungs-Gesellschaft mbH Vienna (Austria).

Deferred tax assets

Of the deferred tax assets determined of k€24,320 (prior year: k€26,369), k€4,175 result from temporary differences under Section 306 in conjunction with Section 274 of the German Commercial Code (HGB) between the tax accounts and the commercial accounts single-entity financial statements and were mainly attributable to Steigenberger Hotels Aktiengesellschaft, Frankfurt am Main (Germany) as well as deferred tax assets of k€128 relating to consolidation measures. Deferred tax liabilities of k€1,728 were offset against deferred tax assets.

Deferred tax assets on tax loss carry-forwards amounting to k€18,945 relate to Steigenberger Hotels Aktiengesellschaft, Frankfurt am Main (Deutschland), STAG Hotelverwaltungs-Gesellschaft mbH, Vienna (Austria), Steigenberger Hotels AG, Zurich (Switzerland), STAG Belgium N.V., Brussels (Belgium), Zleep Hotels A/S, Taastrup (Denmark) and STAG Netherlands B.V., Amsterdam (Netherlands). No deferred taxes have been created in relation to loss carry-forwards of k€185,386 because no loss offsetting is expected within the next five years.

The deferred tax assets and deferred tax liabilities determined result from the following temporary differences or tax losses carried forward at the level of the Company as controlling company or the controlled companies included in the fiscal unit as well as the foreign subsidiaries:

Consolidated shareholders' equity

The classification and development of the equity capital position within the Group are presented in a separate statement of changes in shareholders' equity in accordance with DRS 22.

The share capital amounts to € 12,480,000.00. 100 % of the shares were acquired by DH Group GmbH & Co. KG (formerly Huazhu GmbH & Co. KG, Frankfurt am Main, Germany) from DH Deutsche Holdings Limited, Limassol (Egypt) as vendor with effect from January 2, 2020.

ASSESSMENT BASIS FOR DEFERRED TAX ASSETS

Balance sheet items	Dec. 31, 2021 Difference commercial versus tax balance sheet in k€	Tax rate in %	Dec. 31, 2021 Deferred tax assets in k€	Dec. 31, 2020 Deferred tax assets in k€	Change in k€
Intangible assets (Zleep Hotels A/S, Taastrup/Denmark)	8	22.00	2	0	**2**
Leasehold improvements (Zleep Hotels A/S, Taastrup/Denmark)	14	22.00	3	1	**2**
Land, leasehold rights and buildings, incl. buildings on third-party land (Steigenberger Hotels AG, Zurich/Switzerland)	712	17.50	125	170	**-45**
Other equipment, operational and office equipment (Steigenberger Hotels AG, Zurich/Switzerland)	184	17.50	32	44	**-12**
Other equipment, operational and office equipment (Zleep Hotels A/S, Taastrup/Denmark)	123	22.00	27	26	**1**
Trade receivables (Steigenberger Hotels AG, tax group)	85	31.63	27	33	**-6**
Prepaid expenses and deferred charges (Zleep Hotels A/S, Taastrup/Denmark)	690	22.00	152	127	**25**
Revenue reserves (Steigenberger Hotels AG, Zurich/Switzerland)	371	17.50	65	89	**-24**
Prepaid expenses and deferred charges (Steigenberger Hotels AG, Zurich/Switzerland)	1	17.50	0	0	**0**
Other liabilities (Steigenberger Hotels AG, Zurich/Switzerland)	213	17.50	37	0	**37**
Provisions for pensions and similar obligations[1] (Steigenberger Hotels Aktiengesellschaft, tax group)	7,993	31.63	2,528	2,272	**256**
Other provisions (Steigenberger Hotels Aktiengesellschaft, tax group)	7,712	31.63	2,439	2,005	**434**
Other provisions (STAG Hotelverwaltungs-Gesellschaft mbH, Vienna/Austria)	399	25.00	100	93	**7**
Other liabilities (Zleep Hotels A/S, Taastrup/Denmark)	1,669	22.00	367	301	**66**
			5,904	**5,161**	**743**

[1] After offsetting against qualified cover assets within the meaning of Section 246 Para. 2 Clause 2 of the German Commercial Code (HGB)

ASSESSMENT BASIS FOR DEFERRED TAX ASSETS ON CONSOLIDATION MEASURES

	Dec. 31, 2021 Difference commercial versus tax balance sheet in k€	Tax rate in %	Dec. 31, 2021 Deferred tax assets in k€	Dec. 31, 2020 Deferred tax assets in k€	Change in k€
Consolidation measures (Steigenberger Hotels AG, tax group)	404	31.63	128	397	**-269**
			128	**397**	**-269**

ASSESSMENT BASIS FOR DEFERRED TAX ASSETS ON LOSSES CARRIED FORWARD

Tax losses carried forward	Dec. 31, 2021 Total losses carried forward k€	Not utilizable in k€	Extended offsetting corresponding to GAS 18 A5 in k€	Expected to be usable in 5-year period in k€	Tax rate in %	Dec. 31, 2021 Deferred tax assets in k€	Dec. 31, 2020 Deferred tax assets in k€	Change in k€
STAG Hotelverwaltungs-Gesellschaft mbH, Vienna (Austria)	7,211	805		6,406	25.00	1,602	1,211	**391**
Steigenberger Hotels AG, Zurich (Switzerland)	943	0		943	17.50	165	0	**165**
STAG Belgium N.V., Brussels (Belgium)	17,118	15	3,333	1,795	25.00	1,282	893	**389**
Zleep Hotels A/S, Taastrup (Denmark)	6,938	0		6,938	22.00	1,526	1,190	**336**
THG Tunesien	10	0		10	15.00	1	63	**-61**
STAG Netherlands BV, Amsterdam (Netherlands)	11,867	0		11,867	25.00	2,942	1,516	**1,426**
Steigenberger Hotels Aktiengesellschaft, Organkreis (Germany) Corporation tax	138,602	117,554		21,048	15.83	3,331	5,950	**-2,619**
Steigenberger Hotels Aktiengesellschaft, Organkreis (Germany) Trade tax	118,238	67,012		51,226	15.80	8,095	11,960	**-3,864**
						18,945	**22,782**	**-3,837**

ASSESSMENT BASES FOR DEFERRED TAX ASSETS ON LOSSES CARRIED FORWARD

Taxable interest carried forward	Dec. 31, 2021 losses carried forward in k€	Not utilizable in k€	Extended offsetting corresponding to GAS 18 A5 in k€	Expected to be usable in 5-year period in k€	Tax rate in %	Dec. 31, 2021 Deferred tax assets in k€	Dec. 31, 2020 Deferred tax assets in k€	Change in k€
Steigenberger Hotels Aktiengesellschaft, Organkreis (Germany) Corporation tax	3,873	0		3,873	15.83	613	0	**613**
Steigenberger Hotels Aktiengesellschaft, Organkreis (Germany) Trade tax	2,904	0		2,904	15.80	459	0	**459**
						1,072	**0**	**1,072**
Subtotal of deferred tax assets						**26,048**	**28,340**	**-2,292**

MEASUREMENT BASIS FOR DEFERRED TAX LIABILITIES ON CONSOLIDATION

Balance sheet items	Dec. 31, 2021 Difference commercial vs. tax balance sheet in k€	Tax rate in %	Dec. 31, 2021 Deferred tax liabilities in k€	Dec. 31, 2020 Deferred tax liabilities in k€	Change in k€
Intangible assets (Zleep Hotels A/S, Taastrup/Denmark)	103	22.00	23	46	**-23**
Leasehold improvements (Zleep Hotels A/S, Taastrup/Denmark)	141	22.00	31	30	**1**
Other equipment, factory and office equipment (Zleep Hotels A/S, Taastrup/Denmark)	508	22.00	112	167	**-55**
Other equipment, factory and office equipment (Steigenberger Hotels AG, tax group)	1,992	31.63	630	780	**-150**
Technical equipment (Steigenberger Hotels AG, Zurich/Switzerland)	845	17.50	148	202	**-54**
Prepaid expenses and deferred charges (Zleep Hotels A/S, Taastrup/Denmark)	192	22.00	42	56	**-14**
Other liabilities (Zleep Hotels A/S, Taastrup/Denmark)	171	22.00	38	0	**38**
Prepaid expenses and deferred charges (Zleep Hotels A/S, Taastrup/Denmark)	126	17.50	22	0	**22**
Difference in equity from currency conversion (Steigenberger Hotels AG, Zurich, Switzerland)	200	17.50	35	48	**-13**
Subtotal of deferred tax liabilities			**1,081**	**1,329**	**-248**

ASSESSMENT BASIS FOR DEFERRED TAX LIABILITIES ON CONSOLIDATION MEASURES

	Dec. 31, 2021 Difference commercial vs. tax balance sheet in k€	Tax rate in %	Dec. 31, 2021 Deferred tax liabilities in k€	Dec. 31, 2020 Deferred tax liabilities in k€	Change in k€
Consolidation measures (Zleep Hotels A/S, Taastrup/Denmark)	2,566	22.00	564	643	**-78**
Consolidation measures (Steigenberger Hotels Aktiengesellschaft, tax group)	259	31.63	82	0	82
			646	**643**	**4**
			24,321	**26,369**	**2,048**

The share capital is fully paid up and divided into 480,000 no-par value shares (€26 arithmetical value per share). The shares are ordinary shares and are made out to the bearer.

Included in the revenue reserves are "statutory reserves" (subject to a dividend restriction) of the parent company of k€614 as well as other revenue reserves of the parent company of k€5,687.

The caption consolidated retained earnings consists of the net loss for the year 2021 of k€68,459 (prior year: net loss k€115,982) and retained losses of k€87,504 (prior year: retained profits k€26,497) less the addition of the amount of annual result attributable to minorities (k€1,314).

Provisions

The provisions for pensions and similar obligations are based on actuarial reports. Pension obligations for which provisions have been set up amounted to k€18,171 as at the balance sheet date. Pension obligations amounting to k€3,283 were offset against the fair values of the plan assets associated with the obligation in accordance with Section 246 Para.2 Clause 2 of the German Commercial Code [HGB]. Pledged reinsurance policies have been classified as plan assets. The recognized value of the plan assets (k€3,283) corresponds to the amortized cost. As at the balance sheet date, provisions for pensions and similar obligations amounted to k€14,888.

Income from plan assets (k€97) has been netted against interest expenses from the compounding of pension obligations (k€384) in accordance with Section 246 Para.2 Clause 2 of the German Commercial Code [HGB]. The resulting balance of k€287 is included in the financial result under "Interest and similar expenses".

The revaluation of pension provisions in the context of the initial application of Accounting Law Modernization Act [Bilanzrechtsmodernisierungsgesetz, BilMoG] as of January 1, 2010 (BilMoG opening balance sheet) resulted in an additional amount of k€905 compared to the value recorded as of December 31, 2009. The Steigenberger Group makes use of the option under Art.67 Para.1 Clause 1 of the Introductory Act to the Commercial Code [EGHGB] and spreads the expense from the transition over a maximum period of 15 years. An amount of k€60 was recognized under other operating expenses in 2021 (prior year: k€60). As at the reporting date, the shortfall in pension provisions amounted to k€181.

Tax provisions mainly take into account risks from tax audits for the years 2013–2015 that have not yet been completed and their known consequential effects up to the year 2021.

Other provisions mainly relate to provisions for obligations for severance payments, bonuses and premiums for members of the Executive Board and employees (k€12,876), renewal of leased assets (k€10,687), long-service awards (k€10,269), guarantees under hotel management agreements (k€7,427), maintenance (k€6,100), outstanding invoices (k€4,695) and outstanding lease payments (k€3,139).

Liabilities

The classification and residual terms of liabilities as well as the related collateral are shown in the schedule of liabilities attached as an annex to the Notes.

The liabilities to affiliated companies exclusively comprise the shareholder loan liabilities of k€156,880.

The liabilities to companies with which a participation relationship exists relate to trade accounts payable to the joint venture Steigenberger Middle East Hotels & Resorts S.A.E., Cairo (Egypt).

Deferred tax liabilities

This item comprises deferred tax liabilities of k€833 (prior year: k€893), which were recorded for timing differences between the amounts shown in the commercial balance sheet prepared in accordance with local accounting principles at STAG Belgium N.V., Brussels (Belgium) and the figures shown in the commercial balance sheet II. They are based on an income tax rate of 25% for Belgium. There are also deferred tax liabilities of k€810 arising from consolidation measures relating to Zleep Hotels A/S, Taastrup (Denmark); this is based on a tax rate of 22% for Denmark.

At STAG Belgium N.V., Brussels (Belgium), taxable temporary differences exceeded deductible temporary differences during the 2021 calendar year. The remaining excess of liabilities amounted to k€833. Under DRS 18 it is deemed appropriate that offsetable losses carried forward that can be carried forward for an indefinite period are taken into account when calculating deferred taxes up to the amount of the excess of liabilities irrespective of the timing of their realization. Deferred tax assets of k€833 on losses carried forward of k€3,333 were therefore recognized irrespective of the timing of their realization.

STATEMENT OF CHANGES IN EQUITY FOR THE 2021 FINANCIAL YEAR

	Parent company's share of group equity											Non-controlling interests	Consolidated equity
		Reserves											
			Revenue reserves										
in k€	Subscribed capital ordinary shares	Capital reserves	Legal reserves	Other revenue reserves	**Subtotal**	**Total**	Equity difference due to currency translation	Retained earnings	Consolidated net income/ loss attributable to the parent company	**Total**	Non-controlling interests before equity difference from currency translation and annual result	Equity difference due to currency translation	Consolidated net income/loss for the year	**Total**	**Total**
As at December 31, 2019	**12,480**	**13,273**	**614**	**5,060**	**5,674**	**18,947**	**2,036**	**18,036**	**8,460**	**59,959**	**5,490**		**-1,216**	**4,274**	**64,233**
Currency translation							-426			**-426**		24		**24**	**-402**
Consolidated net profit for the year 2019 (brought forward)								8,460	-8,460	**0**	-1,216		1,216	**0**	**0**
Appropriation to reserves				628	**628**	**628**		-628		**0**				**0**	**0**
Consolidated net loss for the year 2020									-113,372	**-113,372**			-2,609	**-2,609**	**-115,981**
As at December 31, 2020	**12,480**	**13,273**	**614**	**5,688**	**6,302**	**19,575**	**1,610**	**25,868**	**-113,372**	**-53,839**	**4,274**	**24**	**-2,609**	**1,689**	**-52,150**
Currency translation							771			**771**		2		**2**	**773**
Consolidated net profit for the year 2020 (brought forward)								-113,372	113,372	**0**	-2,609		2,609	**0**	**0**
Consolidated net loss for the year 2021									-67,145	**-67,145**			-1,314	**-1,314**	**-68,459**
As at December 31, 2021	**12,480**	**13,273**	**614**	**5,688**	**6,302**	**19,575**	**2,381**	**-87,504**	**-67,145**	**-120,213**	**1,665**	**26**	**-1,314**	**377**	**-119,836**

SCHEDULE OF LIABILITIES FOR THE 2020 FINANCIAL YEAR

	Remaining term				
Type of liability in k€	< 1 year	> 1 year	thereof > 5 years	**Total**	thereof secured
Liabilities due to credit institutions	15,412	34,657	806	**50,069**	0
Advance payments received on account of orders	11,920	0	0	**11,920**	0
Trade payables	35,796	2,785	0	**38,581**	0
Payables to affiliated companies	482	59,986	0	**60,468**	0
Payables to companies with which there is a participation relationship	62	0	0	**62**	0
Other liabilities	7,908	10,321	5,717	**18,229**	0
thereof related to taxes	3,100	0	0	**3,100**	0
thereof related to social security	457	0	0	**457**	0
Total	**71,580**	**107,749**	**6,523**	**179,329**	**0**

SCHEDULE OF LIABILITIES FOR THE 2021 FINANCIAL YEAR

	Remaining term				
Type of liability in k€	< 1 year	> 1 year	thereof > 5 years	**Total**	thereof secured
Liabilities due to credit institutions	23,458	21,875	0	**45,333**	0
Advance payments received on account of orders	12,970	0	0	**12,970**	0
Trade payables	39,331	500	0	**39,831**	0
Liabilities to affiliated companies	4,641	152,239	0	**156,880**	0
Liabilities to companies with which there is a participation relationship	20	0	0	**20**	0
Other liabilities	18,967	5,055	6,346	**24,022**	0
thereof related to taxes	5,460	0	0	**5,460**	0
thereof related to social security	766	0	0	**766**	0
Total	**99,387**	**179,669**	**6,346**	**279,056**	**0**

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2021

in k€			2021	2020
1.		Result for the period (consolidated net loss for the year)	-68,459	-115,982
2.	+/-	Income tax expense/-income	869	-21,226
3.	+/-	Amortization/depreciation/write-ups of intangible assets and property, plant and equipment	14,140	15,040
4.	+/-	Increase/decrease in provisions	20,096	13,696
5.	+/-	Other non-cash expenses/income	2,155	882
6.	-/+	Increase/decrease in inventories, trade receivables and other assets not related to investing or financing activities	9,532	-2,731
7.	+/-	Increase/decrease in trade payables and other liabilities not related to investing or financing activities	5,823	-12,051
8.	-/+	Gain/loss on disposal of fixed assets	823	378
9.	+/-	Interest expense/interest income	6,242	1,731
10.	+/-	Expenses/income of exceptional size or significance	-100,302	0
11.	+	Expenses from exceptional items (not cash-effective)	2,096	-8,156
12.	-	Income taxes paid	-9	-250
13.	**=**	**Cash flow from operating activities**	**-106,994**	**-128,669**
14.	-	Outflows for investments in intangible fixed assets	-654	-858
15.	+	Inflows from disposal of property, plant and equipment	207	139
16.	-	Outflows for investments in property, plant and equipment	-8,836	-8,687
17.	+	Inflows from disposal of long-term financial assets	1	1,102
18.	-	Outflows for investments in long-term financial assets	-12,181	-1,361
19.	+	Inflows from the repayment of loans issued	200	0
20.	-	Outflows for additions to consolidation group	0	-200
21.	+	Interest received	368	111
22.	**=**	**Cash flow from investing activities**	**-20,895**	**-9,754**
23.	+	Inflows from the drawing of loans	90,000	110,055
24.	-	Outflows from the repayment of loans	-5,175	0
25.	+	Inflows in connection with income of an exceptional size or significance	95,624	0
26.	+	Inflows from grants	1,951	8,216
27.	-	Interest paid	-923	-1,522
28.	**=**	**Cash flow from financing activities**	**181,477**	**116,749**
29.	**=**	**Cash-effective change in cash and cash equivalents**	**53,588**	**-21,674**
30.	+/-	Effect on cash and cash equivalents of exchange rate movements and remeasurements	171	208
31.	+/-	Effect on cash and cash equivalents of exchange rate movements and remeasurements	160	0
32.	+	Changes to cash and cash equivalents due to consolidation group	25,177	46,643
33.	**=**	**Cash and cash equivalents at the beginning of the period**	**79,096**	**25,177**

4/05

NOTES TO THE INCOME STATEMENT

The revenues have been recognized in accordance with the definition of Section 277 Para.1 HGB in the version of the BilRUG, and are broken down as follows:

Sales revenues

Hotel services and other services include primarily management, franchise and license fees, income from rental and lease, and other incidental revenues.

Sales revenues amount to k€222,481 (prior year: k€202,828) and include k€167,918 (prior year: k€151,107) attributable to Germany, while k€54,563 (prior year: k€51,721) is attributable to other countries.

Other operating income

Other operating income (k€137,315) mainly includes income from government assistance of an exceptional nature (k€100,302), pre-opening grants and other landlord grants (k€14,825, of which k€3,382 relates to other periods) and compensation payments (k€7,316).

SALES REVENUES

in k€	2021	2020
Accommodation	142,448	121,273
Catering	41,377	39,026
Other hotel services and other revenues[1]	38,656	42,529
Total	**222,481**	**202,828**

[1] Including the revenues of the service subsidiaries

In the reporting year, income from government economic aid in Germany for the consequences of the measures to limit the COVID-19 pandemic included out-of-period income from the November/December aid for the 2020 financial year (k€38,006) and payments from Bridging Aid III (k€52,001). Government assistance amounting to k€10,296 was received abroad. Of this amount, k€916 is income relating to other periods.

Other operating income also includes income relating to other periods from the release of provisions and valuation allowances (k€4,039), income from payments received on receivables already written off (k€3), and book gains from asset disposals (k€13).

Other operating income also includes currency translation gains in the amount of k€157 (prior year: k€58).

Cost of materials

Material expenses (k€77,141) comprise, in particular, cost of raw materials and goods utilized, energy expenses, expenses for hotel supplies and various expenses for consumables and supplies. Cost of purchased services primarily includes expenses for third-party room cleaning services and similar services.

Personnel expenses

Pension expenses amounted to k€2,721 (prior year: k€5,346).

Other operating expenses

Other operating expenses (k€212,898) mainly comprise rent and lease payments (k€122,160), repair expenses and major construction measures (k€20,837). It also includes legal, consultancy and audit fees (k€11,681), commission expenses (k€11,070), general administrative expenses (k€7,149) as well as advertising expenses (k€5,853).

Additionally it also includes other taxes of k€1,339 (prior year: k€979).

Costs attributable to other periods comprise the write off of receivables (k€241) and costs of k€760 relating to book losses with respect to asset disposals.

Other operating expenses include currency translation losses of k€2,632 (prior year: k€153).

Other operating expenses also include expenses of k€60 (prior year: k€60) in accordance with Section 67 Para.1 Clause 1 of the German Commercial Code (HGB) (for topping up the pension provision).

Financial result

Interest and similar expenses include loan interest as well as expenses of k€523 from the compounding of long-term provisions (prior year: k€565). They are attributable to pensions and similar obligations of k€385 and to other provisions amounting to k€236. Interest income from the valuation of the cover funds (k€97) was netted with interest expenses.

Interest expenses relating to affiliated companies amounted to k€4,114 (prior year: k€483) and interest income relating to affiliated companies amounted to k€313 (prior year: k€414).

The result from associated companies comprises income of k€169 from Steigenberger Middle East Hotels & Resorts S.A.E., Cairo (Egypt) as well as losses of k€178 relating to Commerz Real Institutional European Hotel Fund SCA (Luxemburg).

Taxes on income and earnings

The income taxes of the Group (k€869) include expenses from deferred taxes (k€1,992), income from current taxes relating to other periods (mainly for release of accruals for corporate income tax and trade tax for past financial years) amounting to k€1,248, and other tax expenses amounting to k€125.

Of the deferred taxes, income of k€139 resulted from the reversal of deferred tax liabilities and k€4,827 from the recognition of deferred tax assets. Deferred tax expense of k€6,904 was attributable to the reversal of deferred tax assets and k€53 to the recognition of deferred tax liabilities.

4/06

NOTES TO THE CASH FLOW STATEMENT

The cash flow statement was prepared using the indirect method. Cash and cash equivalents include cash in hand, cash at banks, and checks (k€79,096). The cash flows are allocated to cash flows from operating activities, investing activities and financing activities.

The cash flow from ongoing operating activities of k€-106,994 and from investing activities of k€-20,895 was financed by cash inflows of k€181,477 from investing activities, supplemented by existing funds. The cash flow from financing activities includes cash inflows of an exceptional magnitude in the form of government grants amounting to k€95,624 in the reporting year.

4/07

OTHER DISCLOSURES

Other financial obligations

In their capacity as providers of hotel operations, the companies of the Steigenberger Group conclude long-term lease agreements with the hotel owners. While the lease periods involve a location-related risk, they serve to improve liquidity planning and facilitate strategic investment decisions.

The nominal value of other financial obligations from rental and lease agreements with various residual terms up to 2049 (as a maximum) amounts to k€2,876,650 (prior year: k€2,394,826) as at the balance sheet date. These disclosures exclude revenue- and earnings-based lease components.

Other financial obligations are structured as follows (broken down by maturity):

LEASE AND LEASING OBLIGATIONS

in k€	
< 1 year	119,028
> 1 year	2,757,621
thereof > 5 years	2,150,341

Exemption from the disclosure and preparation of a management report in accordance with Section 264 Para. 3 of the German Commercial Code [HGB]

The domestic subsidiaries, IntercityHotel GmbH, Frankfurt am Main, H.E.A.D. HOTEL EQUIPMENT AND DESIGN GmbH, Frankfurt am Main, Steigenberger Consulting GmbH, Frankfurt am Main, Steigenberger Spa GmbH, Frankfurt am Main, Sourcify GmbH, Frankfurt am Main, Jaz Hotel GmbH, Frankfurt am Main, Zleep GmbH, Frankfurt am Main and MAXX Hotel GmbH, Frankfurt am Main, met the conditions required under Section 264 Para. 3 of the German Commercial Code [HGB] and therefore make use of the exemption option both with regard to publishing their annual financal statements as well as to preparing and publishing a management report.

Total fee of the auditor

The total fee of the Group's auditor is broken down as follows:

AUDITOR'S FEE

in k€	2021
Auditing services	859.4
Other services	22.8
Total	**882.2**

4/08

EXECUTIVE DIRECTORS AND MEMBERS OF THE SUPERVISORY BOARD

Supervisory Board

Prof. Dr. Wilhelm Bender
(since March 31, 2022)
(Chairman)
Frankfurt am Main, Germany
Managing Director of
Huazhu Investment GmbH

André Witschi
(until March 28, 2022)
(Chairman)
Zorneding, Germany
Executive Director of
Huazhu Investment GmbH

Thorsten Braun*
(Deputy Chairman)
Frankfurt am Main, Germany
Cost Controller Steigenberger
Airport Hotel Frankfurt am Main

Simon Turner
New York, USA
Business consultant

Jihong He
(since December 9, 2021)
Singapore
Chief Executive Officer of International
Business Huazhu Group Limited

Shang-Zhi Zhang
(until December 9, 2021)
Peking, China
Non-Independent Director,
Huazhu Group Limited

Nong Xia
Shanghai, China
EVP of Huazhu Group and CEO of Global
High-end Hotels

Fei Ye
Shanghai, China
Vice Chief Financial Officer,
Huazhu Group Limited

Xinxin Liu
Shanghai, China
President of Huazhu China
and Chief Digital Officer Huazhu Group

Teo Nee Chuan
(until May 10, 2021)
Shanghai, China
Chief Financial Officer,
Huazhu Group Limited

Michael Kain*
Königswinter/Bonn, Germany
Hotel Director of Steigenberger
Grandhotel Petersberg

Burkhard Siebert*
Heilbronn, Germany
Executive Director of the Heilbronn
region Trade Union
Nahrung-Genuss-Gaststätten (NGG)

Iris Münkel*
Bremen, Germany
Trade-union Secretary of the
Bremen-Weser-Elbe region
Trade Union
Nahrung-Genuss-Gaststätten (NGG)

Barbara Brendel*
Maintal, Germany
Expert Project Resort Hotels
Steigenberger Hotels Aktiengesellschaft

Heinz-Georg Winkler*
Hamburg, Germany
Head of Banquet Service at
Steigenberger Hotel Hamburg

Executive Board

Oliver Bonke
(since March 31, 2022)
Atlanta (Georgia), USA
Chief Executive Officer (CEO)

Marcus Bernhardt
(until March 31, 2021)
Wiesbaden, Germany
Chief Executive Officer (CEO)

Dr. Ulrich Johannwille
Eschborn, Germany
Chief Financial Officer (CFO)

*Employee representative

EMPLOYEES BY AREA STEIGENBERGER GROUP

Area	2021	2020
Accomodation	835	834
F&B	1,045	1,124
Ancillary department	39	14
Overhead	695	745
Total	**2,614**	**2,717**
Trainees	382	459
Total, incl. trainees	**2,996**	**3,176**

The exemption option of Section 314 Para.3 Clause 2 in conjunction with Section 286 Para.4 of the German Commercial Code [HGB] has been utilized for the disclosure of the total emoluments granted in the financial year to the executive directors of Steigenberger Hotels Aktiengesellschaft for their activity in the parent company.

The remuneration granted for 2020 and paid out in 2021 to the supervisory board members totaled k€276 (a provision of k€272 had been created for this amount by way of comparison); the provisions created for compensation for 2021 amount to k€287.

Pension obligations to former executive directors and their surviving dependents amounted to k€12,020. Pension payments for this group of persons amounted to k€616. There are no obligations to this group of persons for which no provisions have been created as permitted by Art. 28 Para. 2 of the Introductory Act to the Commercial Code [EGHGB].

Consolidated retained earnings

The net loss of Steigenberger Hotels Aktiengesellschaft for the 2021 financial year amounts to k€43,125. The executive directors propose that the cumulative loss of k€138,487, which consists of net loss for the year of k€43,125 and losses brought forward of k€95,361, be carried forward to the following year.

The Group's net loss for 2021 amounts to k€68,459. Including the losses brought forward of k€87,504 and the addition of k€1,314 for the minority interest in the annual result, a consolidated cumulative loss of k€154,649 is reported.

Notifications in accordance with Section 20 Para. 1, Para. 4 and Para. 5 of the Stock Corporation Act [AktG]

With the letter dated January 3, 2020, Huazhu GmbH & Co. KG, Frankfurt am Main, Germany notified the Company that Huazhu GmbH & Co. KG owns more than one quarter of the shares and a majority holding in accordance

with Section 16 Para.4 of the Stock Corporation Act [AktG] in Steigenberger Hotels Aktiengesellschaft. It directly holds 100% of the ordinary shares in Steigenberger Hotels Aktiengesellschaft (12,480,000 no-par value shares).

With the letter dated January 3, 2020, Huazhu Investment GmbH, Frankfurt am Main, Germany notified the Company that Huazhu Investment GmbH directly, and with the addition of shares in accordance with Section 20 Para 2 of the Stock Corporation Act [AktG], owns more than one quarter of the shares and a majority stake in accordance with Section 16 Para.4 of the Stock Corporation Act [AktG] in Steigenberger Hotels Aktiengesellschaft. It holds this stake via Huazhu GmbH & Co. KG, Frankfurt am Main, Germany.

With the letter dated January 3, 2020, H World Holdings Singapore Pte. Ltd. (formerly China Lodging Holdings Singapore Pte. Ltd.), Singapore notified the Company that H World Holdings Singapore Pte. Ltd. (formerly China Lodging Holdings Singapore Pte. Ltd.) directly owns more than one quarter of the shares and a majority holding in accordance with Section 16 Para. 4 of the Stock Corporation Act [AktG] in Steigenberger Hotels Aktiengesellschaft. It holds this stake via Huazhu GmbH & Co. KG, Frankfurt am Main, Germany and Huazhu Investment GmbH, Frankfurt am Main, Germany.

With the letter dated January 2, 2020, Huazhu Group Limited, Cayman Islands notified the Company that it owns more than one quarter of the shares and a majority holding in accordance with Section 16 Para. 4 of the Stock Corporation Act [AktG] in Steigenberger Hotels Aktiengesellschaft. It holds this stake via Huazhu GmbH & Co. KG, Frankfurt am Main, Germany, Huazhu Investment GmbH, Frankfurt am Main, Germany and H World Holdings Singapore Pte. Ltd. (formerly China Lodging Holdings Singapore Pte. Ltd.), Singapore.

Report on events after the balance sheet date

The following events of particular significance occurred after the end of the 2021 financial year:

On January 12, 2022, Steigenberger Hotels AG acquired the shelf company "BRETOVAL SPAIN SL" in Madrid. On February 7, the company was renamed "DEUTSCHE HOSPITALITY HOTELS SPAIN SL, Madrid (Spain)". On April 27, 2022, a capital increase from k€ 3 to k€ 100 was carried out.

The Intercity Hotel Wiesbaden was opened on January 17, 2022. The lease for the 216-room hotel has a term of 20 years.

On February 24, 2022, the Russia-Ukraine war began with the invasion of Ukraine by Russian forces. Rising supplier prices and, in particular, rising energy prices have a direct impact on the Steigenberger Group. There are no significant supplier or customer relationships with Russia or Ukraine.

With effect from February 28, 2022, the shares in Steigenberger Akademie GmbH, Bad Reichenhall, were acquired for the purchase price of 1 €. The Company holds 100% of the shares in each of Steigenberger Hotelfachschule GmbH, Steigenberger Berufsfachschule für Assistenten im Hotel- und Tourismusmanagement gGmbH and Steigenberger Hotelberufsfachschule GmbH. From 2022, Steigenberger Akademie GmbH will be included in the full consolidation of the Steigenberger Group for the first time.

On March 22, 2022, the subsidiary Steigenberger DMCC, Dubai took over the management of the hotels Al Hamra Residences with 143 apartments and Al Hamra Village Hotel with 219 rooms in the Emirate of Ras Al Khaimah on the basis of a management contract with a term of 15 years. The properties will operate under the brand names Steigenberger Residences and MAXX by Deutsche Hospitality in the future.

With effect from March 31, 2022, Prof. Dr. Wilhelm Bender was elected Chairman of the Supervisory Board at its meeting. Oliver Bonke joins the Company as the new CEO. André Witschi and Marcus Bernhardt leave Steigenberger Hotels AG.

As a result of the ongoing COVID pandemic and in particular the newly emerged Omicron variant, the hotel industry and Steigenberger Hotels AG and its subsidiaries continue to be confronted with significant restrictions on economic activity in the first months of the 2022 financial year, which are associated with declines in revenue and negative earnings trends. Despite clearly recognizable recovery trends within the first quarter of 2022, the intensity of the revenue losses and the medium-term development of the pandemic remain difficult to assess. Continuing restrictions or the emergence of potential new variants are associated with negative effects on the net assets, financial position and results of operations. In this context, we refer to our comments in the management report in the section entitled "Risks, opportunities and forecast".

Against the background of the current economic situation in the hotel industry, negotiations were held and partially concluded with various lessors of the hotels in the first quarter of 2022, which, among other things, led to lease exemptions and adjustments to the contract terms.

Consolidated financial statements

The parent company that prepares the consolidated financial statements for the largest group of companies is Huazhu Group Limited (Cayman Islands). Due to the company's dual listing, the financial statements are filed at both the U.S. Securities and Exchange Commission under the Central Index Key 0001483934 and the HKEX.

The consolidated financial statements of the sub-group Steigenberger Hotels Aktiengesellschaft, Frankfurt am Main for the period ending December 31, 2021 are disclosed in the Federal Gazette, and the Company is included as a sub-group in the consolidated financial statements of DH Group GmbH & Co. KG, Frankfurt am Main, Germany as at December 31, 2021 (smallest consolidation group).

Frankfurt am Main, Germany, June 15, 2022
The Executive Board



Oliver Bonke



Dr. Ulrich Johannwille

4/09

INDEPENDENT AUDITOR'S REPORT

Audit opinions

We have audited the annual consolidated financial statements of Steigenberger Hotels Aktiengesellschaft, Frankfurt am Main, Germany and its subsidiaries (the Group) comprising the consolidated balance sheet as at December 31, 2021, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the financial year from January 1 to December 31, 2021 and also the consolidated notes to the consolidated financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the Group management report of Steigenberger Hotels Aktiengesellschaft, Frankfurt am Main, Germany for the financial year from January 1 to December 31, 2021.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual consolidated financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Group as at December 31, 2021 and of its financial performance for the financial year from January 1 to December 31, 2021 in compliance with German Legally Required Accounting Principles, and

- the accompanying Group management report combined with the management report of the parent company as a whole provides an appropriate view of the Group's position. In all material respects, this Group

management report combined with the management report of the parent company is consistent with the annual consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

In accordance with Section 322 Paragraph 3 Sentence 1 of the German Commercial Code [HGB], we declare that our audit has not led to any reservations relating to the legal compliance of the annual consolidated financial statements and of the Group management report/combined management report.

Basis for the audit opinions

We conducted our audit of the annual consolidated financial statements and of the Group management report combined with the management report of the parent company in accordance with Section 317 of the German Commercial Code [HGB] and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the annual consolidated financial statements and of the Group management report combined with the management report of the parent company" section of our auditor's report. We are independent of the Group in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional 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 audit opinions on the annual consolidated financial statements and on the Group management report combined with the management report of the parent company.

Responsibilities of the executive directors and the Supervisory Board for the annual consolidated financial statements and the Group management report

The executive directors are responsible for the preparation of the annual consolidated financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. The executive directors also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the Group management report combined with the management report of the parent company that as a whole provides an appropriate view of the Group's position and is, in all material respects, consistent with the annual consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a Group management report combined with the management report of the parent company that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the Group management report combined with the management report of the parent company.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and the Group management report combined with the management report of the parent company.

Auditor's responsibilities for the audit of the annual consolidated financial statements and of the Group management report

Our objectives are to obtain reasonable assurance about whether the annual consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the Group management report combined with the management report of the

SCHEDULE OF INVESTMENTS AS AT DECEMBER 31, 2021 IN ACCORDANCE WITH SECTION 313 PARA. 2 OF THE GERMAN COMMERCIAL CODE [HGB]

Shares in affiliated companies	Equity interest in %	Share of voting rights in %	Currency	Equity Thousand currency units	Result Thousand currency units
IntercityHotel GmbH, Frankfurt am Main, Germany	100.00	100.00	EUR	6,533	-5,715 [1]
STAG Hotelverwaltungs-Gesellschaft mbH, Vienna, Austria	100.00	100.00	EUR	1,643	-2,364 [4]
Steigenberger Hotels AG, Zurich, Switzerland	100.00	100.00	CHF	9,440	-1,039 [4]
STAG Hotels Netherlands B.V., Amsterdam, Netherlands	100.00	100.00	EUR	137	-2,681 [4]
H.E.A.D. HOTEL EQUIPMENT AND DESIGN GmbH, Frankfurt am Main, G.	100.00	100.00	EUR	220	199 [1]
Steigenberger Consulting GmbH, Frankfurt am Main, Germany	100.00	100.00	EUR	160	-5 [1]
DH Deutsche Hospitality GmbH, Frankfurt am Main, Germany	100.00	100.00	EUR	-202	-288 [4]
Jaz Hotel GmbH, Frankfurt am Main, Germany	100.00	100.00	EUR	100	-1,053 [1]
Steigenberger Spa GmbH, Frankfurt am Main, Germany	100.00	100.00	EUR	39	24 [1]
Steigenberger Italia S.r.L., Meran, Italy	100.00	100.00	EUR	-0.2	-10 [4]
MAXX Hotel GmbH, Frankfurt am Main, Germany	100.00	100.00	EUR	67	-768 [1]
Zleep Hotel GmbH, Frankfurt am Main, Germany	100.00	100.00	EUR	100	-183 [1]
Scheveningen Hotel Holding B.V., Den Haag, Netherlands	100.00	100.00	EUR	-49	-6.0 [4]
STAG Belgium N.V., Brussels, Belgium	100.00	100.00	EUR	-26,813	-10,762 [4]
Steigenberger DMCC, Dubai, United Arab Emirates	100.00	100.00	AED	2,689	-1,648 [4]
Tunisian Hospitality Group, Tunis, Tunisia [2]	100.00	100.00	TND	2,948	671 [4]
Zleep Hotels A/S, Taastrup, Denmark	51.00	51.00	DKK	-9,557	-15,254 [4]
Zleep Hotel Copenhagen City ApS, Taastrup, Denmark [5]	100.00	100.00	DKK	80	-2,088 [4]
Zleep Hotel Ishøj ApS, Taastrup, Denmark [5]	100.00	100.00	DKK	50	62 [4]
Zleep Hotel Aarhus ApS, Taastrup, Denmark [5]	100.00	100.00	DKK	2,760	204 [4]
Zleep Hotel Kolding ApS, Taastrup, Denmark [5]	100.00	100.00	DKK	112	-376 [4]
Zleep Hotel Roskilde ApS, Taastrup, Denmark [5]	100.00	100.00	DKK	426	222 [4]
Zleep Hotel Aalborg ApS, Taastrup, Denmark [5]	100.00	100.00	DKK	50	-1,132 [4]
Zleep Hotel Lyngby ApS, Taastrup, Denmark [5]	100.00	100.00	DKK	50	-3,895 [4]
Zleep Hotel Aashus Skejby ApS, Taastrup, Denmark [5]	100.00	100.00	DKK	50	-379 [4]
Zleep Hotel Copenhagen Arena ApS, Taastrup, Denmark [5]	100.00	100.00	DKK	40	-5,123 [4]
Zleep Hotel Vejle ApS, Taastrup, Denmark [5]	100.00	100.00	DKK	40	12
Zleep Hotels AB, Upplands Väsby, Sweden [5]	100.00	100.00	SEK	80	-5,828 [4]
Zleep Hotels Upplands Väsby AB, Sweden [5]	100.00	100.00	SEK	299	-6,025 [4]
STAG Hotels Hungary Kft., Budapest, Hungary	100.00	100.00	HUF	-401,112	-388,657 [4]
Sourcify GmbH, Frankfurt am Main, Germany	100.00	100.00	EUR	573	-112 [4]
DH Digital Integration Center SIA, Riga, Latvia	100.00	100.00	EUR	100	0 [4]
Investments in associated companies					
Aurea Palacio Hospitality Private Limited, New Delhi, India [2]	49.00	49.00	INR	5,525	-907 [3]
Steigenberger Middle East Hotels + Resorts S.A.E., Cairo, Egypt [2]	50.00	50.00	EGP	25,090	13,402 [4]
Commerz Real Institutional European Hotel Fund SCA, Luxembourg [3]	34.00	34.00	EUR	32,894	-470 [4]

No information has been provided for one company in accordance with Section 313, Paragraph 3, No. 2 of the German Commercial Code (HGB) since otherwise the company could face considerable disadvantages. [1] Result before transfer of profit/loss to Steigenberger Hotels Aktiengesellschaft, Frankfurt am Main, Germany. [2] Held indirectly through Steigenberger DMCC. [3] Financial statements as at March 31, 2021. [4] Preliminary financial statements as at December 31, 2021. [5] Held indirectly through Zleep Hotel A/S, Taastrup, Denmark. [6] Held indirectly through DH Deutsche Hospitality GmbH, Germany.

parent company as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the annual consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual consolidated financial statements and on the Group management report combined with the management report of the parent company.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 of the German Commercial Code [HGB] and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 consolidated financial statements and this Group management report combined with the management report of the parent company.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the annual consolidated financial statements and of the Group management report combined with the management report of the parent company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- obtain an understanding of internal control relevant to the audit of the annual consolidated financial statements and of arrangements and measures relevant to the audit of the Group management report combined with the management report of the parent company in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.

- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual consolidated financial statements and in the Group management report combined with the management report of the parent company or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- evaluate the overall presentation, structure and content of the annual consolidated financial statements, including the disclosures, and whether the annual consolidated financial statements present the underlying transactions and events in a manner that the annual consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with German Legally Required Accounting Principles.

- obtain sufficient suitable audit evidence for the accounting information of the companies or business activities within the Group in order to issue audit opinions on the consolidated financial statements and the Group management report combined with the management report of the parent company. We are responsible for the direction, supervision and performance of the Group audit. We are solely responsible for our audit opinions.

- evaluate the consistency of the Group management report combined with the management report of the parent company with the annual consolidated financial statements, its conformity with German law, and the view of the Company's position it provides.

- perform audit procedures on the prospective information presented by the executive directors in the Group management report combined with the management report of the parent company. On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Frankfurt am Main, Germany, June 15, 2022

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

[Dirk Hällmayr]	[Holger Riedel]
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

