



Scandic

ANNUAL & SUSTAINABILITY REPORT 2022

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Scandic is a Swedish company subject to Swedish laws. All values are expressed in Swedish kronor. Figures in parentheses refer to 2021 unless otherwise specified. Data on markets and competition in Sweden is based on Scandic's own assessments unless a specific source is indicated. These assessments are based on the best and latest available facts from published sources. The annual accounts and consolidated accounts of the company are included on pages 65–120 in this document. The statutory sustainability report can be found on pages 36–51 and 52–64 of this document.



THE LEADING NORDIC HOTEL COMPANY

With over 270 hotels and almost 56,000 rooms in operation, Scandic is the leading hotel company in the Nordics.

HOTEL OPENINGS DURING THE YEAR

- 
- 1 SCANDIC KIRUNA, SWEDEN
 - 2 SCANDIC ÖREBRO CENTRAL, SWEDEN
 - 3 SCANDIC GÖTEBORG CENTRAL, SWEDEN
 - 4 SCANDIC OCEANHAMNEN, SWEDEN
 - 5 SCANDIC HOLMENKOLLEN PARK, NORWAY
 - 6 SCANDIC HELSINKI HUB, FINLAND
 - 7 SCANDIC MÜNCHEN MACHEREI, GERMANY
 - 8 SCANDIC NØRREPORT, DENMARK
 - 9 SCANDIC SPECTRUM, DENMARK
 - 10 SCANDIC OPUS HORSENS, DENMARK

55,831
HOTEL ROOMS
IN OPERATION

271
TOTAL NUMBER
OF HOTELS IN
OPERATION

10
HOTEL
OPENINGS IN
2022

~11
MILLION
SOLD ROOMS
IN 2022

THIS IS SCANDIC

Scandic has the largest and widest hotel network in the Nordic market and a unique offering in the mid-market segment for leisure and business travelers. Every day, Scandic's guests are welcomed by some 18,600 dedicated team members who every day strive to create fantastic hotel experiences for all.



#1 INDUSTRY LEADER IN SUSTAINABILITY

Since the beginning of the 90s, Scandic has been leading the way when it comes to sustainability, driving industry development and paving the way for innovative ideas. In 1999, the first Scandic hotel was certified by the Nordic Swan Ecolabel, the official ecolabel in the Nordics. Over the years we have striven to meet its higher certification and our ambition is to certify all hotels in accordance with the new higher requirements. Read more about Scandic's sustainability initiatives on pages 36–64.



#2 ROOM COLLECTION

Did you know that Scandic has its own room concept for new hotels and renovations? The rooms are designed with circularity in mind and many elements of the furnishings are environmentally certified or made of recycled materials. Room interiors have a lifetime of up to 15 years and most components can be reused or recycled when renovating. Read more about Scandic's sustainable room concept on pages 46–47.

#3 TEAM MEMBERS IN FOCUS

Culture and leadership are two of Scandic's most important focus areas. For more than 20 years, Scandic has been developing the leaders of tomorrow through initiatives including the internal Talent@Scandic leadership program. Read more about how Scandic works to strengthen culture, leadership and engagement on pages 32–35.



#4 WELCOMING TO ALL

Scandic aims to make everyone feel welcome at its hotels. Each guest's safety and security while on vacation or at a conference is of the utmost importance to us. Read more about how Scandic makes hotels accessible on pages 42–43.



#5 GOOD FIRST EMPLOYER

For many people, Scandic plays an important role as a first employer, creating opportunities for young people and those who are not established in the labor market to gain valuable work experience. Scandic's team members represent more than 120 different nationalities and in 2022, Scandic ranked at the top when it comes to diversity and inclusion. Read more about Scandic as an employer on pages 32–35.



#6 CULTURE & VALUES

The foundation of the culture that characterizes Scandic was established 60 years ago. Today, all Scandic team members incorporate the values Be Caring, Be You, Be a Pro and Be Bold in their daily work and relationships.

THE YEAR IN SUMMARY

2022 was the year the hotel market recovered from the Covid-19 pandemic. During the year, demand rose to good levels with higher prices. Scandic also reported its best quarter ever and opened a record number of new hotels.



EXTENDED COOPERATION WITH PANDOX

Scandic increased its cooperation with property owner Pandox during the year by agreeing to extend leases for 15 hotels in the Nordic region (12 in Sweden, two in Finland and one in Norway). The agreements cover 3,598 hotel rooms. A joint renovation program worth about 700 million SEK and an additional 15 rooms are included in the agreements. Pandox also agreed to make investments in ventilation and heat recovery in a number of hotels, which will reduce energy consumption and operating costs while increasing guest comfort.



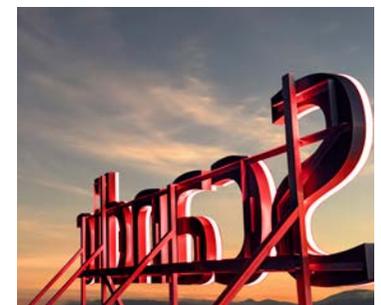
SCANDIC GÖTEBORG CENTRAL

Scandic opened its largest conference hotel in Gothenburg with 451 rooms, 16 meeting rooms and event space for up to 1,000 people. The hotel has quickly become a challenger in the city. Both the hotel property and operations have been designed with sustainability in mind and the hotel is certified according to the new, stricter Nordic Swan Ecolabel requirements.



Q3 – SCANDIC'S BEST QUARTER YET

Net sales reached a record level for a single quarter of 5,994 million SEK. Profits also set a new record and adjusted EBITDA totaled 1,213 million SEK, giving Scandic a historically strong adjusted operating margin of 20.2 percent. Excluding non-recurring items, the operating margin was 19.0 percent.



RECORD NUMBER OF NEW HOTELS

During the year, Scandic opened a total of 10 hotels with about 2,900 rooms. We also continued to add more hotels to our pipeline and signed two new agreements with property owners to operate two hotels in Norway (in Tromsø and Ski). Scandic also took over the operations of Hotel Opus in Horsens, Denmark.

WELL POSITIONED FOR THE FUTURE

During the year, the hotel market recovered rapidly to stable occupancy and higher price levels with good demand from both business and leisure travelers.

When I look back on the past year, I feel proud of what we achieved and the way our team members contributed to Scandic's comeback. We welcomed thousands of new team members, delivered a strong full-year result and established a stable financial position. We also welcomed over 17 million hotel guests and strengthened our market position with nine hotel openings in the Nordics and one in Germany.

The recipe for success in gaining the trust of our guests has been a strong focus on commercial initiatives and continuing to deliver the high level of service that characterizes us at Scandic. We have also become more flexible and efficient in the way we're organized and how we adapt staffing to demand at our close to 280 hotels.

I can affirm that Scandic is in many ways a stronger company today than before the pandemic and this gives us good conditions for developing Scandic going forward.

Stable occupancy rates and higher price levels

After a weak start to the year, due to pandemic restrictions in several of our markets, demand and price levels increased in the spring and summer. During the fall, business travel returned to more normal seasonal patterns, which contributed to



Jens Mathiesen, President & CEO

continued good demand. Despite the fact that the last quarter of the year was influenced by increased macroeconomic uncertainty, occupancy remained stable with continued higher prices.

During the year, domestic travel on all of Scandic's markets rose to higher levels than before the pandemic. At the same time, in the Nordic region and Europe, travel grew to good levels. Occupancy during 2022 was slightly lower than in 2019. This was mainly due to the fact that the first quarter was negatively affected by restrictions and that we had around 6 percent more rooms in operation at the end of the year compared with 2019, in combination with lower demand from travelers to and from Asia, where several countries were still affected by Covid-related restrictions. During the year, about 63 million room nights were sold in the Nordics, as many as in 2019. This shows an underlying strength in the market – and how the hotel market has once again proved its ability to overcome huge crises as well as the need we have to meet and travel, be it for business or pleasure.

Strong results, cash flows and reduced indebtedness

We have gradually improved our results in pace with recovery in the market and during the year, we delivered two of our best quarters ever in terms of results. Net sales increased to more than 19 billion SEK, almost twice what we reported in 2021 and slightly higher than our record year 2019. Excluding state aid and other non-recurring items, we delivered a slightly higher full-year result compared with 2019, with an operating margin of 11.1 percent in line with our financial target.

Including non-recurring items, we reported our best annual profit ever, with an operating margin of 13.2 percent. Even though profits were impacted positively by non-recurring items, at the same time, we need to remember that 2022 started with a very weak quarter impacted by pandemic restrictions in several of our markets.

We had strong cash flows for the year and gradually reduced our indebtedness, which at year-end was at a lower level than before the pandemic, including the convertible loan. At the beginning of 2023, we also extended our financing until the end of 2025. All in all, we have established a stable financial position that creates flexibility and opportunities for the future.

Continued progress within sustainability

Sustainability is the core of our strategy and is crucial for us to remain relevant to our hotel guests. During the year, we took

“WE’RE LOOKING AHEAD WITH A CLEAR FOCUS ON CREATING EVEN BETTER HOTEL EXPERIENCES FOR MORE PEOPLE AND ON DELIVERING STABILITY WITH HIGHER REVENUES AND IMPROVED PROFITABILITY.”

several steps forward and reported major improvements in many of our focus areas. Among other things, we reduced our climate footprint (CO₂e) by 29 percent per square meter compared with the base year 2019. This was an important step toward our goal to reduce emissions by 50 percent by 2030. We also continued to reduce food waste in line with our targets and also reduced water consumption per guest night. These are concrete improvements that have a direct positive impact on the environment. At the same time, this also means lower costs for us and supports us in becoming an even more attractive choice for our hotel guests.

During the year, Scandic won many sustainability awards in the Nordic markets, which demonstrates that guests, both new and returning, perceive Scandic as a sustainable brand and responsible company. In Sweden alone, we defended our leading position in the Sustainable Brand Index, for the 12th year running.

During 2023, we will continue to focus on the Nordic Swan Ecolabel – the official environmental certification in the Nordic countries. By the end of 2022, 76 percent of all our hotels were certified by the Nordic Swan Ecolabel. Our goal is for all hotels to be certified or recertified according to the new stricter requirements.

Well positioned for the future

When I presented Scandic’s strategy on the Capital Markets Day we held just before the Covid-19 pandemic broke out, no one could imagine the challenges we would face or how fast the recovery would be. I am proud of how we have handled this unprecedented ordeal together. Today, we have stable indebtedness and a stronger offering and we’ve become a more coordinated, efficient and united Scandic. We have made progress, but I also know that this is just one step on our journey. There is much more for us to do to reach our full potential.

We’re looking ahead with a clear focus on creating even better hotel experiences for more people and on delivering stability with higher revenues and improved profitability. In conclusion, I would like to extend a warm thank you to all our team members who made this possible, to our hotel guests who continued to have confidence in us and to our shareholders for continuing to believe in Scandic.

Jens Mathiesen
President & CEO

CREATING STAKEHOLDER VALUE

Scandic's ambition is to optimize long-term value creation for stakeholders while managing the external factors that impact the company.



EXTERNAL FACTORS

- Customer behavior
- Distribution channels
- Digitalization
- Supply & demand
- Sustainability
- Security
- Price increases
- Staff shortages in service industry
- Restrictions from authorities

STRATEGY

Scandic's strategy is designed to create sustainable growth, manage external factors and reach financial targets.

STAKEHOLDERS

Customers
Team members
Investors
Society
Property owners
Suppliers

VALUE CREATION

The strategy aims to optimize long-term value creation for all of Scandic's stakeholders.

A man with short, curly hair and glasses, wearing a bright orange button-down shirt, is sitting at a dark, textured table in a modern cafe or office setting. He is smiling and looking down at a laptop computer in front of him, with his hands on the keyboard. To his left is a white ceramic cup filled with coffee. The background is softly blurred, showing other people sitting at tables and large windows with a view of the outdoors. The overall atmosphere is professional and productive.

PROFITABILITY ENABLES GROWTH

Scandic's financial targets aim to create shareholder value through profitable growth and financial strength.

INTERVIEW WITH CFO

What were the highlights of 2022?

2022 was the year when Scandic and the hotel market recovered. We reported a strong full-year result and our ability to deliver cash flows is evident. We also gradually reduced our indebtedness, which at the end of the year was lower than before the pandemic, even including the convertible loan.

Why should someone invest in Scandic?

Scandic has a market-leading position in the Nordic region with a well-known brand and diversified offering for leisure and business travelers in the growing mid-market segment. We have a solid track record of delivering stable growth and profitability. During the Covid-19 pandemic, we learned many things and launched a number of initiatives to further increase the resilience of our business model. Today, we are a stronger company than before and we have a clear long-term agenda for growth and increased profitability.



Åsa Wirén, CFO

“AT YEAR-END, SCANDIC HAD A STABLE FINANCIAL POSITION, PROVIDING FLEXIBILITY AND OPPORTUNITIES FOR THE FUTURE. AT THE BEGINNING OF 2023, WE ALSO SECURED NEW FINANCING UNTIL THE END OF 2025.”

What should someone take into account when analyzing Scandic as a company?

We report in accordance with IFRS 16 Leases, which means that all lease agreements are capitalized in the balance sheet as a fixed asset and financial liability. Before IFRS 16 entered into force, rent payments were recognized directly in the income statement. Since we have long-term lease agreements with property owners, this has major effects on the balance sheet in the form of a substantial increase in financial liabilities. In other words, our indebtedness according to IFRS 16 doesn't provide a true and fair view of our commitments to banks or the interest expenses included in our cash flow. This is why we also present alternative performance measures excluding IFRS 16. These provide a more accurate picture of our financial position and how we create value.

What are your thoughts on the future from a financial perspective?

At year-end, Scandic had a stable financial position, providing flexibility and opportunities. At the beginning of 2023, we also secured new financing until the end of 2025. All in all, we are well positioned for the future.

SCANDIC'S FINANCIAL PROFILE

Scandic's ability to deliver long-term profitability rests on four pillars.

1

SALES GROWTH

The demand for hotel experiences has historically increased over time. With a leading market position and unique geographic presence, Scandic is the first choice for many hotel guests. Scandic is benefiting from the growing demand in the leisure segment and through a strong position in the business segment. A large number of companies and organizations have framework agreements with Scandic, many of which are renewed. Recurring sales are also strengthened by Scandic's loyalty program, which boasts more than two million members. Scandic is also an attractive partner for property owners, and its lease model with partially variable rents contributes to creating shared incentives for growth and continued expansion.

2

FLEXIBLE COST STRUCTURE

Scandic has a high share of variable costs. Normally, about 25 percent are consumables and sales-related expenses such as rents and commissions. At a normal level of demand, these costs vary according to sales volumes. About half of Scandic's costs are semi-flexible and include personnel expenses. Scandic adapts its costs to the business situation and follows up on expected occupancy to address deviations quickly by reducing costs.

3

PROFITABILITY

Scandic has historically generated a stable adjusted EBITDA margin. With improved cost efficiency and investments in areas such as digitalization and IT, the company aims to increase profitability over time. Scandic strives to achieve cost efficiencies at all levels through careful planning of staffing and economies of scale within IT, purchasing and administration.

4

CASH FLOW

Scandic is good at generating cash flows. Since customers generally pay in advance, Scandic has negative working capital. Investment needs are relatively limited thanks to the division of responsibility between property owners and Scandic. Excluding the construction of new hotels, the need to reinvest in the hotel business is estimated to amount to 4 percent of net sales at most.

FINANCIAL TARGETS & OUTCOME

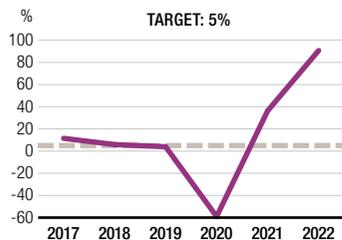
With the exception of the pandemic years 2020 and 2021, Scandic has more than doubled sales and generated a stable adjusted EBITDA margin since 2103. During the year, the hotel market recovered and Scandic reported growth, profitability and indebtedness in line with its financial targets.

1

GROWTH

Scandic's organic growth shall be at least 5 percent per year on average over a complete business cycle. In 2022, organic growth was 90.7 percent.

TARGET & OUTCOME 2017-2022

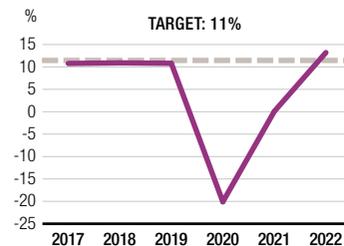


2

PROFITABILITY

Scandic's adjusted EBITDA margin shall be at least 11.0 percent on average over a complete business cycle. In 2022, the adjusted EBITDA margin was 13.2 percent compared with 0.1 percent in 2021. Excluding state aid and other non-recurring items, the adjusted EBITDA margin was 11.1 percent.

TARGET & OUTCOME 2017-2022

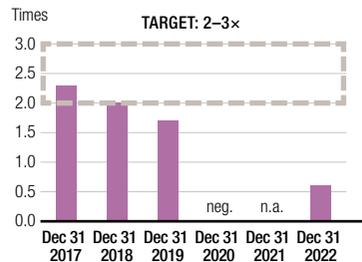


3

CAPITAL STRUCTURE

Scandic shall have net debt in relation to adjusted EBITDA of 2 to 3x. At year-end 2022, net debt was 1,425 million SEK¹⁾ while adjusted EBITDA amounted to 2,536 million SEK, resulting in net debt in relation to adjusted EBITDA of 0.6x.

TARGET & OUTCOME 2017-2022



4

DIVIDENDS

The Board of Directors has adopted a dividend policy that aims to distribute at least 50 percent of Scandic's net profit. The dividend is based on net profits excluding effects of IFRS 16. Scandic's Board of Directors has proposed that no dividend be paid for 2022.

TARGET & OUTCOME 2017-2022



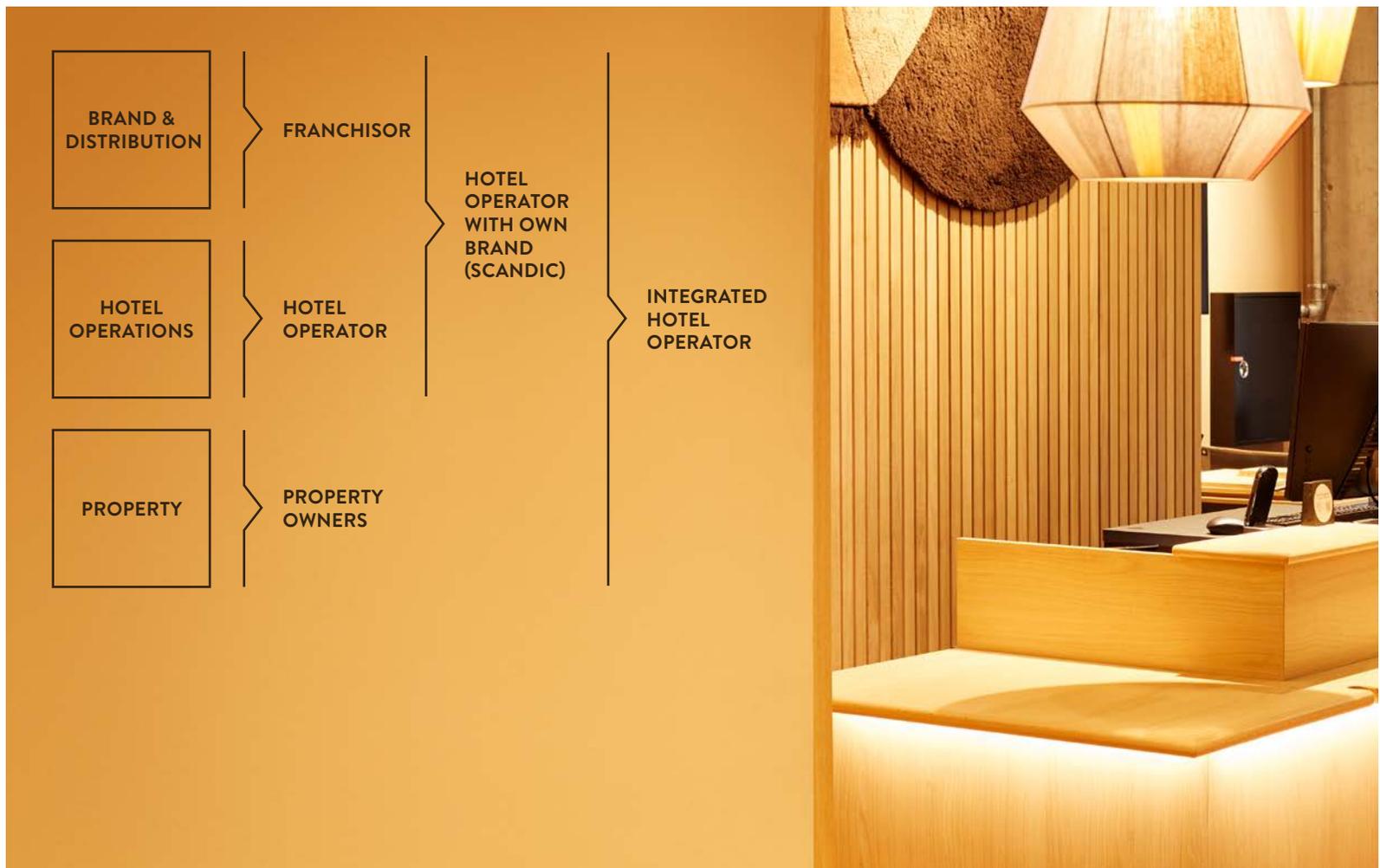
¹⁾ Excluding the convertible loan of 1,484 million SEK. Including the convertible loan, net debt in relation to adjusted EBITDA was 1.1x. Read more about the convertible loan on page 71.



SCANDIC'S POSITION IN THE VALUE CHAIN

Scandic operates according to a model with long-term lease agreements with full responsibility for the brand, hotel operations and distribution. This is the dominant model in the Nordic markets and in Germany. In many other countries, the franchise model where the hotel company controls only the brand while operations are run by a specialized

management company or the property owner is more common. And some hotel companies have a fully integrated model where the property owner is also responsible for operations as well as the offering and brand.



BENEFITS OF REVENUE-BASED LEASING MODEL

- Control of value chain and offering
- Economies of scale in operations and distribution
- Shared interests for Scandic and property owners
- Flexible cost structure

The leasing model allows Scandic to ensure that its hotel offering is in line with what it markets. Scandic also benefits from economies of scale in operations and distribution. Scandic's lease agreements are largely revenue-based, creating a shared interest for both parties since increasing sales means higher rents and greater property value for landlords.

Additionally, variable rents ensure a relatively flexible cost structure, which helps stabilize margins over time in normal market conditions.

With the exception of the years of the Covid-19 pandemic, from when the company was listed on the stock exchange in December 2015, Scandic has had relatively stable margins and rent costs have developed in line with sales. Scandic initiated dialogues with property owners in 2020, which led to temporary rent reductions until year-end 2022. Scandic is focusing on reducing the risk level and increasing the resilience of its business model, among other things, by securing more balanced lease agreements with market collapse clauses. This means that there is a more balanced risk level between Scandic and its landlords in the event of an external event that could impact demand for hotels significantly.



OUR MARKETS

During the year, the hotel market recovered. Occupancy rates were stable, price levels were higher and demand was good from both leisure and business travelers.

STABLE OCCUPANCY RATES & HIGHER PRICE LEVELS

HISTORICALLY STABLE GROWTH

Demand in the Nordic hotel market has historically increased steadily with growth in international tourism and travel. Between 2009 and 2019, the number of sold rooms in Scandic's markets grew on average by 4 percent per year, resulting in increasing average occupancy rates and revenue per available room (RevPAR). Development in the Nordic hotel market has been driven by generally good economic growth combined with a clear increase in leisure travelers and international visitors. The Covid-19 pandemic had significant negative effects on the hotel market, but during the year, the market recovered quickly to demonstrate stable occupancy rates and higher price levels.

STRONG RECOVERY

2022 got off to a weak start due to temporarily reintroduced pandemic restrictions in several of Scandic's markets. But as these restrictions disappeared, demand increased sharply from February, with stable occupancy rates and higher price levels in the spring. The summer months were characterized by continued robust domestic leisure travel

“THE HOTEL MARKET RECOVERED, OCCUPANCY RATES WERE STABLE AND PRICE LEVELS WERE HIGHER IN SCANDIC'S MARKETS.”

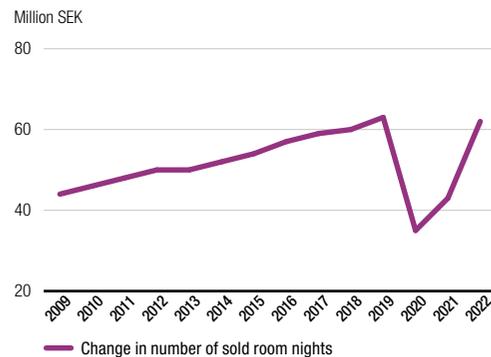
as well as many large events and a wider range of entertainment options. This led to a high demand for hotel rooms, especially in metropolitan areas. On average, market occupancy during June, July and August was about 71 percent in Scandic's markets, resulting in record revenue per available room (RevPAR). After the summer, demand returned to a more normal seasonal pattern with lower leisure travel and higher demand from business travelers as well as meeting and conference customers. At the same

time, macroeconomic concerns grew worldwide and consumer and business confidence dropped to historically low levels. Despite this, Scandic's occupancy remained stable during the fourth quarter with continued high price levels. In summary, occupancy rates stabilized in all of Scandic's markets and in total about 63 million hotel rooms were sold in the Nordic market during the year, which was as many as in 2019. Occupancy was slightly lower than in 2019, which was mainly due to pandemic restrictions at the beginning of the year and an increased number of rooms on the market combined with lower demand from travelers to and from Asia, where several countries were still affected by restrictions.

STABLE DEMAND DESPITE MACROECONOMIC CONCERNS

In spite of macroeconomic uncertainty, at the end of the year, it was Scandic's assessment that in the long term, the market will recover and return to pre-pandemic levels. The share of leisure travelers has historically increased over time and during the summer of 2022, travel between

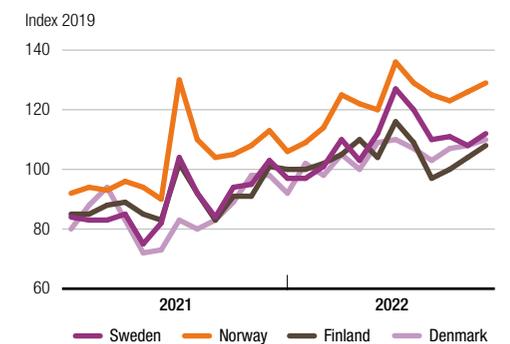
NUMBER OF ROOMS SOLD IN THE NORDIC COUNTRIES, 2009–2022



Source: SCB, SSB, Statistics Finland, DST.



AVERAGE ROOM RATES, 2021–2022

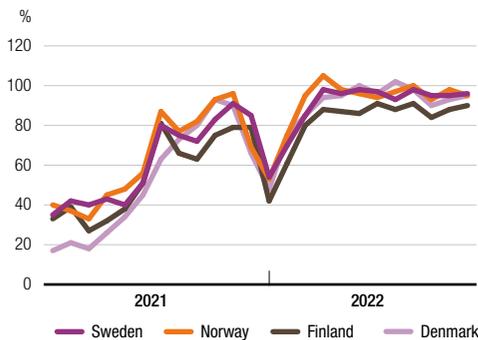


Source: Benchmarking Alliance.

the Nordic countries was at an even higher level than before the pandemic. At the same time, business travel and the demand for meetings and conferences increased gradually during the year. In the short term, there is still a pent-up demand for meetings since companies have a need to gather their employees and meet customers after a long period of restrictions and working from home. By all accounts, business travel will change character in the future, with a greater share of digital meetings as a complement to in-person meetings. To adapt to this trend, among other things, Scandic has launched hybrid meetings at all of its hotels to facilitate combined physical and digital meetings. Scandic considers it likely that some companies may choose to travel less often than before and that there will be an increased focus on quality in connection with travel and meetings. One possible scenario is that some may choose to travel less than before, but then stay longer when they do travel, which is not necessarily negative for Scandic's hotels. It should also be emphasized that a significant part of what Scandic defines as business travel relates to industries and types of work that to a certain extent require physical presence and cannot be replaced by digital solutions.



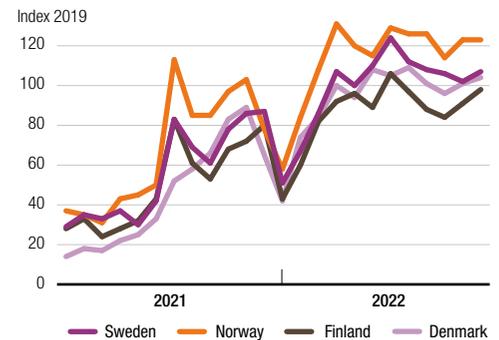
OCCUPANCY, 2021-2022



Source: Benchmarking Alliance.



REVPAR, 2021-2022



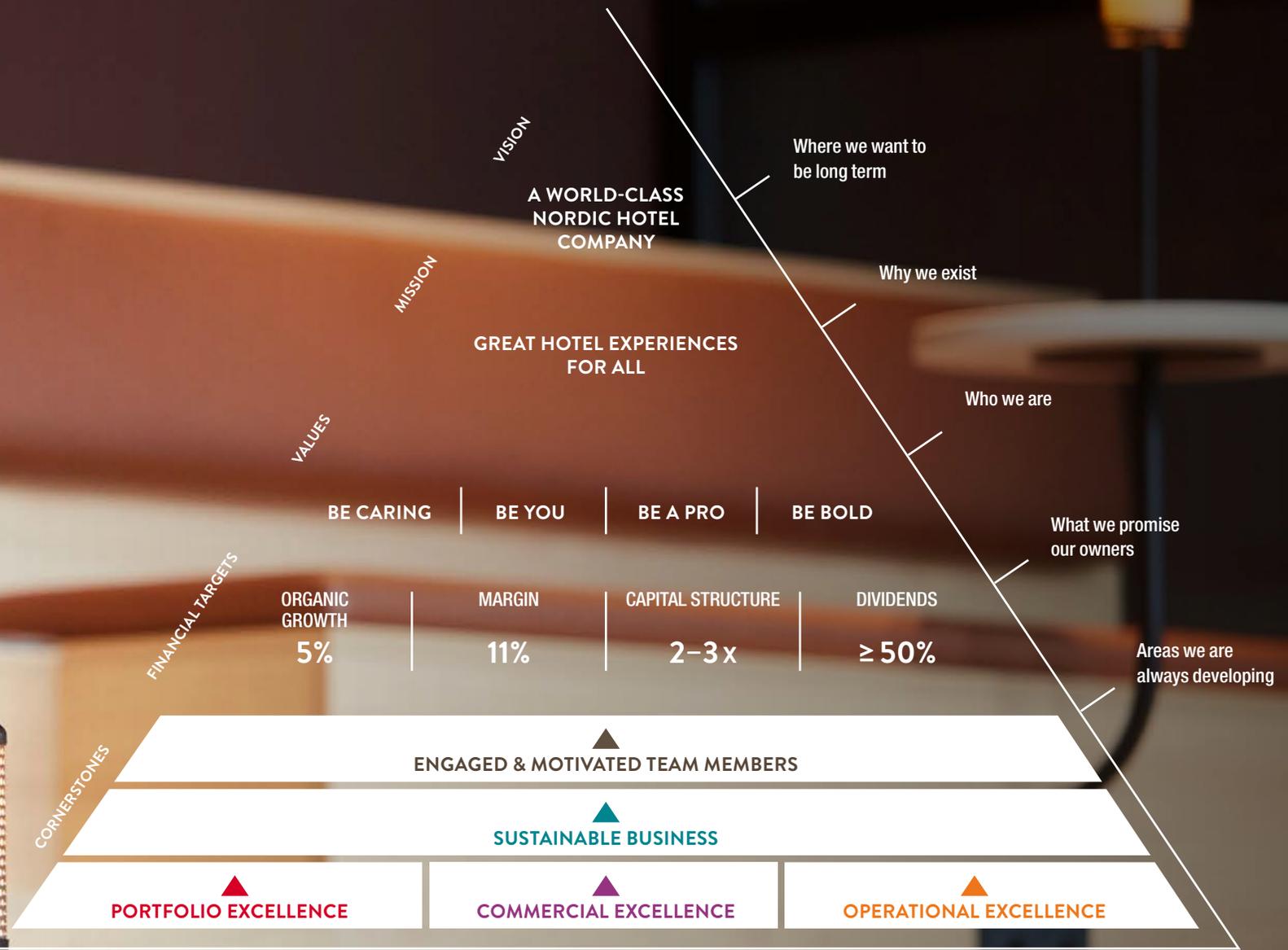
Source: Benchmarking Alliance.



OUR STRATEGY

Scandic's strategy is built on five strategic cornerstones that define our daily operations to realize our vision, mission and financial targets. A sustainable approach and team member motivation and engagement are the foundation of our strategy and should be evident in all business and strategic decisions.

STRATEGIC FOCUS AREAS



Our strategic cornerstones should be evident in Scandic's daily operations to realize the company's vision, mission and financial targets.

PORTFOLIO EXCELLENCE

**Strategic priorities 2022–2023:
Continue our long-term growth journey**

Scandic is the market leader in the Nordic region with wide geographic presence and good growth opportunities. We need to continue to optimize how we manage our portfolio with a focus on profitable and sustainable growth in and outside of the Nordic region. To increase returns, capital efficiency and guest satisfaction, we constantly evaluate investments in new and existing hotels and review which hotels we should exit.

COMMERCIAL EXCELLENCE

**Strategic priorities 2022–2023:
Increase customer value and revenues**

Although the market recovered rapidly during the year to reach stable occupancy rates and higher price levels, recovery in certain customer segments was slow, especially in intercontinental travel. This is why we need to work even smarter and find new ways to surpass market performance. We will do this by further strengthening our service, brand and customer loyalty throughout the guest journey. We also need to ensure that we maintain our strength in distribution and sales via our own channels.



OPERATIONAL EXCELLENCE

Strategic priorities 2022–2023:

Ensure long-term sustainable margin growth

By increasing the resilience of our business model, we want to create higher and more consistent profitability over time and optimize the conditions for sustainable growth. To ensure higher and more consistent profitability over time, Scandic is focusing on increasing efficiency through digitalization, standardization and continuous exchange of knowledge between our markets.

ENGAGED & MOTIVATED TEAM MEMBERS

Strategic priorities 2022–2023:

Strengthen our culture, leadership and engagement

Scandic is driven by a distinct culture that steers us in our service, leadership and daily decision-making. This is not something we should take for granted – we need to invest in our culture every day. Our culture is the basis for good leadership and a prerequisite for developing and retaining team members as well as recruiting new talents. In the future, we will take significant steps to further strengthen our culture, leadership, engagement and team member training.

SUSTAINABLE BUSINESS

Strategic priorities 2022–2023:

Lead the industry in sustainability

At Scandic we have a long legacy of driving sustainability action in the hospitality industry. As the largest hotel company in the Nordics, we have the power to drive transformation and inspire change at scale. This is why we need to step up the pace and further strengthen our position in sustainability so we can continue to contribute to the development of our industry. This involves enhancing our efforts to reduce our climate impact and increasing the transparency of our ambitions and successes in relation to all our stakeholders.



A photograph of three women sitting on a dark green sofa in a modern hotel lounge. The woman on the left has dark hair and is wearing a white sweater and light-colored trousers. The woman in the middle has blonde hair in a bun, is wearing a black leather jacket over a white shirt and light-colored trousers, and is holding a glass of whiskey. The woman on the right has blonde hair and is wearing a bright green silk blouse and dark trousers. They are all smiling and laughing. The background features a large window with a view of a city at night, potted plants, and two green pendant lamps with white circular patterns.

PORTFOLIO EXCELLENCE

With over 270 hotels and about 56,000 hotel rooms,
Scandic is the leading hotel company in the Nordics.

CONTINUING OUR LONG-TERM GROWTH JOURNEY

During the year, Scandic opened 10 hotels with about 2,900 rooms. The number of hotels in operation at the end of the year was 271 and the number of rooms increased by 2.9 percent to 55,831. At the end of the year, Scandic had four hotels with a total of 1,061 rooms in the pipeline for the years 2023–2026. The record number of hotel openings during the year was due to Scandic postponing many openings during the pandemic until the market recovered. Scandic continuously evaluates its portfolio to optimize growth opportunities and determine when to exit hotels with limited potential.

FOCUS ON LONG-TERM, BALANCED LEASE AGREEMENTS

Scandic operates hotels with long-term leases that are usually variable based on the hotel's revenue. At year-end, about 95 percent of hotels had leases with an average

“A RECORD NUMBER OF OPENINGS IN A STRONG MARKET”

term of 12 years. Of the other agreements, 1 percent were management agreements and 4 percent were franchise or partner agreements. Of all lease agreements, about 22 percent were variable, 66 percent were variable with fixed guarantee rent and 12 percent were fixed rental agreements.

Over time, Scandic aims to increase the share of variable lease agreements and achieve more balanced conditions. Among other things, this means that Scandic strives to implement market collapse clauses in all agreements, limiting

the risks to which Scandic is exposed in the event of an extreme situation that could have a significant impact on demand in the hotel market.

WELL-INVESTED PORTFOLIO

Responsibility for investments is clearly regulated in Scandic's lease agreements. In general, Scandic is responsible for finishes, furniture, fixtures and equipment while the property owner is responsible for the building as well as technical installations and bathrooms. Accordingly, the property owner has responsibility for most

investments made in a hotel. Over time, Scandic's maintenance investments are estimated to amount to 4 percent of net sales at most.

FEWER RENT REDUCTIONS DURING YEAR

During the pandemic, some hotels, especially those in metropolitan areas, had rental costs that exceeded the hotels' turnover. For this reason, in 2020, Scandic initiated dialogues with property owners on adjusted rental terms, which resulted in a reduction of Scandic's fixed and guaranteed rents by about 900 million SEK, of which more than half related to 2021. In pace with the market recovery, these reductions have begun to decrease and from 2023 onward, Scandic will not have any rent reductions.

HOTEL OPENINGS IN 2022

Openings	Country	No. rooms
Scandic Kiruna	Sweden	231
Scandic Örebro Central	Sweden	160
Scandic Göteborg Central	Sweden	451
Scandic Oceanhamnen	Sweden	184
Scandic Holmenkollen Park (reopening)	Norway	376
Scandic Helsinki Hub	Finland	352
Scandic München Macherei	Germany	234
Scandic Nørreport	Denmark	100
Scandic Spectrum	Denmark	632
Scandic Opus Horsens	Denmark	132
Total		2,852

SCANDIC'S
MARKET SHARE IN
NORDIC COUNTRIES

15%

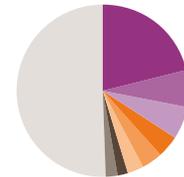
A HOTEL NETWORK
WITH UNIQUE REACH
FOR CUSTOMERS

130
LOCATIONS

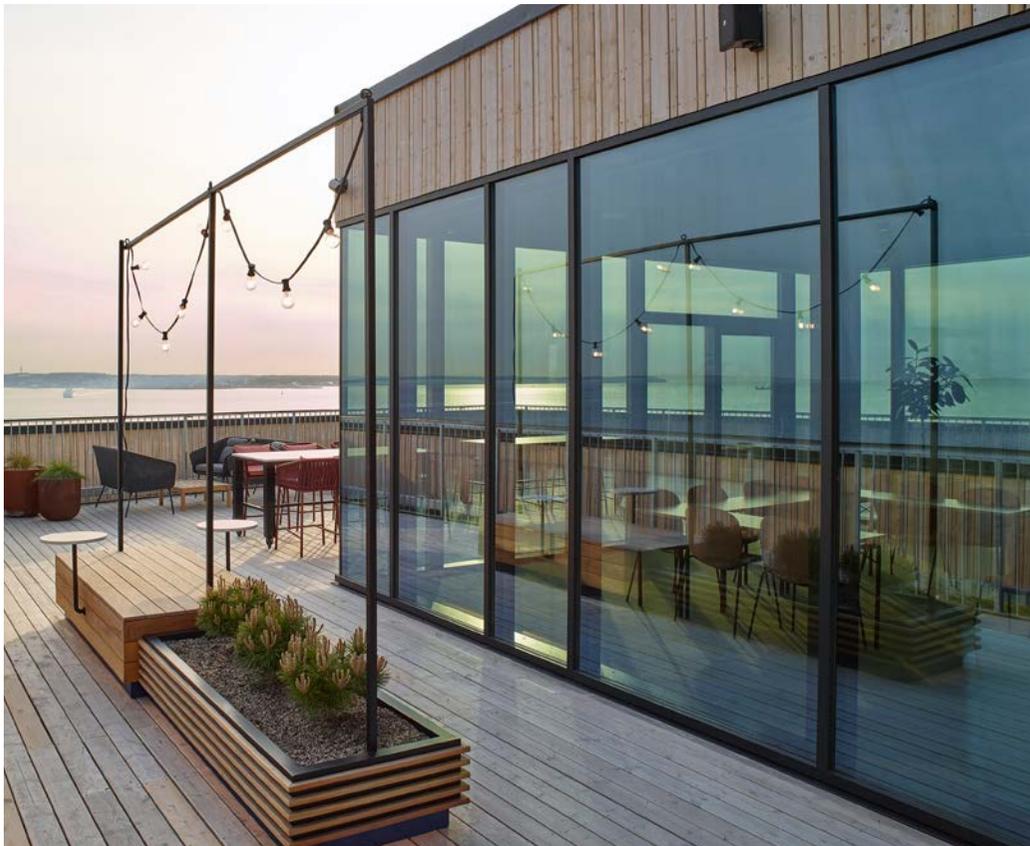
NEW HOTELS & EXTENSIONS

Year	Hotel	Location	Type	No. rooms
2023	Scandic Frankfurt Hafenpark	Frankfurt, Germany	New hotel	505
2025	Scandic Vervet Tromsø	Tromsø, Norway	New hotel	305
2026	Scandic Ski	Oslo, Norway	New hotel	220
2026	Scandic Aarhus Harbour	Aarhus, Denmark	New hotel	342
Ongoing extensions				188
Exits				-499
Total pipeline, net				1,061

LARGEST PROPERTY OWNERS, %



■ Pandox	■ Rica Eiendom	■ Eiendomsspar
■ Capman	■ KLP	■ Utstillingsplassen
■ Balder	■ Midstar	■ Other





CARINA ANTIC
GENERAL MANAGER
SCANDIC MÜNCHEN MACHEREI, GERMANY

As General Manager at Scandic, what do you do exactly?

My role as general manager is both operational and strategic. Together with my team, we strive every day to deliver on our business plan to ensure we're aligned with Scandic's overall strategy.

My day always starts in the heart of our hotel which is also where the hotel's main entrance is as well as the restaurant and bar area. I greet our guests and make sure our breakfast buffet looks inviting so everyone can get the best possible start to the day. After this, I always have a daily check-in with my team.

We opened in September 2022. As a new hotel, it's vital to build a strong team where people can share their ideas and work together to create fantastic hotel experiences for our guests.

Scandic München Macherei is our first hotel in the city. How have things been going since the opening?

We've been really busy since the start, especially with all the fairs and events going on in October and November, 2022. I can also say that guests from all over really appreciate our beautiful shared spaces and the Zieglerei restaurant, which has quickly become a favorite for guests and locals alike. We've received very positive feedback, particularly for our high level of service and friendliness, which makes us proud.

The hotel is part of Scandic's expansion in Germany's largest cities. Did business and leisure travelers return to our German hotels during the year?

We have a great mix of business and leisure travelers with business guests staying mainly on weekdays. Come Thursday, however, we welcome many domestic and international leisure travelers wanting to explore Munich.



OPERATIONAL EXCELLENCE

Scandic's operating model benefits from economies of scale. To ensure higher and more consistent profitability over time, Scandic is focusing on increasing efficiency through digitalization, standardization and continuing to exchange knowledge between our markets.

ENSURING LONG-TERM SUSTAINABLE MARGIN GROWTH

FOCUS ON ECONOMIES OF SCALE

With more than 270 hotels and close to 56,000 hotel rooms in operation, there is great potential for Scandic to take advantage of economies of scale. Thanks to a clear division of responsibilities between hotels and central functions, Scandic can benefit from these economies of scale in a number of areas such as IT, purchasing, investments and administration. This strong market position also benefits Scandic's negotiating position in relation to its distribution partners, which enables low distribution costs, unlike independent hotels and smaller hotel companies.

Scandic has a proven model to quickly integrate new hotels and run them as efficiently as possible. General managers have full responsibility for revenue and costs for their respective hotels, with all the necessary support from Scandic's central support functions. If one hotel implements measures that increase profitability and efficiency, they can be easily implemented in the rest of the Group. Scandic is focused on strengthening profitability

“WITH MORE THAN 270 HOTELS AND CLOSE TO 56,000 HOTEL ROOMS IN OPERATION, THERE IS GREAT POTENTIAL TO TAKE ADVANTAGE OF ECONOMIES OF SCALE.”

over time and there are potential gains to achieve in further digitalizing the guest journey and replacing manual processes such as booking as well as check-in and checkout.

A COORDINATED AND UNITED SCANDIC

During the Covid-19 pandemic, Scandic implemented very extensive cost reductions, which among other things meant that the number of employees was more than halved through a number of furloughs and redundancies. In line with the market recovery, Scandic re-hired thousands of team members during the year to manage increased demand. There have also been many permanent staff reductions, especially in central support functions. Scandic has a strong focus on efficiency and has made improvements in a number of areas in recent years. At the end of 2022, staffing on the hotel level was roughly in line with 2019. At the same time, since then, we have increased the number of rooms in operation by about 6 percent and in terms of number of hours worked in relation to rooms sold, we have increased efficiency. Through increased coordination and digitalization, we see opportunities for further improvements.



A photograph of two women sitting on a bright green sofa in a modern, wood-paneled interior. The woman on the left is leaning forward, focused on tying her grey and black hiking boot. She is wearing a dark blue and grey jacket and dark pants. The woman on the right is smiling and looking at her, wearing a white long-sleeved shirt under a tan shearling vest and olive green cargo pants. A large, olive green backpack is resting on the floor next to her. The floor has a black and white checkered pattern. The background shows wood paneling and a framed picture of a landscape with a fire.

COMMERCIAL EXCELLENCE

Having a leading brand, strong distribution capacity and the largest loyalty program in the Nordic region gives Scandic significant competitive advantages.

INCREASING CUSTOMER VALUE & REVENUES

Scandic has a market-leading position in the Nordic hotel market within the growing mid-market segment, which constitutes a very large part of the hotel market. It has an attractive offering for both leisure and business travelers, which contributes to higher and more even occupancy every day of the week. Since 2016, Scandic has also opened a number of individually designed signature hotels that are in a slightly higher price range and more experience-based. Scandic continuously focuses on securing value throughout the guest journey and optimizes sales through its own distribution channels, which makes for higher profitability. Scandic's loyalty program, Scandic Friends, is also the largest in the Nordic region with more than two million members, many of which are returning guests.

During the year, we continued strengthening our commercial organization to increase the tempo and clarify the value of Scandic's offering. At the same time, we also placed great focus on and were successful in optimizing price levels as the hotel market recovered and we made major strides in clarifying the value of Scandic's loyalty program.

LEADING NORDIC LOYALTY PROGRAM

Scandic Friends is the largest loyalty program in the Nordic hotel industry. In total, the program has more than two million members and during the year, they accounted for 37 percent of sold guest nights in 2022. With Scandic Friends, members earn points and enjoy benefits that increase the more they spend at Scandic. Scandic Friends also enables more personalized communication and offers, which helps to strengthen the program and increase traffic to Scandic's website. Customer loyalty is built through the benefits offered by the program, which also allows Scandic to be more data driven. Thanks to the dialogue Scandic Friends creates between Scandic and members, the company can also gain important knowledge about guests' preferences.

During the year, we made several improvements to clarify the value the loyalty program offers to customers. Among other things, we increased transparency on our website to show what it would cost a Scandic Friends member to book a room (so non-members would see what they could enjoy as members). This initiative is intended to attract new loyalty members and boost confidence in Scandic. It also helps ensure that members use the site as their primary booking channel and increases conversion rates.

STRONG DISTRIBUTION CHANNELS

With a leading market position and the most well-known hotel brand combined with a comprehensive loyalty program, Scandic's own distribution channels are strong, accounting for about 70 percent of rooms sold. More than half of Scandic's distribution takes place through digital channels. Scandic is continuously investing in digital solutions for its guests, which has had a positive effect in recent years. Scandic also generates sales via its central reservation service and directly at hotels, but this is expected to continue to decrease as its digital channels take over. This high proportion of direct distribution means that Scandic can establish immediate relationships with guests, which increases understanding of their preferences and behavior from searching to booking and staying. It is also more profitable for Scandic to control its own distribution, since it can then avoid paying commissions for bookings via digital online travel agencies (OTAs). Here, Scandic has a clear advantage compared with smaller competitors that are more dependent on external distribution.

SCANDIC FRIENDS

SHARE OF TOTAL NUMBER
OF GUEST NIGHTS, 2022

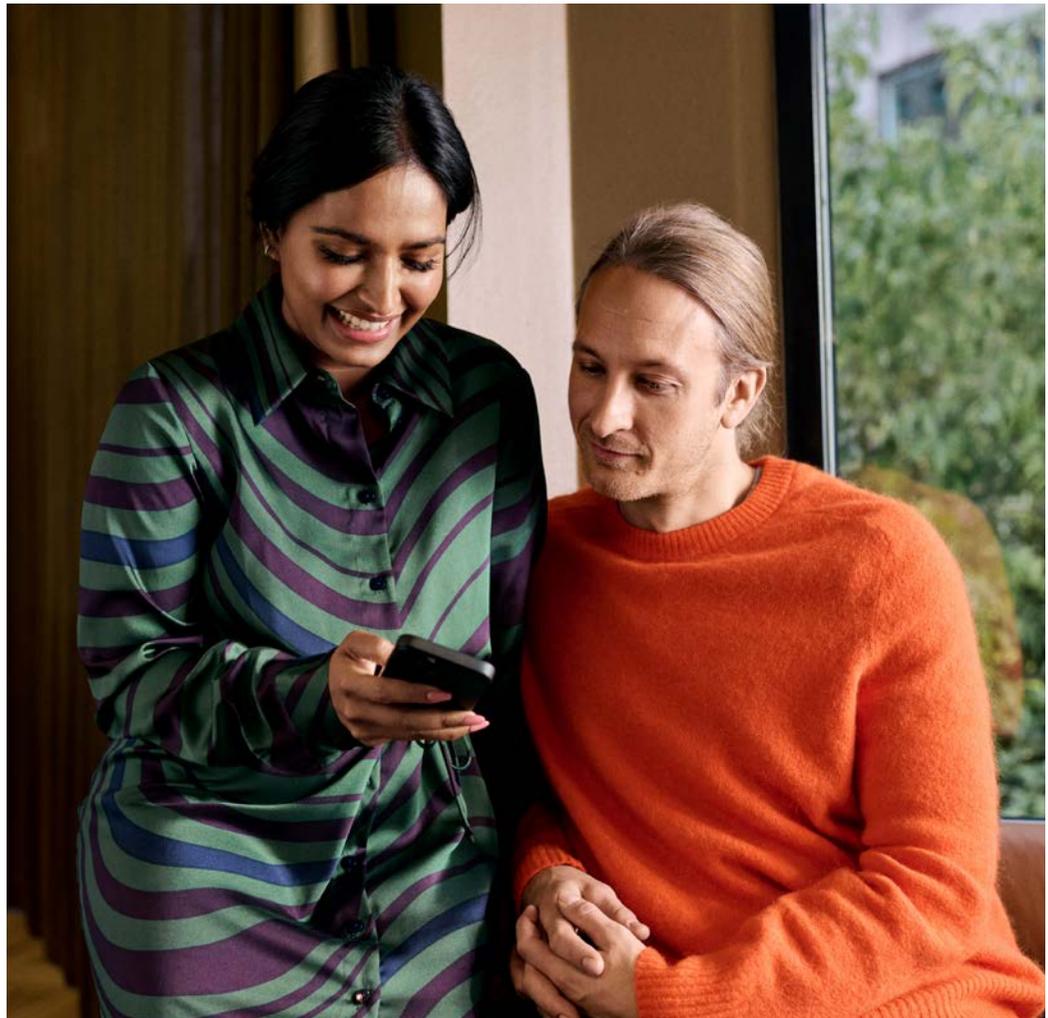
37%



“WE OPTIMIZED PRICE LEVELS AS THE HOTEL MARKET RECOVERED AND MADE MAJOR STRIDES IN CLARIFYING THE VALUE OF OUR SCANDIC FRIENDS LOYALTY PROGRAM.”

DIGITAL DRIVING GUEST EXPERIENCE & EFFICIENCY

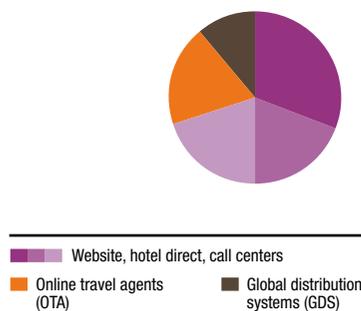
Scandic constantly develops its offering to customers who expect a smooth interaction with Scandic, from booking to checkout. There are significant opportunities to improve the customer journey through digitalization. For example, guests can already check in and out online with Scandic’s Guest Fast Track service. During the year, we also made it possible for customers to book meeting rooms online, for which there was great demand. In general, an increasing share of the contact between Scandic and guests will happen digitally, from selecting rooms when booking to using digital room keys on phones. Scandic is also working to improve distribution, among other things by enhancing the ability to drive traffic to its site and app.



DISTRIBUTION, 2019–2022

% guest nights	2022	2021	2020	2019
Scandic's website & app	31	34	34	27
Hotel direct	19	25	24	24
Call center	20	14	13	17
Direct	70	74	71	68
OTAs	19	17	17	18
GDS	11	9	12	13
Indirect	30	26	36	42

SALES BY DISTRIBUTION CHANNEL, %



SHARE OF SALES IN OWN CHANNELS

70%



A photograph of two Scandic employees, a man and a woman, smiling and looking at a tablet together. The man is in the foreground, wearing a dark blue polo shirt with a name tag that says "Scandic Andrianyab". The woman is partially visible on the right, also smiling. The background is a bright, blurred office or hotel setting.

ENGAGED & MOTIVATED TEAM MEMBERS

Scandic has a clear agenda for continuing to further strengthen its culture, leadership and engagement.

STRENGTHENING OUR CULTURE, LEADERSHIP & ENGAGEMENT

TEAM MEMBERS THAT CREATE HOTEL EXPERIENCES

At the turn of the year, about 18,600 people worked at Scandic, of which 63 percent were women and 37 percent were men. Scandic is characterized by a distinct culture where team members are the key to each individual guest's experience. For those who have the drive and share Scandic's values, the possibilities are almost endless – more than 270 hotels in the Nordic region and northern Europe constitute an arena for our team members' professional and personal development.

GOOD FIRST EMPLOYER

Scandic's operations are affected by seasonality and temporary work peaks, which is why we offer some team members temporary employment. This means that for many people, Scandic is their first employer and thanks to us, young people and others who have not yet established themselves in the labor market are able to secure their first job and gain valuable work experience. Temporary employees have continued to be an important basis for recruitment and we are able to offer many people permanent positions. At the end of the year, 40 percent of Scandic's team members had temporary employment contracts. Due to the effects of the Covid-19 pandemic on the hospitality industry, many hotel and restaurant employees have retrained and applied for positions in other industries and professions. Competition for experienced staff continues to be fierce within certain professions and we have welcomed many new colleagues from other industries. We have also adjusted our employment offering to remain competitive and continued to develop our onboarding process.

TALENT & SUCCESSION

During 2022, Scandic restarted another program to maintain and develop internal management talents, Talent@Scandic. The program will run until spring 2023 and includes 24 participants. Talent@Scandic aims to retain talents and recruit internal candidates for management positions. In addition, there are also local talent programs including Future Leaders in Sweden, which includes 35 people. In order to secure succession to senior leader-

ship positions, we have also intensified work on plans for members of the Executive Committee and country management teams. One sign that we are succeeding with our internal development is that among permanent employees, the average length of employment in the Scandic Group is about 7.3 years

HAPPY TEAM MEMBERS

Having high employee satisfaction and a distinct culture has always been a success factor for Scandic, and it is especially important when the need for staff is great. During 2022, Scandic conducted two employee surveys focused on employee engagement, diversity and inclusion and health and well-being. The results clearly show, for example, that Scandic is a workplace committed to diversity and inclusion. As a result of the surveys, we have chosen to prioritize health and well-being as a Group-wide focus area for 2023. Scandic's employee satisfaction results are in line with comparable industries, but we have even higher targets. Scandic's ambition is to continue measuring employee satisfaction with increased frequency to better understand our team members' opinions and see the results of prioritized measures more quickly. Read more about the results of Scandic's employee surveys on pages 42–43.

NATIONALITIES AMONG TEAM MEMBERS

120+

GENERAL MANAGERS RECRUITED INTERNALLY

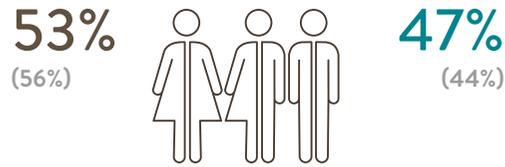
80%

AVERAGE EMPLOYMENT, PERMANENT EMPLOYEES, GROUP

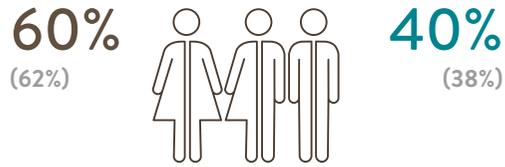
7.3 years



GENERAL MANAGERS



NEW EMPLOYEES¹⁾



ALL EMPLOYEES



TOTAL NUMBER OF EMPLOYEES: 18,605



PERMANENT EMPLOYEES: 10,743



TEMPORARY EMPLOYEES: 7,427

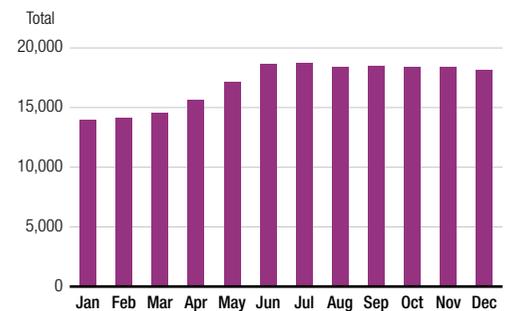


CONTRACTED WORKERS: 435

¹⁾ Refers to permanent employees.



NUMBER OF EMPLOYEES PER MONTH, 2022





**STIFANOS BIHONELGNE
CONFERENCE HOST
SCANDIC FORNEBU, NORWAY**

How did you end up at Scandic?

I first encountered Scandic on December 3, 2018, which is the International Day of Persons with Disabilities. On this day, Scandic Fornebu and Norges Handikapforbund in Oslo had arranged a work experience day to showcase employment opportunities for people with disabilities. I participated and a month later, Scandic offered me a one-month internship. Once I completed it, they hired me as full-time conference host.

What do you do as a conference host?

Everything conference hosts are expected to do, I'd say. For example, I set up the rooms, keep everything clean and tidy and make sure the coffee machines are working. I also assist guests with IT-related issues, restock cups and glasses, serve morning and afternoon taste breaks and provide people with everything they need to know about our hotel and services.

Scandic works hard to make its hotels accessible for all.

Why is this so important?

Accessibility is the key to creating a more inclusive society by eliminating barriers that restrict people's access to working and participating fully in society. The way we take care of our guests is the most important aspect of our accessibility initiatives, so it's important to provide an inclusive environment for both team members and guests.

I want to show how important we are – that we can contribute since we're as much a part of society as everyone else. My amazing colleagues are also a great part of what motivates me to go to work every day. And I'm going to keep fighting so I can also inspire others with disabilities.



SUSTAINABLE BUSINESS

During the year, we launched a number of important initiatives aimed at achieving our sustainability goals.

HIGHLIGHTS 2022

76% ENVIRONMENTALLY CERTIFIED HOTELS

At the end of 2022, 207 of our 271 hotels were certified according to the Nordic Swan Ecolabel.



29% LOWER EMISSIONS

Since 2019, we've reduced CO₂e emissions by 29 percent per square meter by reducing our dependency on fossil energy sources for heating, electricity and cooling and by taking fewer business trips.



GRAND SLAM FOR SCANDIC!

Scandic won five out of seven awards in the Danish Climate Awards which recognizes the most sustainable hotel in Denmark.

B SCORE FROM CDP

During 2022, Scandic received a score of B from CDP.¹⁾



14% LESS FOOD WASTE

Between 2019 and 2022, we reduced food waste by 14 percent²⁾ thanks to diligent work in weighing, measuring, analyzing and working to make changes to reduce food waste.



7% LESS WATER

By using water-efficient fixtures and toilets in our hotels, we reduced water consumption by 7 percent between 2019 and 2022.

A SUSTAINABLE CHOICE

All Scandic hotels qualify for the HRS Green Stay Initiative and 93 percent received the highest rating.³⁾ And on booking.com, all Scandic hotels are designated as a "sustainable choice".⁴⁾



ECOVADIS GOLD

In 2022, Scandic won a gold medal in EcoVadis' annual sustainability assessment. This puts Scandic among the top 5 percent most sustainable companies in the world.

¹⁾ CDP (formerly Carbon Disclosure Project) is a non-profit organization that provides a standardized reporting system for companies to measure and manage their climate and environmental impact. CDP also rates companies annually based on their sustainability reporting.

²⁾ Due to data quality deficiencies, the figures for food waste do not include Sweden. ³⁾ Achieving the highest HRS Green Stay Initiative rating means that the hotels satisfy the high requirements for reporting climate-impacting emissions, water and waste. ⁴⁾ The sustainable choice designation on booking.com means that a hotel meets, among other things, criteria for waste management, energy and greenhouse gases, water consumption, support for the local community and nature conservation.

PROUD HERITAGE

At Scandic, we have a long legacy of driving sustainability in the hospitality industry. As the leading hotel company in the Nordics – with more than 18,600 team members and about 11 million sold room nights per year – we have great power to drive transformation and inspire change at scale, for a better and more sustainable tomorrow.

1993

The idea to reuse hotel towels is born.



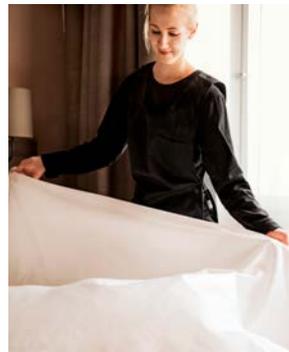
1995

Began phasing out plastic single-use disposables.



1996

Started reporting on sustainability data.



1999

First Scandic hotel certified by Nordic Swan Ecolabel.

2001

Launched Scandic in Society.

2003

Introduced an Accessibility Standard at all hotels.

2008

Switched to serving only local water in specially designed reusable bottles.



2015

Launched Breakfast for All, a vegan and allergy-friendly breakfast buffet.



2016

Introduced policy to fight prostitution and human trafficking at all hotels.



2019

Launched EcoStay, a cleaning initiative based on guest preferences.



2020

100 percent renewable energy from hydroelectric sources at all Scandic hotels.



2021

Set new sustainability goals for 2025 and 2030.

STRATEGY FOR SUSTAINABLE BUSINESS

Sustainability forms the basis of our business and with a strategic, long-term perspective, we want to continue to drive development in the industry to contribute to a more sustainable world.

SUSTAINABILITY LEADER

Scandic aims to drive the sustainable development of the hotel industry. By setting high sustainability ambitions, we can ensure that we remain relevant to our customers, guests, team members and investors. Leisure and business travelers are increasingly becoming more conscious of sustainable choices and selecting hotels based on sustainability factors. We need to make sure our offering is always at the forefront when it comes to guests' expectations in areas such as energy and climate-smart, environmentally friendly restaurant offerings. Not only that, Scandic's team members and prospective employees expect and are willing to contribute to sustainability initiatives. For us, a significant part of sustainability relates to consumption and resource use, e.g. food and beverages, energy, water and chemicals. Streamlining and reducing the resources we use improves our environmental performance and lowers costs – both important parts of Scandic's strategy to increase profitability.

In 2021, we took several decisive steps to further strengthen our position within sustainability. Among other things, the Board of Directors and the Executive Committee adopted new sustainability targets for 2025 and 2030. Sustainability was also integrated into a number of strategic focus areas including Scandic's commercial strategy, hotel property strategy, business planning process and brand platform. In 2022, we also launched several initiatives to achieve sustainability targets in all focus areas. In particular, we established a plan to comply with the new requirements of the Nordic Swan Ecolabel that were introduced at the beginning of 2022.

SUSTAINABLE BUSINESS STRATEGY

Scandic's vision is to deliver world-class Nordic hotel experiences at hotels that are the most sustainable places

to meet, eat and sleep away from home. Scandic's strategy for sustainable business is grounded in three focus areas:

1. **MEET – Health, diversity and inclusion**
2. **EAT – Food & beverage**
3. **SLEEP – Rooms and interiors**

In addition, we are constantly working to ensure that our hotel operations are sustainable and for Scandic to be a responsible partner in society.

SUSTAINABILITY MANAGEMENT

Ultimately, Scandic's Board is responsible for the company's sustainability strategy. Sustainability issues are governed by the Executive Committee and the Board is constantly updated. Scandic's central sustainability department leads, coordinates and follows up on sustainability initiatives. The management of sustainability is evaluated through KPIs where outcomes are measured against set goals.

Policies that guide our operations¹⁾

Our most important asset is the culture and values we create together. To guide us, we have policies that all team members are familiar with:

- Code of Conduct
- Anti-Corruption Policy
- Diversity & Inclusion Policy
- Environmental Policy
- Supplier Code of Conduct

All policies have been adopted by Scandic's Board, and the Executive Committee is responsible for implementing them in their respective units. If team members need more information or notice irregularities, or if there are problems interpreting the content, they are encouraged to first contact their immediate manager. Scandic also has a

whistleblowing function that is available to team members and external parties. The service guarantees anonymity and is managed by representatives from Scandic's Executive Committee and Board.

Policies that steer sustainability initiatives

In addition to codes of conduct and policies, we have specific documents in a number of areas that also govern our business:

- Sustainable Purchasing Guidelines
- Sustainable Food & Beverage Guidelines
- Food Waste Policy

ENVIRONMENTAL CERTIFICATION – AN IMPORTANT FOCUS AREA

Our ambition to ensure all of our hotels are certified by the Nordic Swan Ecolabel means we take a holistic approach in our environmental initiatives. Being certified means that a hotel is evaluated based on 44 mandatory requirements and six "point requirements."

As a Nordic Swan Ecolabeled hotel, Scandic shall:

- Reduce unsorted waste
- Increase the share of plant-based food
- Increase the share of organic food and drinks
- Buy ecolabeled furnishings and other products
- Buy a high share of ecolabeled chemicals
- Reduce energy consumption
- Reduce water use
- Work to minimize food waste
- Involve all team members and communicate clear environmental goals

¹⁾ Scandic's policies can be found at www.scandichotelsgroup.com/sustainability/governance-and-reports/

What we aim for

WORLD-CLASS NORDIC HOTEL EXPERIENCES



Where we innovate to drive change

MEET
Health, diversity & inclusion
 We celebrate diversity and inclusion.

SDGs **3** **5** **8**

EAT
Food & beverage
 We will offer food and drink that considers humans and the planet.

SDGs **12**

SLEEP
Rooms & interiors
 We will offer sustainable room experiences.

SDGs **12**

Scandic

Where we optimize every day

SUSTAINABLE HOTEL OPERATIONS
 Scandic will excel in operating sustainable hotels by constantly improving. We will invest in new solutions and engage suppliers and property owners in using fossil-free and renewable energy and other key issues.

SUSTAINABLE DEVELOPMENT GOALS **6** **7** **8** **9** **11** **13**

Our moral compass

RESPONSIBLE PARTNER IN SOCIETY
 We take responsibility and we are a positive force in society.

SUSTAINABLE DEVELOPMENT GOALS **8** **10** **17**

MEET

HEALTH, DIVERSITY & INCLUSION

AMBITION, GOALS & RESULTS

We aim to be the healthiest and most inclusive company in the hotel industry. Part of achieving this includes ensuring diversity and gender equality when we recruit, develop and train team members.

Goals	Results
Health Health and wellness score of at least 8.0 or higher in 2025.	7.7 in June and 7.9 in Nov 2022.
Gender equality General managers	Women 53% Men 47%
Operating countries' management teams (including Executive Committee).	Women 32% Men 68%
Total	Women 63% Men 37%
DIVERSITY & INCLUSION Diversity & inclusion score of at least 8.8 or higher in 2025.	8.7 in June and 8.8 in Nov 2022.

Further information on Scandic's team members can be found on pages 32–35 and 56–57.

ACTIVITIES

Health

It is better for both guests and team members when Scandic's team is healthy and feels good. At the beginning of the year, there were continued pandemic restrictions in several of Scandic's markets and we adapted our offering and premises to protect the health and safety of guests and team members.

Scandic regularly monitors physical and psychosocial work environments through safety inspections and dialogues with team members. In addition, Scandic monitors the well-being of team members in employee surveys.

The employee surveys carried out in 2022 indicate that we need to increase our focus on physical, mental and social well-being. For this reason, in 2023, we will launch initiatives that focus on health and well-being across the company. We also already have a number of initiatives in place to strengthen team members' physical and mental health:

- Leadership development through training in Scandic's leadership compass and value platform.
- Scandic Health Club to spread exercise and food inspiration.
- Training and collaborations to prevent prostitution and human trafficking, drug use and destructive alcohol consumption.

Gender equality

Scandic is convinced that gender equality in its organization improves our offering, the guest experience and team member engagement. Scandic strives to always ensure equal opportunities for all team members at all levels in the company. At year-end, 63 percent of Scandic's team members were women and 37 percent were men.

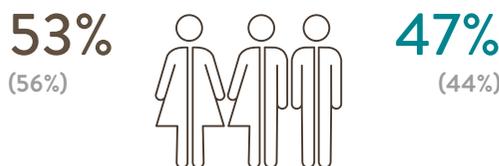
Our gender equality goal applies to all management groups and teams. Among general managers, the goal has been achieved with gender distribution of 53 (56) percent women and 47 (44) percent men. Scandic's goal is to achieve a balanced gender distribution in the management teams in each country, including the Executive Committee where gender distribution in 2022 was 32 (22) percent women and 68 (78) percent men.

Diversity & inclusion

We welcome people with different backgrounds and abilities and make every effort to ensure that everyone gets their due at Scandic. Approximately 43 (40) percent of Scandic's team members are under 30, and more than 120 nationalities are represented at our hotels in the Nordic countries and Europe.

Our work to promote diversity and inclusion is guided by our cultural platform and Diversity & Inclusion Policy. We follow up on outcomes and our employee surveys show

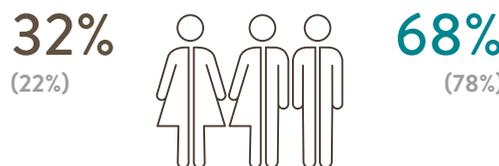
GENDER EQUALITY, WOMEN & MEN, GENERAL MANAGERS



113 women

99 men

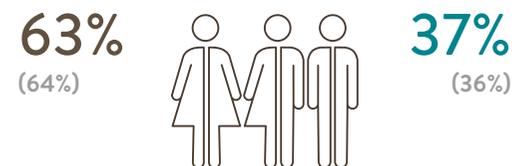
GENDER EQUALITY, WOMEN & MEN, COUNTRY MANAGEMENT TEAMS INCL. EXECUTIVE COMMITTEE



14 women

30 men

GENDER EQUALITY, WOMEN & MEN, TOTAL



11,767 women

6,838 men

that team members feel included at work. We can see that our culture and leadership compass are very important building blocks in achieving and maintaining these results.

Welcoming hotels

Everyone should feel welcome when they visit us at Scandic. This is why we have made our hotels and offerings as accessible as possible. We work according to an accessibility standard that includes 159 points. Among other things, we have also developed an allergy standard and offer allergy-friendly rooms in all hotels. For guests who use a cane or crutches, there are mounted cane holders in each hotel reception and there is always somewhere to sit. All of our hotels also have hearing loops.



SUSTAINABLE DEVELOPMENT GOALS



Goal 3: Good health and well-being

Goal 5: Gender equality

Goal 8: Decent work and economic growth

EAT

FOOD & BEVERAGE

AMBITION, GOALS & RESULTS

Scandic has high ambitions for the food and drinks served at its hotels. By being certified by the Nordic Swan Ecolabel, we focus on a number of important areas. This includes not serving red listed fish species and ensuring that all fish and seafood are certified as sustainable. We also do not serve genetically modified food and aim to increase the share of vegetarian and locally produced food. Additionally, we do not serve bottled water and strive to reduce food waste.

Goals	Results
Plant-based food 60% plant-based food by 2025 (base year 2019).	In 2022, the share was 52%.
Organic food By 2025, fulfill 100% of Nordic Swan Ecolabel's limit values for organic food and drinks at all hotels.	Of Scandic's total purchases, the share of organic food amounts to between 5% and 60%, depending on the market and hotel. Our initiatives are steered by the requirements of the Nordic Swan Ecolabel, customer demands and our own ambitions.
Food waste Reduce edible food waste by 25% per guest night by 2025 (base year 2019).	In 2022, food waste was reduced by 14% ¹⁾ compared with 2019.

SUSTAINABLE DEVELOPMENT GOALS



Goal 12: Responsible consumption and production

ACTIVITIES

Plant-based food

Scandic aims to increase the share of plant-based food it serves for the sake of guests and the environment. Our goal is to serve 60 percent plant-based food by 2025. Compared with relevant full-year figures for the base year 2019, we can conclude that the share of plant-based food we serve at Scandic increased from 49 percent to 52 percent in 2022. There are several reasons for this. Among other things, the increase is due to a more extensive offering of plant-based dishes in our restaurants as well as an increase in demand from our guests. To achieve an even higher share of plant-based food, we are investing in digital training courses for chefs and other restaurant staff.

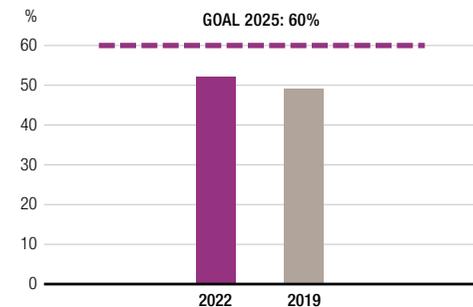
Organic food

We expect that the share of organic food will increase due to the Nordic Swan Ecolabel's new stricter requirements. In addition, customers are increasingly demanding food that is certified as organic. For example, in Denmark, because of customer demands, our hotels in the country now offer between 30 and 60 percent organic food. The table next to this column shows the Nordic Swan Ecolabel limit values for organic food and drinks.

Food waste

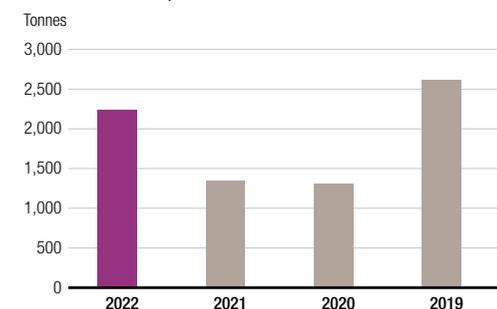
Many of Scandic's restaurants closed or reduced their operations to a minimum during the Covid-19 pandemic in 2020 and 2021 as well as during the first quarter of 2022. Scandic's partnerships to reduce waste were also suspended during the pandemic, but resumed in 2022. At this time, we focused on getting back on track weighing, measuring, analyzing and making changes to reduce food waste. This resulted in reducing food waste by 14 percent in 2022 compared with the base year 2019. It is important also to note that this reduction does not include Sweden, as we changed the way food waste is measured during the year and there is not enough quality data to include these figures.

PLANT-BASED FOOD SERVED, %



LIMIT VALUES FOR ORGANIC FOOD & BEVERAGES

Country	Limit value 1: For purchases from 2022 to be reported in annual follow-up in 2023	Limit value 2: For purchases from 2024 to be reported in annual follow-up in 2025
Denmark	10%	30%
Sweden	10%	15%
Norway	5%	7%
Finland	13 products, or 5%	19 products, or 7%

FOOD WASTE, TONNES¹⁾

¹⁾ Excluding Sweden due to deficiencies in data quality.



“AS A PIONEER WITHIN SUSTAINABILITY, IT GOES WITHOUT SAYING THAT WE WANT TO INSPIRE OTHERS BY RUNNING A SUSTAINABLE BUSINESS THAT’S GOOD FOR PEOPLE AND THE ENVIRONMENT.”

**SUNITA KC
SUSTAINABILITY ANALYST
SCANDIC HOTELS GROUP**

Tell us about your career at Scandic so far.

I started in 2009 as housekeeping manager at Scandic Foresta. With a background in environmental and sustainable infrastructure, I saw ways to make a difference in many areas, both environmentally and financially, in everything from reducing food waste and chemicals to sorting waste. I put my heart and soul into creating change – I believe every step counts. We’re all responsible for creating a more sustainable tomorrow.

What do you do now?

After finishing the Talent@Scandic program in 2016, I started working as Sustainability Coordinator at Scandic Hotels Group’s head office where I helped produce environmental reports.

Today, I’m a sustainability analyst focused on helping Scandic’s sustainability unit set targets and collaborating with key people in the company and external stakeholders to achieve our goals. Much of my time is also devoted to contributing to the company’s environmental reporting, environmental certifications and initiatives like our partnership with the Nordic Swan Ecolabel. I also ensure we have qualitative environmental data on all our hotels.

Why is sustainability such an important focus area for Scandic?

Hospitality accounts for about 1 percent of global CO₂ emissions. For Scandic, as a pioneer within sustainability, it goes without saying that we want to play an important role and inspire others by running a sustainable business that’s good for people and the environment. We want guests to enjoy a good night’s sleep with a good conscience and for team members to be proud of us. This is why we need to work closely with suppliers, partners and other key players as well as local communities to sustainable operations.

Our work to certify our hotels according to the Nordic Swan Ecolabel’s requirements led to Scandic already starting to phase out single-use items in 1995. We’re also continuing to increase our share of organic food, using almost 90 percent ecolabeled chemicals and installing smart energy-efficient appliances that reduce our water and energy use significantly. We’re also making great strides in managing waste.

What’s on Scandic’s sustainability agenda for 2023?

During 2023, we will focus on activities to reach our sustainability targets as well as within key areas in our focus areas.

This includes finalizing our climate strategy and setting an action plan. We must also make sure that more hotels are certified by the Nordic Swan Ecolabel and achieve our goal of serving 60 percent plant-based dishes by 2025.

Anything else you’d like to share?

Yes, I have an anecdote I’m very proud of. In 2010, when it was common to throw away food waste with household waste, I helped start a project at Scandic Foresta to compost food waste. This helped reduce our costs and it’s now the standard at Scandic. This is why I’m so proud so proud that one of Scandic’s goals is to reduce food waste by 25 percent per guest night by 2025.

SLEEP

ROOMS & INTERIORS

AMBITION, GOALS & OUTCOME

To reduce our environmental impact, we aim to increase the proportion of interior design elements that have a circular design and a long life. Rooms at Scandic's hotels are usually renovated every 15 years on average, and the goal is for interiors to last even longer.

We aim to minimize the environmental footprint of our interiors by focusing on circular, recycled and environmentally certified materials.

ACTIVITIES

During 2022, we started revising Scandic's room concept and developed guiding principles for circular design. We also updated the sustainability requirements we place on our suppliers to comply with the Nordic Swan Ecolabel's new requirements. These requirements are publicly available to inspire and drive the industry. The next step in 2023 will be to review how suppliers can change their production to be able to offer more sustainable and above all more climate-smart interiors.

During the year, we investigated how much cotton is used in our textiles since cotton, even when it is grown organically, requires large quantities of water and chemicals. As part of our Room Collection concept, only the carpet (in some suites and larger rooms) contains a small amount of cotton.

“WE STARTED REVISING OUR ROOM CONCEPT AND DEVELOPED GUIDING PRINCIPLES FOR CIRCULAR DESIGN TO ACHIEVE MORE SUSTAINABLE, CLIMATE-SMART INTERIORS.”

During the year, we procured a significant order of pillows and duvets by choosing a supplier that could provide pillows and duvets made from 100 percent recycled polyester (filling) and 48 percent recycled polyester and 52 percent organic cotton (fabric). Both the pillows and duvets are also certified by the Nordic Swan Ecolabel. The agreement also includes clear traceability targets, reduced CO₂ emissions, increased recycled polyester in fabrics and the possibility to recycle fibers when the products can no longer be reused.



SUSTAINABLE DEVELOPMENT GOALS



Goal 12: Responsible consumption and production

OUR VISION OF A CIRCULAR HOTEL ROOM

Scandic's Room Collection concept includes a selection of furnishing and fixtures that we use when building a new Scandic hotel or renovating an existing one.



1. CARPET, OEKO-TEX CERTIFIED
2. TV, CERTIFIED BY NORDIC SWAN ECOLABEL
3. ACCESSIBLE BED, ADJUSTABLE, CERTIFIED BY NORDIC SWAN ECOLABEL
4. DESK, DESKTOP MADE FROM RECYCLED STONE FLOUR
5. LIGHTING, LED FOR ALL LIGHT SOURCES
6. CLOSETS, MODULAR DESIGN FOR EASE OF RECYCLING
7. ALL-WOOD FURNITURE, FSC CERTIFIED
8. CURTAINS, OEKO-TEX CERTIFIED
9. FURNITURE TEXTILES, OEKO-TEX CERTIFIED
10. BEDS, CERTIFIED BY NORDIC SWAN ECOLABEL
11. WOOD PARQUET FLOOR, CERTIFIED BY NORDIC SWAN ECOLABEL

The bedspread, decorative pillow and vase pictured are not part of Scandic's Room Collection concept.

SUSTAINABLE HOTEL OPERATIONS

AMBITION, GOALS & RESULTS

Scandic aims to be a leader in sustainable hotel operations by investing continuously in improvements and new sustainable solutions and by engaging suppliers and property owners. For Scandic, in the future, climate change could lead to increased energy costs, taxes on emissions, new legislation, water restrictions, changes in customer behavior and negative impacts on suppliers.

Goals	Results
CO₂e emissions Decrease CO ₂ e/m ² by 50% by 2030 compared with base year 2019.	CO ₂ e emissions/m ² decreased by 29% in 2022.
Environmental certification Our ambition is for 100% of our hotels to be certified by the Nordic Swan Ecolabel. At minimum, all hotels must comply with the Nordic Swan Ecolabel limit values for energy consumption per square meter, unsorted waste, water consumption and ecolabeled chemicals for cleaning, laundry and washing dishes.	76% of hotels are certified by the Nordic Swan Ecolabel.

Additional environmental data can be found on pages 58–59.

ACTIVITIES

Climate strategy

Scandic's long-term ambition is to be fossil-free. By 2030, our goal is to reduce CO₂e emissions by 50 percent, measured in carbon dioxide equivalents per square meter of surface, compared with the base year 2019. We can influence emissions by increasing awareness and changing behavior among team members, guests, partners and property owners.

At the end of 2022, we started work to develop a new climate strategy. As part of this, we will map our indirect emissions, that is, our Scope 3 emissions, with the purpose of establishing objectives. We have measured and analyzed emissions from our own operations, Scope 1 and 2 emissions, since 2015. We have also measured and analyzed the company's sustainability data, for example, CO₂e emissions, water and energy consumption, since 1996. Within the time frame for the new climate strategy, we will reexamine our current targets. The ambition is to evaluate if we should implement climate targets that can be approved by the Science Based Targets initiative (SBTi).

Emissions

When it comes to emissions from the gas, oil, refrigerants, heating, cooling and electricity that Scandic uses, the road to fossil-free operations is mainly dependent on the efforts of district heating companies to reduce fossil energy sources. This is because the emissions from district heating account for 88 percent of our CO₂e emissions. We keep

energy use down, among other things, through operational optimization and energy-saving installations such as LED and motion-controlled lighting as well as purchases of other energy-saving installations and kitchen equipment.

In most rooms, the electricity is activated when the guest places their key card in the electronic key card holder. Energy consumption was in focus during the year, not least because of the high energy prices in Europe. We are pleased that our energy consumption decreased by 8 percent per square meter compared with the base year 2019. This, together with reduced dependency on fossil energy sources for heating, electricity and cooling, has led to a reduction in CO₂e emissions per square meter of 29 percent during the same period. Significantly fewer business trips by air due to new ways of working and a focus on taking other modes of transportation instead of flying also contributed to the reduction.

Most of the emissions from our operations are indirect and refer, among other things, to suppliers' emissions, team members' business trips and commutes and the waste we produce at our hotels. At the turn of the year 2022/2023, we started collecting emissions data from about 120 of our largest suppliers that account for about 70 percent of the value that Scandic purchases. This is part of mapping our Scope 3 emissions.

New Nordic Swan Ecolabel certifications

In 2022, we began the process of re-certifying our environmentally certified hotels to comply with the new Nordic

SUSTAINABLE DEVELOPMENT GOALS



Goal 6: Clean water and sanitation

Goal 7: Affordable and clean energy

Goal 8: Decent work and economic growth

Goal 9: Industry, innovation and infrastructure

Goal 11: Sustainable cities and communities

Goal 13: Climate action

Swan Ecolabel requirements. This also includes hotels that have not been certified earlier. The ambition is for 100 percent of hotels to be certified going forward and that all Scandic team members at all our hotels take a training course on the Nordic Swan Ecolabel requirements.

Chemicals

To achieve our goal of only using ecolabeled chemicals for cleaning, laundry and washing dishes, we are working to provide information and training to reach all of our hotels.

The result for 2022 showed that 95 percent of all all chemicals used at Scandic were environmentally certified, which was an improvement compared with 2021, where the result was 93 percent.

Water

Scandic's ambition is to further reduce its water use. We have already come a long way by installing water-efficient fittings and toilets. Going forward, there is great potential for changing the behavior of our team members and guests. For example, already now, many hotels have stickers in bathrooms to remind people to use less water. This helped decrease water consumption in 2022 by 7 percent during the year compared with the base year 2019. Not only that, it has also helped reduce energy use.

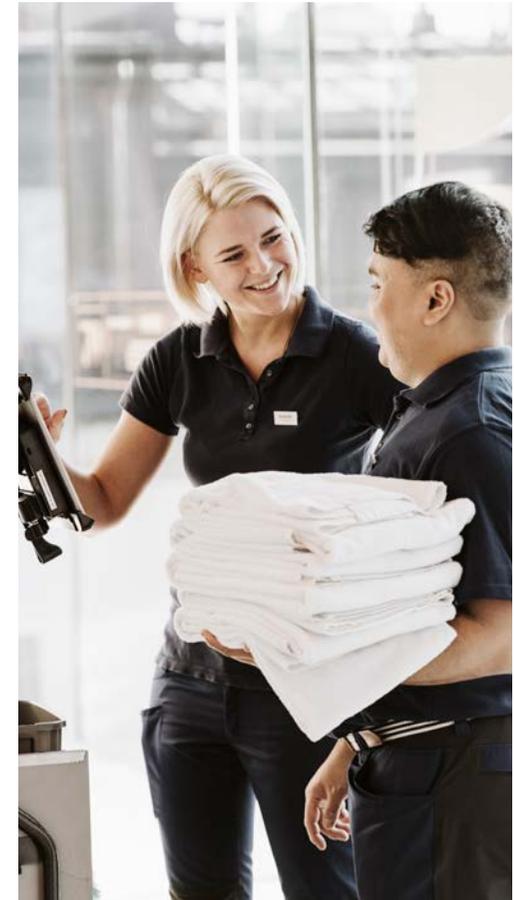
Recycling and waste

Reducing unsorted waste is an important tool, both for environmental and financial reasons. Guests and team members need to be given better opportunities to sort waste. We also see a trend where Scandic could be paid, or could pay less, to handle sorted waste. This is a welcome development, not least since it will benefit our efforts to reduce waste.

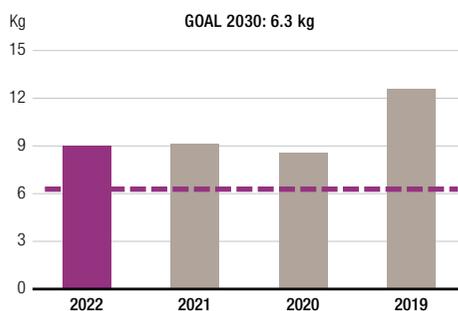
Properties

Scandic does not have its own properties but rents premises from property owners. Along with sustainability initiatives, long-term relationships and agreements with professional property owners and developers are fundamental to Scandic's operations.

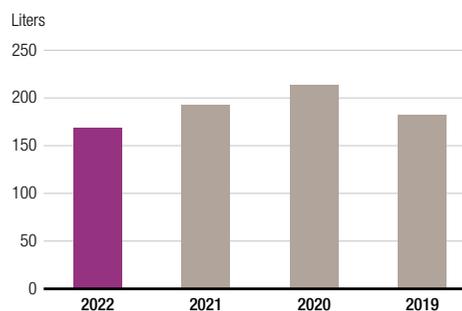
The EU Taxonomy, the Nordic Swan Ecolabel requirements for energy and water consumption and other EU environmental directives mean that Scandic will have to make improvements that require new types of knowledge and collaboration.



EMISSION INTENSITY, KG CO₂E/M²



WATER CONSUMPTION, LITERS PER GUEST NIGHT



RESPONSIBLE PARTNER IN SOCIETY

AMBITION & ACTIVITIES

Scandic aims to be and to be perceived as a responsible partner in society. This includes our initiatives related to safety and security, purchasing and suppliers as well as ethical business practices and anti-corruption. It also includes the extensive community involvement initiatives that we have been running at our hotels since 2001.

ANIMAL WELFARE

Promoting animal welfare is important to Scandic. Naturally, we expect suppliers to comply with legislation. But sometimes, we may need to go even further. We are constantly evaluating the various parts of our operations to determine if Scandic's requirements need to be tightened.

In 2022, we took a stand on improving animal welfare according to the criteria of the European Chicken Commitment regarding conditions for poultry kept for meat as well as outdoor access. We were also acknowledged for our work to protect animal welfare by being named the most animal-friendly hotel company by animal rights organization Djurens Rätt.

TRAFFICKING & PROSTITUTION

Scandic aims to prevent trafficking and prostitution, which we know may occur at hotels. Among other things, Scandic's team members are offered training courses to help them identify instances of prostitution. In this area, we cooperate with the police and other experts to ensure that our knowledge is up to date.

SAFETY & SECURITY

Scandic is always working to keep its hotels safe and secure. Staff training is an important part of this. Every six months, Scandic carries out crisis management exercises to simulate possible relevant events including extraordinary incidents such as terror attacks and lockdowns. These are run by Scandic's Central Crisis Unit, which follows up on the results in a digital tool. In addition, Scandic also holds obligatory fire safety and evacuation courses as well as first aid training for team members.

All hotels have access to emergency help from the Scandic Crisis Call Center, a 24-hour service run by trained security staff. Crisis support can include contact with psychologists and crisis support staff.

PURCHASING & SUPPLIERS

Right choices from the start

Scandic's procurement team receives the training and support they need to make the right purchases from the start from a sustainability perspective. For guidance, they can refer to Scandic's general and specific criteria for sustainable purchasing. These include guidelines on suitable materials and substances and requirements to always apply the precautionary principle when evaluating materials and substances. During 2022, we added specific guidelines related to the Nordic Swan Ecolabel's new requirements and updated guidelines for areas including animal welfare and materials such as leather and fur.

Sustainability part of selection process

Sustainability is one of Scandic's basic principles in connec-

tion with purchasing, and a basic sustainability screening is carried out for each purchasing project. This screening includes criteria related to the environment, anti-corruption, human rights and work environment. All suppliers that pass the selection process undertake to adhere to the principles in Scandic's Code of Conduct for Suppliers.

Scandic also regularly carries out risk assessments of the supplier base. Most of Scandic's bigger suppliers are in the Nordic region and are associated with low risk. If there is uncertainty regarding a supplier, an in-depth investigation is carried out through a self-assessment. If deemed necessary, this may also be followed by an onsite audit of the supplier. All deviations must be addressed in the manner described in a corrective action plan approved by Scandic. Measures to address deviations must be implemented within the agreed time frame for the supplier to remain under contract with Scandic.

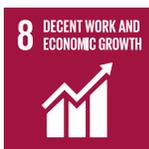
Given Scandic's size and strength, the company can place high demands on suppliers. Scandic maintains a continuous dialogue with suppliers to support their development. In special cases, suppliers may make comprehensive changes in their operations to meet Scandic's sustainability requirements.

Scandic's supply chain did not change significantly during the year.

BUSINESS ETHICS & ANTI-CORRUPTION

Legal and appropriate behavior is fundamental to Scandic's relationships with stakeholders and to ensure people trust us. Scandic complies with rules and legislation to prevent, discover and handle all forms of corruption, including

SUSTAINABLE DEVELOPMENT GOALS



8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES



17 PARTNERSHIPS FOR THE GOALS

Goal 8: Decent work and economic growth

Goal 10: Reduced inequalities

Goal 17: Partnerships for the goals

extortion, bribery, nepotism, fraud and money laundering. Anti-corruption is part of Scandic's Code of Conduct for team members and Supplier Code of Conduct. One addition to the Code of Conduct is Scandic's Anti-Corruption Policy. Deviations from Scandic's policies can be reported anonymously through Scandic's whistleblowing function, which is available both internally and externally.

INVESTMENTS IN TRAINING

When it comes to sustainability, we have high ambitions for team member training. By 2025 at the latest, all Scandic team members will be required to have taken a sustainability-related training course within a rolling 24-month period. Among other things, the training covers Scandic's accessibility initiatives, the environment and sustainability initiatives, and how we work to prevent trafficking.

SCANDIC IN SOCIETY

Since 2001, Scandic has run a program called Scandic in Society where team members at Scandic hotels participate in at least three initiatives and activities per year to contribute to the local community. Supporting the communities where Scandic operates in various ways is important to us. It instills pride in team members while nurturing important relationships with local residents and stakeholders. Activities are usually initiated by team members themselves and involve local partners. Over the years, Scandic team members have organized thousands of activities to benefit various organizations. Here are some examples of the most common initiatives:

- Providing use of Scandic's premises free of charge to non-profit organizations.
- Donating items including Christmas presents, duvets, pillows and furniture as well as beds.
- Donating food and beverages to charities that help people who are mentally ill or homeless.
- Offering internships and jobs to people outside of the labor market.

During the year, we began to review Scandic's policies, implementation and follow-up related to our role as a responsible partner in society. This work will continue during 2023. Read more about the initiatives that Scandic supports on page 60.



EU TAXONOMY FOR SUSTAINABLE ACTIVITIES

Background

In order to achieve the EU's climate goals and to make it easier to identify environmentally sustainable economic activities, the EU has introduced what is known as the EU taxonomy. The taxonomy is an EU-wide classification system that aims to increase investments in sustainable activities within the EU. The EU Taxonomy Regulation is a key component of the European Commission's action plan to

redirect capital flows toward a more sustainable economy and an important step toward achieving carbon neutrality before 2050 in line with the EU's climate goals.

Scandic is covered by in the EU directive from the financial year 2021 since the company is classified as a large group according to the taxonomy, had shares listed on a regulated market and had more than 500 employees on average. In the table below, Scandic has reported the Group's share of activities within turnover, CapEx and OpEx, that is considered to be taxonomy-eligible. At present,

Scandic's operations are not included in the EU's list of eligible economic activities. Scandic therefore does not have any turnover, CapEx or OpEx attributable to taxonomy-eligible activities. The share of the eligible CapEx shown in the table below relates to purchases from suppliers whose activities are taxonomy-eligible in the form of rented buildings where property values are included in 7.7 "Acquisition and ownership of buildings." For more detailed information, see below.

SCANDIC'S OPERATIONS ACCORDING TO THE EU TAXONOMY FOR SUSTAINABLE ACTIVITIES

Million SEK	Total	Share of taxonomy-non-eligible activities (%)	Share of taxonomy eligible activities that are not environmentally sustainable (%)	Share of taxonomy eligible activities that are environmentally sustainable (%)
Turnover	19,230	100.0	0,0	-
Capital expenditures (CapEx)	6,564	9.0	91,0	-
Operating expenses (OpEx)	242	100.0	0,0	-

ACCOUNTING PRINCIPLES

Turnover

According to the taxonomy, turnover is the same as net sales according to the consolidated income statement, see page 88. 0.0 percent of Scandic operations is currently included in the EU's list of eligible economic activities. The current list of economic activities will likely be expanded by the EU Commission, which means that the proportion may change in the coming years.

Capital expenditures (CapEx)

According to the taxonomy, total CapEx includes investments made during the financial year to increase the value of fixed assets in Scandic's balance sheet. CapEx also includes investments that have increased the value of right-of-use assets in accordance with IFRS 16. CapEx related to right-of-use assets in accordance with IFRS 16 for the financial year amounts to approximately 6.6 billion SEK and consists mainly of extensions of existing leases and new leases for hotel properties. These investments can be found in Note 12 on page 106. According to the taxonomy, eligible CapEx refers in part to investments attributable to taxonomy-eligible activities but since no part of the turnover is considered to be taxonomy eligible, eligible CapEx in this respect is 0.0 percent of total CapEx.

In addition to this, there are investments attributable to purchases from suppliers whose economic activities are taxonomy-eligible. Scandic has determined that the share

of CapEx related to leased buildings that are reported as right-of-use assets in accordance with IFRS 16 is applicable since the counterparties in this case are property owners and thus carry out eligible economic activities that are included in Annex I, 7.7, "Acquisition and ownership of buildings." During 2022, it was not possible to determine whether any further share of the year's investments was considered to be taxonomy-eligible economic activities, as the investments were attributable to a large number of suppliers.

Purchases from suppliers can only be assessed as taxonomy-eligible if it has been possible to verify that the supplier has performed a taxonomy-eligible activity. To ensure that an economic activity is taxonomy-aligned, Scandic needs to ensure that technical screening criteria for substantial contribution and Do No Significant Harm (DNSH) are met. In addition, the supplier must have all processes for minimum safeguards in place. During the financial year 2022, Scandic was not able to verify this and therefore has only been able to report these investments as eligible but not taxonomy-eligible. Scandic is working on processes to able to verify this in the future.

Operating expenses (OpEx)

According to the taxonomy, total OpEx is considered to be costs for maintaining the Group's fixed assets. For Scandic, these costs include renovation and maintenance expenses as well as short-term leases. These costs are not specified

in the consolidated income statement, but are included in Other external costs on page 88. Eligible OpEx is the part of the total OpEx that relates to tangible fixed assets that are used in eligible economic activities. But since no part of the turnover is considered to be taxonomy eligible, eligible OpEx in this respect is 0 percent of total OpEx.

Consideration must also be given to all costs where the supplier carries out eligible economic activities outlined in the EU Taxonomy Regulation, regardless of whether the cost is linked to activities determined as eligible under turnover. Scandic has chosen not to investigate eligibility for OpEx since according to the taxonomy, total OpEx for the year amounts to only 242 million SEK and also given the large number of suppliers that account for this amount.

Next steps

The next step in Scandic's work related to the taxonomy is to determine how much of the eligible CapEx is considered to meet the taxonomy's criteria to be aligned with the environmental goals. In short, the CapEx that is identified as eligible will be evaluated to determine whether it significantly contributes to one or more of the environmental goals and avoids doing any significant harm to any of the other environmental goals. Furthermore, Scandic will continue working on evaluating necessary and available data to be able to identify and analyze eligibility and alignment of Scandic's operations.

PROPORTION OF TAXONOMY-ALIGNED ECONOMIC ACTIVITIES

Proportion of turnover from products or services associated with taxonomy-aligned economic activities
– information covering the year 2022

Economic activities	Code(s)	Absolute turnover	Proportion of turnover	Substantial contribution criteria							DNSH criteria (Do No Significant Harm)							Minimum safeguards	Taxonomy-aligned proportion of turnover, 2022	Taxonomy-aligned proportion of turnover, 2021	Category (enabling activity or not)	Category (transitional activity)
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems							
		Million SEK	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T			
A. TAXONOMY-ELIGIBLE ACTIVITIES																						
A.1. Environmentally sustainable activities (Taxonomy-aligned)																						
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																						
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Total (A.1 + A.2)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																						
Turnover of Taxonomy-non-eligible activities (B)		19,230	100%																			
Total (A + B)		19,230	100%																			

SUSTAINABLE BUSINESS

Proportion of CapEx from products or services associated with taxonomy-aligned economic activities – information covering the year 2022

Economic activities	Code(s)	Absolute CapEx	Proportion of CapEx	Substantial contribution criteria							DNSH criteria (Do No Significant Harm)							Taxonomy-aligned proportion of CapEx, 2022	Taxonomy-aligned proportion of CapEx, 2021	Category (enabling activity or not)	Category (transitional activity)
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards					
				%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%				
A. TAXONOMY-ELIGIBLE ACTIVITIES																					
A.1. Environmentally sustainable activities (Taxonomy-aligned)																					
CapEx of eligible taxonomy-aligned activities (A.1)		-	-	-	-					-	-	-	-	-	-	-	-	-	-		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																					
<i>Acquisition and ownership of buildings</i>	7.7	5,943	91%																		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		5,943	91%																		
Total (A.1 + A.2)		5,943	91%																		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																					
CapEx of non-eligible activities (B)		621	9%																		
Total (A + B)		6,564	100%																		

SUSTAINABLE BUSINESS

Proportion of OpEx from products or services associated with taxonomy-aligned economic activities – information covering the year 2022

Economic activities	Code(s)	Absolute OpEx	Proportion of OpEx	Substantial contribution criteria							DNSH criteria (Do No Significant Harm)							Taxonomy-aligned proportion of OpEx, 2022	Taxonomy-aligned proportion of OpEx, 2021	Category (enabling activity or not)	Category (transitional activity)
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards					
				%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%				
A. TAXONOMY-ELIGIBLE ACTIVITIES																					
A.1. Environmentally sustainable activities (Taxonomy-aligned)																					
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	-	-	-					-	-	-	-	-	-	-			-		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																					
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		-	-																-		
Total (A.1 + A.2)		-	-																-		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																					
OpEx of Taxonomy-non-eligible activities (B)		242	100%																		
Total (A + B)		242	100%																		

EMPLOYEE DATA

Breakdown by type of employment

2022	Sweden		Norway		Finland		Denmark		Other		Total
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	
Total	4,807	2,601	3,168	2,104	1,754	693	1,778	1,228	260	212	18,605
Permanent employment	2,405	1,412	1,771	1,199	1,271	582	993	676	235	199	10,743
Full-time	1,265	891	931	819	664	390	536	501	220	190	6,406
Part-time	1,140	521	840	380	607	192	457	175	15	9	4,336
Temporary	2,402	1,189	1,397	905	117	42	785	552	25	13	7,427
Contracted workers					366	69					435

2021	Sweden		Norway		Finland		Denmark		Other		Total
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	
Total	3,809	2,029	2,610	1,671	1,386	555	1,345	946	215	148	14,712
Permanent employment	1,817	1,007	1,493	974	1,086	480	753	523	193	137	8,463
Full-time	940	598	814	678	536	291	393	383	183	133	4,945
Part-time	877	409	679	296	550	189	360	140	10	4	3,518
Temporary	1,992	1,022	1,117	697	91	41	592	423	22	11	6,008
Contracted workers					209	34					243

New hires¹⁾

	2022		2021	
	Number	Share, %	Number	Share, %
Total number / % of total	2,680	14.4	1,656	11.3
Of which				
Women	1,604	59.9	1,029	62.1
Men	1,076	40.1	627	37.9
Of which				
Age <30	1,347	50.3	877	53.0
Age 30–50	1,103	41.2	651	39.3
Age >50	230	8.6	128	7.7
Of which				
Sweden	845	31.5	486	29.3
Norway	593	22.1	339	20.5
Finland	466	17.4	231	13.9
Denmark	592	22.1	517	31.2
Other Europe	184	6.9	83	5.0

¹⁾ Permanent employees only.

Employee turnover¹⁾

	2022		2021	
	Number	Share, %	Number	Share, %
Total number / % of total	2,470	13.3	1,847	12.6
Of which				
Women	1,470	59.5	1,118	60.5
Men	1,000	40.5	729	39.5
Of which				
Age <30	1,031	41.7	651	35.2
Age 30–50	1,160	47.0	928	50.2
Age >50	279	11.3	268	14.5
Of which				
Sweden	801	32.4	429	23.2
Norway	456	18.5	543	29.4
Finland	408	16.5	365	19.8
Denmark	679	27.5	419	22.7
Other Europe	126	5.1	91	4.9

¹⁾ Permanent employees only.

Demographic breakdown

2022	Total number of employees, %		Board of Directors, %		Executive Committee, %		Managers, %		Employees, %	
Men	6,838	36.8	4	57.1	7	87.5	630	44.8	6,201	36.1
Women	11,767	63.2	3	42.9	1	12.5	775	55.2	10,991	63.9
Age <30	7,996	43.0	-	-	-	-	121	8.6	7,875	45.8
Age 30–50	7,781	41.8	-	-	1	12.5	905	64.4	6,875	40.0
Age >50	2,828	15.2	7	100.0	7	87.5	379	27.0	2,442	14.2
Total	18,605		7		8		1,405		17,192	

2021	Total number of employees, %		Board of Directors, %		Executive Committee, %		Managers, %		Employees, %	
Men	5,313	36.7	4	57.1	8	88.8	540	45.1	4,765	35.9
Women	9,156	63.3	3	42.9	1	11.2	658	54.9	8,497	64.1
Age <30	5,773	39.9	-	-	-	-	96	8.0	5,677	42.8
Age 30–50	6,381	44.1	-	-	1	11.2	803	67.0	5,577	42.1
Age >50	2,315	16.0	7	100.0	8	88.8	299	25.0	2,008	15.1
Total	14,469		7		9		1,198		13,262	

ENVIRONMENTAL DATA

Total weight per method of disposal, tonnes	2022		2021		2020		2019	
	Hazardous waste	Non-hazardous waste						
Reuse	-	-	-	-	-	-	-	-
Recycling	9.9	8,733.1	3.1	5,705.3	4.9	5,357.7	14.0	11,301.2
Energy recovery ¹⁾	33.0	7,357.4	18.9	5,580.0	17.6	4,723.0	29.8	8,494.5
Combustion	44.8	0.0	26.5	0.0	24.0	0.0	38.6	0.0
Landfill	5.9	57.6	3.4	18.2	3.2	18.2	5.1	41.1
Total	93.6	16,148.1	52.1	11,303.5	49.7	10,098.9	87.5	19,836.8

¹⁾ For Sweden, we have estimated the amount of household waste since the municipalities, which have a monopoly on waste management, are not able to provide actual weights.

Total weight per type of waste, tonnes	2022	2021	2020	2019
Paper	1,915.5	1,298.4	1,189.6	2,539.7
Glass	1,840.8	1,150.9	1,066.0	2,255.3
Metal	141.8	97.6	102.0	199.9
Plastic	352.1	212.2	180.5	331.0
Other	11,991.6	8,596.4	7,610.6	14,598.4



SCOPE 1

1

	2022	2021	2020	2019
Energy consumption, MWh				
Propane	1,133.6	1,005.3	885.9	1,476.3
Natural and city gas	4,511.7	6,942.5	7,765.1	6,450.2
Biofuel	467.8	271.3	280.2	813.3
Heating oil	0.1	0.0	42.1	404.2
Gasoline	130.3	-	-	-
Refrigerants	-	-	-	-
	6,243.5	8,219.2	8,973.3	9,144.1
CO₂e emissions, tonnes				
Propane	238.7	211.6	201.7	336.2
Natural and city gas	817.6	1,258.1	1,572.7	1,306.4
Biofuel	28.6	15.9	17.0	54.6
Heating oil	0.0	0.0	0.0	110.3
Gasoline	31.9	-	-	-
Refrigerants	2,013.4	1,114.2	-	-
	3,130.2	2,600.1	1,791.4	1,807.5



SCOPE 2

2

	2022	2021	2020	2019
Energy consumption, MWh				
Electricity	333,503.9	287,159.9	272,245.7	359,426.7
District heating	293,459.1	268,613.9	231,710.5	287,205.3
District cooling	24,167.0	17,182.8	16,017.5	20,239.5
	651,130.0	572,956.7	519,973.7	666,871.6
CO₂e emissions, tonnes¹⁾				
Electricity	0.0	0.0	279.8	911.5
District heating	24,529.5	21,666.4	23,100.5	33,425.7
District cooling	144.6	100.9	156.4	617.9
	24,674.1	21,767.4	23,536.7	34,955.2

¹⁾ In 2022, location-based emissions, CO₂e for Scope 2, totaled 28,642.8 tonnes.



SCOPE 3

3

	2022	2021	2020	2019
Air				
Total km	2,571,875	672,172	1,154,121	5,618,904
CO ₂ e emissions, tonnes	302.5	83.4	143.7	666.6
Train				
Total km	1,438,544	380,016	526,772	1,538,539
CO ₂ e emissions, tonnes	0.360	0.002	0.003	0.005

SOCIETY DATA

DIRECT ECONOMIC VALUE GENERATED & DISTRIBUTED

Direct Economic Value Generated, million SEK	2022	2021	2020	2019
Revenues	19,230	10,130	7,470	18,956
Economic Value Distributed	17,100	11,809	13,420	18,234
Operating costs	9,565	6,973	8,780	10,932
Employee wages & benefits	5,957	3,597	3,489	5,869
Financial expenses (dividends & interest)	1,808	1,606	1,281	1,253
Taxes & fees	-221	-367	-130	177
Community investments ¹⁾	1.17	0.50	0.76	3.03
Economic Value Retained	2,120	-1,678	-5,950	721.97

The information in the table shows generated and distributed economic value. This indicates how Scandic has created value for its stakeholders from a wider social perspective. Scandic's operations are run soundly with a sustainable distribution of operating costs, including salaries, taxes and social investments while maintaining good profitability for shareholders.

COMMUNITY INVESTMENTS BY COUNTRY, 2022

¹⁾ Community investments, SEK	2022
Sweden	495,825
Finland	185,328
Norway	463,500
Denmark	0
Germany	14,056
Poland	11,154
Total	1,169,863



EXAMPLES OF INITIATIVES SCANDIC SUPPORTS

Organization	Description	Country	Type of cooperation
Dansk Erhverv CSR netværk	Network for the service industry that represents 17,000 companies.	Denmark	Member
ReFood	Collects and distributes leftover food from restaurants.	Denmark	Member
Wonderful Copenhagen	Active in building and communicating the Planet Copenhagen Manifest to ensure sustainable tourism development and create the most sustainable destination.	Denmark	Member
Climate Award	The Climate Award 2022 is awarded to the hotel and conference center with the lowest CO ₂ emissions per overnight guest. Scandic promotes participation and is part of the panel of judges.	Denmark	Member
Økologisk Landsforening	All Scandic hotels serve between 30 to 60 percent organic food and drinks.	Denmark	Member
Too Good To Go	Digital food reseller that sells leftover food that would otherwise be thrown away.	Denmark, Norway, Germany	Partner
Fightback	Supports victims of head injuries.	Finland	Sponsor
Recup	Digital reseller of sustainable packaging that is part of a deposit system.	Germany	Partner
Spatzenkino	Organization for children with diverse cultural backgrounds. Spatzenkino specializes in educational films for kids age 4 to 7.	Germany	Supporter
HELT MED	Aims to create meaningful work opportunities for people with physical and/or learning disabilities.	Norway	Partner
Kutt Matsvinn 2020	Organization that aims to reduce food waste in the hotel industry by 20 percent by 2020 and 50 percent by 2030 in line with the UN SDG 12.3 to halve the amount of food wasted around the world.	Norway	One of the founders

Organization	Description	Country	Type of cooperation
Sammen for livet	Aims to improve conditions for employment for people who are outside of the labor market due to a criminal record.	Norway	Partner
Blue Cross	Christmas dinner at around 10 hotels for people with special needs.	Norway	Partner
Norwegian Ski Federation/PARA cross-country	Offers sponsorships with a focus on accessibility, inclusion and diversity.	Norway	Partner
The Norwegian Association for Persons with Intellectual Disabilities (NFU)	Offers sponsorships with a focus on accessibility, inclusion and diversity.	Norway	Partner
Food Bank Charity	Project to reduce food waste.	Poland	Partner
GOT – Gdansk Tourism Organisation	Network in hospitality industry that focuses on sharing experience and training as well as opportunities to participate in projects for charity.	Poland	Member
My Dream Now	Works to link the labor market with students from upper secondary schools in vulnerable areas.	Sweden	Partner
Diversity Charter Sweden	Part of Diversity Charter's European network. Works to promote diversity and inclusion in companies and organizations.	Sweden	Member, one of the founders and member of the board
Karma	Digital food reseller that sells leftover food that would otherwise be thrown away.	Sweden	Partner
Metos	Food safety system to decrease food waste.	Sweden, Denmark, Germany, Norway, Finland	Supplier

ABOUT SCANDIC'S SUSTAINABILITY REPORT

STAKEHOLDER DIALOGUES & MATERIALITY ANALYSIS

Scandic's materiality analysis includes all stakeholder groups that are considered to influence or are influenced by the company's operations. Dialogues are conducted at various frequencies. Scandic meets owners and investors, ESG analysts, corporate clients, partners and suppliers in more or less formal meetings several times a year. Scandic's formal dialogues with other stakeholders (employees, guests and interest groups) take place mainly through evaluations, surveys and seminars. Responses from the various stakeholder groups help Scandic prioritize its sustainability initiatives and reporting.

Below is an overview of the areas identified as material based on dialogues that were conducted. The starting point

was to select strategically important areas where permanent value can be created and where Scandic's opportunities to have an influence are considered to be highest.

DATA COLLECTION & CALCULATIONS

Scandic's Sustainability Report includes all of Scandic's hotels operated under lease agreements in all countries of operation as well as the Group's support offices. When calculating environmentally certified hotels, all hotels are included.

Emissions data is calculated based on the GHG protocol, supplier information and third-party reports on emission factors for district heating and cooling. Calculations of emissions in Scopes 1 to 3 are carried out by Scandic's central sustainability department using data from hotels as well as from

Scandic's energy suppliers and travel agencies. Waste data is based on a compilation provided by Scandic's waste management suppliers. Environmental data has been verified by Ethos International in accordance with AA1000AS v3.

Employee data is compiled using Scandic's HR system and supplier data is compiled based on Scandic's risk assessment tool. Customer satisfaction data is compiled from monthly customer surveys.

Stakeholder group	Main sustainability aspects based on earlier stakeholder dialogues
Team members	<ul style="list-style-type: none"> • Satisfied customers • Health and safety • Minimizing waste
Owners and investors	<ul style="list-style-type: none"> • Reducing CO₂ emissions • Minimizing waste • Commitment of Board and Executive Committee to sustainability
NGOs	<ul style="list-style-type: none"> • Reducing CO₂ emissions • Minimizing waste • Fair working conditions • Biodiversity
Future employees	<ul style="list-style-type: none"> • Fair working conditions • Minimizing waste • Influence

Stakeholder group	Main sustainability aspects based on earlier stakeholder dialogues
Guests	<ul style="list-style-type: none"> • Minimizing waste • Reducing CO₂ emissions • Occupational health and safety • Contributing by making good choices
Corporate customers	<ul style="list-style-type: none"> • Fair working conditions • Occupational health and safety • Choosing interiors with consideration for environmental impacts
ESG analysts	<ul style="list-style-type: none"> • Measures to prevent trafficking/prostitution • Reducing CO₂ emissions • Commitment of Board and Executive Committee to sustainability
Business partners	<ul style="list-style-type: none"> • Ensuring all employees have equal rights and opportunities • Measures to prevent trafficking/prostitution • Fair working conditions

Ethos International
Environmental data has been verified by Ethos
International in accordance with AA1000AS v3.

ethos

GRI CONTENT INDEX

This is Scandic's seventh Annual Sustainability Report. Scandic has prepared the Sustainability Report taking into account GRI Standards 2021 and its accounting principles to the extent specified in the GRI Index below. The report builds on the results of Scandic's materiality analysis.

The Sustainability Report, which can be found on the pages outlined in the GRI Index below, fulfills the requirements for sustainability reporting as stipulated by the Swedish Annual Accounts Act. The scope of the report is the same as in previous years.

The report covers the period from January 1 to December 31, 2022. Scandic's most recent sustainability report was published on April 8, 2022.

GRI 2: GENERAL DISCLOSURES 2021

GRI Standard	Title and Disclosure Number	Location	Comment
The organization and its reporting practices			
2-1	Organizational details	66	
2-2	Entities included in the organization's sustainability reporting	68	The sustainability report has the same scope as the annual report.
2-3	Reporting period, frequency and contact point	61–62	
2-4	Restatements of information	61–62	
2-5	External assurance	61,64	The sustainability report has not been subject to external assurance but the auditor has confirmed that a statutory sustainability report has been prepared.
Activities and workers			
2-6	Activities, value chain, and other business relationships	12–13,27,29, 50, 62, 66	
2-7	Employees	33,56–57	Scandic does not report hourly employees by gender and region.
2-8	Workers who are not employees	33,56–57	
Governance			
2-9	Governance structure and composition	40, 78–87	
2-10	Nomination and selection of the highest governance body	79	
2-11	Chair of the highest governance body	79, 84	
2-12	Role of the highest governance body in overseeing the management of impacts	79, 80, 84	
2-13	Delegation of responsibility for managing impacts	82	

CONTACT DETAILS

Questions regarding Scandic's Annual Report & Sustainability Report should be directed to Scandic's Director Investor Relations:

Rasmus Blomqvist
 rasmus.blomqvist@scandichotels.com
 +46 70 233 53 67

GRI Standard	Title and Disclosure Number	Location	Comment
2-14	Role of the highest governance body in sustainability reporting	81	
2-15	Conflicts of interest	80–81	
2-16	Communication of critical concerns	40	
2-17	Collective knowledge of the highest governance body	79	
2-18	Evaluation of the performance of the highest governance body	79	
2-19	Remuneration policies	Compensation Report	
2-20	Process to determine remuneration	79–80	
2-21	Annual total compensation ratio	Compensation Report	
Strategy, policies and practices			
2-22	Statement on sustainable development strategy	4–5	
2-23	Policy commitments	40	
2-24	Embedding policy commitments	40	
2-25	Processes to remediate negative impacts	40,44,46, 48–51,73	
2-26	Mechanisms for seeking advice and raising concerns	40	
2-27	Compliance with laws and regulations	50–51	No violations of the law occurred in 2022.
2-28	Membership associations	60	
Stakeholder engagement			
2-29	Approach to stakeholder engagement	61	
2-30	Collective bargaining agreements		Collective agreements cover 84 percent of Scandic's employees.

GRI Standard Title and Disclosure Number	Location	Comment
GRI 3: MATERIAL TOPICS 2021		
3-1	Process to determine material topics	61
3-2	List of material topics	61
3-3	Management of material topics	61

SPECIFIC DISCLOSURES

GRI Standard Title and Disclosure Number	Location	Comment
GRI 201: Economic performance 2016		
201-1	Direct economic value generated and distributed	59
GRI 302: Energy 2016		
302-1	Energy consumption within the organization	48–49, 58
GRI 305: Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	48, 58
305-2	Indirect (Scope 2) GHG emissions	48, 58
305-3	Other indirect (Scope 3) GHG emissions	48, 58
305-4	GHG emissions intensity	48–49, 58
GRI 306: Waste 2020		
306-2	Management of significant waste-related impacts	49, 58
306-4	Waste diverted from disposal	58
306-5	Waste directed to disposal	58
GRI 308: Supplier environmental assessment 2016		
308-1	New suppliers that were screened using environmental criteria	48–50
GRI 401: Employment 2016		
401-1	New employee hires and employee turnover	33–34, 56
GRI 405: Diversity and equal opportunity 2016		
405-1	Diversity of governance bodies and employees	57
GRI 414: Supplier Social Assessment 2016		
414-1	New suppliers that were screened using social criteria	50

AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY REPORT

To the general meeting of the shareholders in Scandic Hotels Group AB (publ),
corporate identity number 556703-1702

ENGAGEMENT AND RESPONSIBILITY

It is the board of directors who is responsible for the statutory sustainability report for the year 2022 (the financial year 2022) on pages 36–63 and that it has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

OPINION

A statutory sustainability report has been prepared.

Stockholm, 30 March 2023
PricewaterhouseCoopers AB

Sofia Götmar-Blomstedt
Authorised Public Accountant

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ADMINISTRATION REPORT

OPERATIONS

2022 in summary

- Net sales grew by 91 percent to 19,230 million SEK (10,086) and adjusted EBITDA totaled 2,536 million SEK (6). Excluding direct state aid and non-recurring items, adjusted EBITDA was 2,103 million SEK (margin of 11.1%).
- EBIT totaled 2,457 million SEK (-440), corresponding to a margin of 12.8% (-4.4).
- Average occupancy in 2022 was 57.7 percent (38.0) while RevPAR was 683 SEK (364).
- Earnings per share amounted to 2.21 SEK (-8.79). Excluding IFRS 16, earnings per share totaled 4.10 SEK (-5.75).
- Free cash flow was 2,202 million SEK (185).
- For 2022, the Board of Directors proposes that no dividend be paid.

Group key ratios, million SEK	2022	2021	Change,%
Financial key ratios			
Net sales	19,230	10,086	91
EBITDA	5,829	2,699	116
EBIT (operating profit/loss)	2,457	-440	-658
EBIT margin, %	12.8	-4.4	
Profit/loss before tax	649	-2,046	-132
Profit/loss for the year	428	-1,679	-125
Earnings per share, SEK	2.21	-8.79	-125
Alternative performance measures			
Adjusted EBITDA	2,536	6	42,167
Adjusted EBITDA margin, %	13.2	0.1	
Earnings per share, SEK, excluding IFRS 16	4.10	-5.75	-171
Hotel-related key ratios			
RevPAR (Revenue Per Available Room), SEK	683	364	87.5
ARR (Average Room Rate), SEK	1,183	957	23.6
OCC (Occupancy), %	57.7	38.0	
Total number of rooms at year-end	55,831	54,265	2.9

For definitions of the Group's key ratios, see page 130.



Scandic Hotels Group AB (publ) org no. 556703-1702

The Board of Directors and the CEO of Scandic Hotels Group AB (publ), with its registered office in Stockholm, hereby submit the Annual Report and consolidated financial statements for the 2022 financial year.

Operations

The company owns 100 percent of the Scandic Group through its wholly-owned subsidiary, Scandic Hotels Holding AB. During the year, Scandic conducted hotel operations in six countries: Sweden, Norway, Finland, Denmark, Germany and Poland. On the reporting date, Scandic had 55,831 (54,265) rooms in operation at 271 (268) hotels, of which 250 (244) had lease agreements. The address of the head office is Sveavägen 167, Stockholm, Sweden.

Nordic hotel market development

2022 got off to a weak start as authorities reintroduced pandemic restrictions in several of Scandic's markets. As these restrictions were lifted, from February, demand increased sharply and during the spring, occupancy rates increased to reach stable levels and prices grew to higher levels. The summer months were characterized by continued robust domestic leisure travel as well as many large events and a wider range of entertainment options. This led to a high demand for hotel rooms, especially in metropolitan areas. On average, market occupancy during June, July and August was about 71 percent in Scandic's markets,

resulting in record revenue per available room (RevPAR). After the summer, demand returned to a more normal seasonal pattern with lower leisure travel and higher demand from business travelers as well as meeting and conference customers. At the same time, macroeconomic uncertainty increased around the world and consumer and business confidence levels were historically low. Despite this, Scandic's occupancy remained stable during the fourth quarter and price levels were high. In summary, the occupancy rate stabilized in all of Scandic's markets and in total, in the Nordic market, the number of rooms sold by all operators in the industry totaled 63 million rooms, which was at par with 2019. Occupancy rates were slightly lower than in 2019, which was mainly due to an increased number of rooms on the market combined with lower demand from travelers to and from Asia, where several countries were still affected by pandemic-related restrictions.

In Sweden, the number of sold rooms grew by 48.5 percent and RevPAR increased by 76.3 percent due to higher occupancy combined with a 21.8 percent increase in room rates. Stockholm showed a similar trend with growth in RevPAR of 121.8 percent.

In Norway, the number of rooms sold increased by 46.7 percent and RevPAR went up 65.3 percent due to higher occupancy and a 16.5 percent increase in average room rates. In Oslo, RevPAR grew by 144.2 percent.

In Finland, the number of sold rooms grew by 51.8 percent and RevPAR increased by 67.2 percent mainly as a result of

higher occupancy. In total, average room rates increased by 14.5 percent. In Helsinki, RevPAR rose 114.7 percent.

In Denmark, the number of sold rooms grew by 71.5 percent and RevPAR went up by 98.9 percent. In Copenhagen, RevPAR increased by 138.1 percent.

Seasonal variations

Scandic operates in a sector affected by seasonal variations, and revenues and earnings fluctuate during the year. The first quarter and other periods with low levels of business travel such as the summer months, Easter and Christmas/New Year's are generally the weakest periods. The Easter holiday may fall in both the first and second quarters, so this should be considered when making comparisons between years.

Sales & adjusted EBITDA

Net sales rose by 90.7 percent to 19,230 million SEK (10,086). Exchange rate effects impacted net sales positively by 6.3 percent. Organic growth was 84.4 percent or 8,509 million SEK. Sales for comparable units grew by 74.6 percent.

Average Revenue Per Available Room (RevPAR) increased by 87.7 percent compared with the previous year. RevPAR for comparable units grew by 80.8 percent.

Revenue from restaurant and conference operations grew by 46.8 percent and the share of total net sales dropped to 28.8 percent (29.2). The increase was a result of the easing of restrictions on opening hours and meetings during the first quarter of the year and a gradual increase in demand for meetings and conferences in all markets.

Rental costs excluding IFRS 16 rose and amounted to -5,391 million SEK (-3,440). The increase is mainly because a large share of Scandic's leases have revenue-based rents and consequently, costs for rent rise as revenue increases. During the year, negotiated rent reductions of approximately 89 million SEK (510) and state aid of 46 million SEK (270) were received, reducing fixed and guaranteed rents. Rental costs relative to net sales fell, amounting to 28.0 percent (34.1).

Adjusted EBITDA improved and totaled 2,536 million SEK (6), driven by higher net sales, improved efficiency and good cost control.

Adjusted EBITDA includes 191 million SEK (693) of direct state aid for fixed costs mainly related to Finland and Other Europe. During the year, adjusted EBITDA was impacted by non-recurring items related to compensation received in connection with opening hotels and for operations related to housing for refugees that was not used, which is estimated to have impacted adjusted EBITDA by approximately 242 million SEK (194). Adjusted EBITDA for 2021 included a repayment of 44 million SEK from the insurance company AFA. Excluding direct state aid and non-recurring items, the adjusted EBITDA margin was 11.1 percent (-8.9).

Effects of IFRS 16

As of January 1, 2019, the Group applies IFRS 16 Leases. The accounting principle means that lease agreements with fixed or minimum rent are recognized in the balance sheet as a right-of-use asset and a lease liability. IFRS 16 has a substantial impact on Scandic's income statement and balance sheet. Reported EBITDA has increased significantly following the application of

IFRS 16 since the cost of leases has fallen while depreciation of right-of-use assets and interest expenses for the lease liability has increased.

Since Scandic's business model is to lease (rather than own) its hotel properties, IFRS 16 will continue to have a major impact on the company's accounting as long as the business model remains unchanged. To help investors gain a good understanding of the company's position, Scandic has chosen to present financial key figures both including and excluding the effects of IFRS 16.

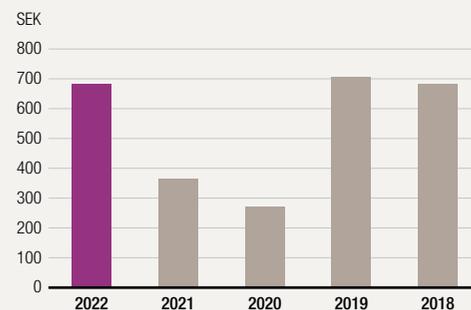
Scandic is of the opinion that the income statement excluding IFRS 16 provides a more accurate picture of how its business is developing. Earnings per share are also presented both including and excluding IFRS 16 to show the company's position as clearly as possible.

With the portfolio of lease agreements that existed at the end of the year, net profit after tax for 2023 is expected to be negatively impacted by approximately -430 million SEK (2022: -438).

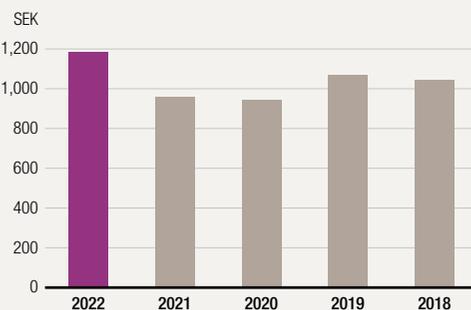
With an unchanged portfolio of lease agreements and unchanged assumptions, the negative effect on results is expected to diminish over time and affect the net result positively from 2029. This is because interest expenses for the lease debt decrease over time as the debt is constantly amortized.

The definition of adjusted EBITDA has not changed and excludes the effect of leases. The table on the next page shows the bridge between the income statement excluding the effect of finance leases to the reported income statement according to IFRS.

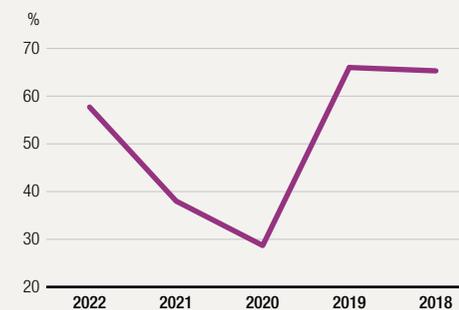
RevPAR, SCANDIC



AVERAGE ROOM RATES, SCANDIC



OCCUPANCY, SCANDIC



Summary of the effects of IFRS 16

	2022		2021	
	Excl. effects of IFRS 16	Effect of IFRS 16	Reported	Reported
Net sales	19,233	0	19,233	10,130
EBITDAR	7,927	0	7,927	3,446
Total rental charges	-5,391	3,440	-1,951	-701
Adjusted EBITDA	2,536			
Pre-opening costs	-131	0	-131	-52
Items affecting comparability	-16	0	-16	7
EBITDA	2,388	3,440	5,829	2,700
Amortization and depreciation	-845	-2,527	-3,372	-3,139
EBIT (operating profit/loss)	1,543	913	2,457	-439
Net financial items	-344	-1,463	-1,808	-1,607
EBT (earnings before taxes)	1,199	-550	649	-2,046
Income tax	-333	112	-221	367
Profit/loss for the year	866	-438	428	-1,679
Earnings per share, SEK	4.1	-1.89	2.21	-8.79

Result excluding effect of leases

	2022	2021
Net sales	19,233	10,130
EBITDAR	7,927	3,446
Total rental charges	-5,391	-3,440
Adjusted EBITDA	2,536	6
Pre-opening costs	-131	-52
Items affecting comparability	-16	7
EBITDA	2,388	-39
Amortization and depreciation	-845	-864
EBIT (operating profit/loss)	1,543	-903
Net financial items	-344	-412
EBT (earnings before taxes)	1,199	-1,315
Taxes	-333	217
Profit/loss for year	866	-1,098
Earnings per share, SEK	4.1	-5.75

Reported result

EBITDA was 5,829 million SEK (2,700) and 2,388 million SEK (-39) excluding the effect of IFRS 16. EBITDA included pre-opening costs for new hotels of 131 million SEK (-52) and items affecting comparability of -16 million SEK (7).

EBIT was 2,457 million SEK (-439) and 1,543 million SEK (-903) excluding IFRS 16. Depreciation and amortization totaled -3,372 million SEK (-3,139). Excluding IFRS 16, depreciation and amortization amounted to -845 million SEK (-864).

The Group's net financial expense was -1,808 million SEK (-1,607) and -344 million SEK (-412) excluding IFRS 16. The interest expense, excluding IFRS 16, was -307 million SEK (-402) and was impacted negatively by interest expenses related to a convertible loan.

Profit before tax was 649 million SEK (-2,046). Excluding IFRS 16, the profit was 1,199 million SEK (-1,315).

Reported tax amounted to -221 million SEK (367).

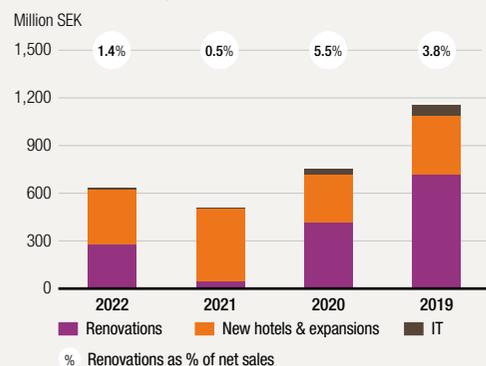
Net profit was 428 million SEK (-1,679). Excluding IFRS 16, the profit was 866 million SEK (-1,098).

Earnings per share after dilution amounted to 2.21 SEK (-8.79) per share and 4.10 SEK (-5.75) excluding IFRS 16. The calculation of earnings per share included the full dilutive effect assuming a complete conversion (41,464,787 shares) of the convertibles as the profit attributable to the Parent Company's shareholders was positive.

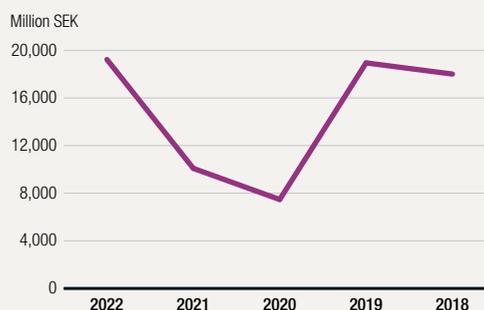
Total rental charges

	2022	2021
Fixed and guaranteed rental costs according to income statement	-159	79
Fixed and guaranteed rental costs, reversed effect of leases	-3,440	-2,739
Total fixed and guaranteed rental costs	-3,599	-2,660
Variable rental costs	-1,792	-780
Total rental charges	-5,391	-3,440
Fixed and guaranteed rental costs, % of net sales	18.7%	26.4%
Variable rental costs of net sales	9.3%	7.7%
Total rental costs of net sales	28.0%	34.1%

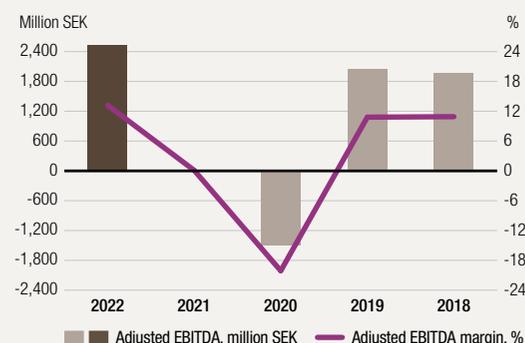
INVESTMENTS, 5 YEARS



NET SALES



ADJUSTED EBITDA & MARGIN



Growth in RevPAR and net sales compared with 2021

Jan–Dec 2022	RevPAR, SEK	RevPAR, %	Net sales, million SEK	Net sales, %
Exchange rate effects	21.7	6	636	6.3
Organic growth	297.2	81.7	8,509	84.4
– New hotels	2.9	0.8	1,031	10.2
– New/exited hotels	0.4	0.1	-44	-0.4
– LFL	293.9	80.8	7,522	74.6
Reported growth	318.9	87.7	9,145	90.7

LFL contribution to growth = LFL portfolio change in RevPAR and net sales in relation to the total portfolio.

Financial targets

At the beginning of 2016, Scandic adopted the following financial targets:

- Annual average net sales growth of at least 5 percent over a business cycle, excluding potential M&As.
- An adjusted EBITDA margin of at least 11 percent on average over a business cycle.
- Net debt in relation to adjusted EBITDA of 2 to 3x.
- According to Scandic's dividend policy, the dividend shall amount to at least 50 percent of the year's results. For 2022, the Board of Directors proposes that no dividend be paid.

Five-year summary, million SEK

	2022	2021	2020	2019	2018
Financial key ratios – income statement					
Net sales	19,230	10,086	7,470	18,945	18,007
Net sales growth, %	90.7	35.6	-60.6	5.2	23.5
Net sales growth, LFL, %	74.6	33.8	-57.4	1.5	1.2
Adjusted EBITDA	2,536	6	-1,503	2,046	1,957
Adjusted EBITDA margin, %	13.2	0.1	-20.1	10.8	10.9
EBIT (operating profit/loss)	2,457	-440	-4,800	2,144	983
Operating margin (EBIT), %	12.8%	-4.4%	-64.3%	11.3%	5.5%
Profit/loss for year attributable to Parent Company	394	-1,681	-5,949	721	674
Profit/loss excl. effect of finance leases	866	-1,098	-5,739	942	700
Financial key ratios – financial position					
Balance sheet total	50,948	44,755	38,283	43,509	17,737
Equity	2,274	1,155	2,071	6,601	7,806
Working capital	-3,157	-2,624	-1,573	-1,972	-1,575
Interest-bearing net liabilities	1,425	3,053	4,714	3,497	3,837
Interest-bearing net liabilities/adjusted EBITDA	0.6	508.8	neg	1.7	2.0
Cash flows from operating activities	6,432	3,701	1,151	5,067	1,723
Free cash flow	2,202	185	-2,939	782	263
Key ratios per share					
Average number of shares after dilution	191,304,116	191,250,686	148,645,691	103,036,484	103,075,976
Earnings per share, SEK	2.21	-8.79	-40.02	7.01	6.54
Earnings per share, SEK, excl. effect of finance leases	4.10	-5.75	-38.62	9.15	6.80
Equity/share, SEK	11.9	6.0	10.8	64.1	75.4
Hotel-related key ratios					
RevPAR (Revenue Per Available Room), SEK	683	364	271	707	683
ARR (Average Room Rate), SEK	1,183	957	945	1,071	1,045
OCC (Occupancy), %	57.7	38.0	28.7	66.0	65.3
Total number of rooms at year-end	55,831	54,265	53,003	52,755	51,693

For definitions of the Group's key ratios, see page 132.

SEGMENT

Sweden

Million SEK	2022	2021	Change, %
Net sales	6,053	3,077	96.7
Net sales growth, %	96.7	23.6	
Organic growth, %	96.7	23.6	
Net sales growth LFL, %	85.9	22.3	
Adjusted EBITDA	876	-174	-603.2
Adjusted EBITDA margin, %	14.4	-5.7	
RevPAR, SEK	681	360	89.1
ARR, SEK	1,158	897	29.1
OCC, %	58.8	40.2	

Net sales rose by 96.7 percent to 6,053 million SEK (3,077). For comparable units, net sales increased by 85.9 percent.

Average Revenue Per Available Room (RevPAR) increased by 89.1 percent to 681 SEK compared with the previous year. For comparable units, RevPAR went up by 87.3 percent.

Adjusted EBITDA improved, totaling 876 million SEK (-174). Direct state aid reduced costs by 10 million SEK (97). During the period, 45 million SEK was received in connection with the opening of new hotels. For the corresponding period in 2021, adjusted EBITDA included a repayment of 44 million SEK from the insurance company AFA.

Norway

Million SEK	2022	2021	Change, %
Net sales	6,039	3,530	71.1
Net sales growth, %	71.1	57.9	
Organic growth, %	62.3	54.8	
Net sales growth LFL, %	59.2	55.8	
Adjusted EBITDA	1,171	526	122.8
Adjusted EBITDA margin, %	19.4	14.9	
RevPAR, SEK	719	423	69.9
ARR, SEK	1,224	1,022	19.8
OCC, %	58.8	41.4	

Net sales rose by 71.1 percent to 6,039 million SEK (3,530). Net sales for comparable units grew by 59.2 percent.

The company's quarantine operations were discontinued at the beginning of the year and from mid-March they were partially replaced by income from operations to provide housing for refugees from Ukraine.

Changes in the hotel portfolio contributed 109 million SEK net. The most significant positive impact was from Scandic Holmenkollen Park which reopened in June after an extensive renovation.

Average Revenue Per Available Room (RevPAR) increased by 69.9 percent to 719 SEK compared with the previous year. For comparable units, RevPAR went up by 61.0 percent.

Adjusted EBITDA improved, totaling 1,171 million SEK (526). Direct state aid reduced costs by 23 million SEK (181) of which aid for rent amounted to 0 million SEK (95) for the period. Approximately 184 million SEK of adjusted EBITDA is estimated to be attributable to income from rooms related to Scandic's quarantine-related operations/housing for refugees that was not used.

Finland

Million SEK	2022	2021	Change, %
Net sales	4,089	2,082	96.4
Net sales growth, %	96.4	21.5	
Organic growth, %	87.4	25.4	
Net sales growth LFL, %	74.4	18.3	
Adjusted EBITDA	383	-292	-231.3
Adjusted EBITDA margin, %	9.4	-14.0	
RevPAR, SEK	594	304	95.3
ARR, SEK	1,128	977	15.5
OCC, %	50.9	31.1	

Net sales rose by 96.4 percent to 4,089 million SEK (2,082). Net sales for comparable units grew by 74.4 percent.

New hotels/exits contributed 271 million SEK net. The positive effect is mainly attributable to Scandic Grand Central Helsinki in Helsinki and Scandic Hamburger Börs in Turku.

Average Revenue Per Available Room (RevPAR) increased by 95.2 percent to 594 SEK compared with the previous year. For comparable units, RevPAR went up by 84.9 percent.

Adjusted EBITDA improved and amounted to 383 million SEK (-292) including state aid. Direct state aid reduced costs by 43 million SEK (18).

Other Europe

Million SEK	2022	2021	Change, %
Net sales	3,049	1,397	118.2
Net sales growth, %	118.3	35.5	
Organic growth, %	108.4	39.9	
Net sales growth LFL, %	89.1	35.2	
Adjusted EBITDA	442	202	119.3
Adjusted EBITDA margin, %	14.5	14.4	
RevPAR, SEK	771	359	114.8
ARR, SEK	1,212	944	28.4
OCC, %	63.6	38.0	

Net sales rose by 118.2 percent to 3,049 million SEK (1,397). Net sales for comparable units grew by 89.1 percent.

Average Revenue Per Available Room (RevPAR) increased by 114.8 percent to 771 SEK compared with the previous year. For comparable units, RevPAR went up by 105.6 percent.

Adjusted EBITDA rose to 442 million SEK (202). Direct state aid reduced costs by 114 million SEK (397) of which aid for rent amounted to 34 million SEK (120) for the period.

Central functions

Costs for central functions increased to -335 million SEK (-255). The increase in costs is mainly due to higher marketing costs and a strengthened organization.

Cash flow and financial position

Cash flow and financial position excluding IFRS 16 for the full year improved and totaled 2,837 million SEK (697), driven by higher sales and improved profits as well as a positive development in working capital.

The cash flow contribution from the change in working capital during the year amounted to 614 million SEK (1,072), with a positive effect due to the reduction in accounts receivable in the fourth quarter. Operating liabilities related to variable rent continued to increase, amounting to approximately 840 million SEK at year-end of which about 500 million SEK is expected to be

HOTELS AND ROOMS IN OPERATION & UNDER DEVELOPMENT

December 31, 2022	Operational						Under development					
	Lease agreements		Management agreements		Franchise and partner agreements		Owned		Total		Total	
	Hotel	Rooms	Hotel	Rooms	Hotel	Rooms	Hotel	Rooms	Hotel	Rooms	Hotel	Rooms
Sweden	81	17,596	1	145	5	647			87	18,388	2 ¹⁾	657
Norway	70	14,460			13	1,699	1	138	84	16,297	1	393
Denmark	30	5,968	1	210					31	6,178	0	200
Finland	62	13,016							62	13,016	-1	-181
Other Europe	7	1,952							7	1,952	1	505
Total	250	52,992	2	355	18	2,346	1	138	271	55,831	3	1,574

¹⁾ The two new hotels refer to the existing Scandic Ariadne and Scandic Norra Bantorget hotels, which are currently closed for renovations.

settled during the first quarter of 2023. Working capital was impacted negatively during the first quarter by temporary effects of approximately 600 million SEK. Among other things, these included technical payment deferrals from December 2021 to January 2022 and the payment of the final rent settlement for 2021.

Taxes paid amounted to -39 million SEK (-51) and referred to the payment of taxes for previous years in Sweden.

Net investments paid amounted to -635 million SEK (-513), of which hotel renovations accounted for -277 million SEK (-46) and IT for -14 million SEK (-12). Investments in new hotels and increased room capacity totaled -344 million SEK (-454).

In total, the free cash flow improved and amounted to 2,202 million SEK (185).

	Dec 31, 2022	Dec 31, 2021
Working capital		
Current assets, excluding cash and cash equivalents	1,287	1,041
Current liabilities	-4,445	-3,665
Working capital	-3,157	-2,624

Operating cash flow

Million SEK	2022	2021
Adjusted EBITDA	2,536	6
Pre-opening costs	-131	-52
Items affecting comparability	-16	7
Items not included in cash flow	28	-19
Taxes paid	-39	-51
Change in working capital	614	1,072
Paid interest, credit institutions	-155	-266
Cash flow from operations	2,837	697
Investments in hotel renovations	-277	-46
Investments in IT	-14	-12
Free cash flow before investments in expansions	2,546	639
Investments in new capacity	-344	-454
Free cash flow	2,202	185
Issue of convertibles	-	1,577
Change in other interest-bearing debt	-493	-
Other items in financing activities	3	-44
Financing costs	-12	8
Exchange rate difference in net debt	-73	-63
Change in net debt	1,627	1,662

The balance sheet total on December 31, 2022 was 50,948 million SEK, compared with 44,755 million SEK on December 31, 2021. Excluding IFRS 16, the balance sheet total amounted to 13,986 million SEK, compared with 10,506 million SEK on December 31, 2021.

During the second quarter, a debt relating to deferred payments for VAT and social security contributions was reclassified from working capital to interest-bearing debt when the payment plan was established by the Swedish Tax Agency. The debt will be repaid semi-annually (in April and October) from October 2022 to April 2027. It is estimated that approximately 123 million SEK will be repaid in 2023. In total, this debt amounted to 635 million SEK at the end of 2022. Interest-bearing net liabilities excluding IFRS 16 and convertible loans decreased by 1,628 million SEK to 1,425 million SEK during the year.

The net debt as at December 31, 2022, corresponded to 0.6x adjusted EBITDA for the preceding 12 months (1.1x including the convertible loan), which is lower than at the end of 2021 and year-end 2019 (1.7).

Total agreed credit facilities amounted to 3,700 million SEK at the end of the period. In December 2022, Scandic extended its external financing until March 31, 2024, and the total credit facility was adjusted to 3,700 million SEK. Loans from credit institutions totaled 1,107 million SEK and cash and cash equivalents amounted to 317 million SEK. The convertible loan amounted to 1,484 million SEK at the end of the period. Total available liquidity at the end of 2022 amounted to approximately 2,800 million SEK.

2022, million SEK	Sweden	Norway	Finland	Other Europe	Total
Rent reductions	0	12	0	34	46
Furlough subsidies	8	89	0	13	110
Other aid received	10	10	43	81	144
Total	18	111	43	128	300

Interest-bearing net liabilities	Dec 31, 2022	Dec 31, 2021
Liabilities to credit institutions	1,107	3,269
Other interest-bearing liabilities	635	0
Cash and cash equivalents	-317	-216
Interest-bearing net liabilities	1,425	3,053

An extraordinary general meeting on April 26, 2021, approved the Board of Directors' proposal to issue a convertible loan, raising 1,609 million SEK in gross proceeds. After 32 million SEK in issue expenses, net proceeds totaled 1,577 million SEK. Of the net proceeds, 1,231 million SEK was allocated to a convertible loan and 346 million SEK to equity. The theoretical effective interest rate, which is charged to profit/loss, is 11 percent and it is calculated for the part that has been allocated to the loan. No interest payments are being made during the life of the loan (maturity date: October 8, 2024). Instead, the interest expense is accumulated on an ongoing basis to the convertible debt, which will be 1,800 million SEK at maturity. The conversion rate is 43.36 SEK. When fully converted, the convertibles will result in dilution of approximately 17.83 percent and will increase the number of shares by 41,510,920. In August 2022, 46,123 shares were converted, and the full dilutive effect now amounts to 41,464,787 shares. The calculation of earnings per share includes the full dilutive effect for any periods with profits, which was the case for the full year 2022.

Acquisitions and exits

In 2022, Scandic did not acquire or divest any businesses.

Portfolio development

At year-end, Scandic had a total of 55,831 rooms in operation at 271 hotels, 250 of which had lease agreements. At the end of 2022, the net number of hotels in operation was three greater than at the end of 2021 while the number of rooms grew by 1,566 net. New hotels with lease agreements in operation over the year included Scandic Örebro Central, Sweden (160 rooms), Scandic Kiruna, Sweden (231 rooms), Scandic Oceanhamnen, Sweden (184 rooms), Scandic Nørreport, Denmark (100 rooms), Scandic Göteborg Central, Sweden (451 rooms), Scandic Spectrum, Denmark (632 rooms), Scandic Helsinki Hub, Finland (352 rooms), Scandic Opus Horsens, Denmark (132 rooms) and Scandic München Macherrei, Germany (234 rooms). Additionally, Scandic Holmenkollen Park, Norway (376 rooms), reopened after an extensive renovation and extension. During the year, Scandic Ferrum in Kiruna, Sweden (171 rooms) and Scandic Siuntio in Finland (191 rooms) were exited.

Research and development

No R&D work was carried out during the year since the operations of the company are not of the type requiring R&D.

Share and ownership structure

Scandic's share has been listed on Nasdaq Stockholm since December 2, 2015. According to the company's share register kept by Euroclear Sweden AB, Scandic had 71,462 known shareholders at the end of 2022. At year-end 2022, the share capital of Scandic was 48 million SEK divided into 191,304,116 shares with all shares conferring equal voting rights, an equal share of assets and earnings and an equal share of any dividends.

At year-end, Stena Sessan remained the largest shareholder with holdings corresponding to 19.9 percent of the company's share capital and votes, which remained unchanged during the year. AMF Pension & Fonder decreased its ownership during the year from 14.4 percent to 12.4 percent and at year-end, it was Scandic's second largest owner.

Scandic has entered into a share swap agreement with a third party to ensure the delivery of shares that may be allotted according to the long-term incentive program, LTIP. If the full number of matching shares and performance shares is allotted, the total number of shares allotted under the LTIP will be 753,755, which corresponds to approximately 0.4 percent of Scandic's share capital and votes.

Risks & risk management

A description of Scandic's significant risks and uncertainties is provided in the Risks and risk management section on pages 73–77.

Team members

The average number of employees was 10,468 on December 31, 2022 compared with 6,460 on December 31, 2021. Scandic strives to be an equal opportunity employer and to provide a safe work environment, which among other things is governed by the Group's Code of Conduct. Scandic also strives to have an inclu-

sive culture throughout its operations and has clear goals for this. The gender distribution in the Group is 63 percent women and 37 percent men. The number of female general managers is 53 percent. Of the Group's team members, about 43 percent are under age 30.

Sustainability Report

Scandic has prepared a Sustainability Report in accordance with the Swedish Annual Accounts Act, which has been submitted by the Board of Directors. The Sustainability Report covers the Parent Company and the Group and can be found on pages 36–51 and 52–64.

Executive Committee & Board of Directors

Scandic's Executive Committee has solid experience from the hotel sector and consumer-oriented operations in various markets. The Executive Committee comprises the CEO and eight executive decision-makers: the CFO, the Chief Commercial Officer, the Chief Human Resources Officer and the Group's five country heads. Six nationalities are represented in the Executive Committee, which is composed of seven men and two women.

The Board is responsible for Scandic's organization and the management of the company's affairs. According to the Articles of Association, the Board shall consist of no fewer than three and no more than 11 members, with no more than two alternates. Trade unions are entitled to appoint two regular Board members and two alternates. Board members are elected annually at the Annual General Meeting for the period up until the end of the subsequent Annual General Meeting. The Annual General Meeting 2022 elected seven Board members and appointed one employee representative. One of the members of the Board resigned during the year and joined Scandic's Executive Committee.

Guidelines for senior management

Guidelines for compensation and other terms and conditions for the CEO and other senior managers were adopted and established at the Annual General Meeting 2020. See the Corporate Governance Report on page 82 for more information.

Long-Term Incentive Program

Scandic has a share-based long-term incentive program (LTIP). The expected financial exposure to shares that may be allotted under the LTIP and the delivery of shares to the participants of the LTIP has been hedged through Scandic's entering into a share swap agreement with a third party on market terms.

See Note 05 and the Corporate Governance Report on pages 78–83 for further details.

Events after the reporting date

On February 15, 2023, Scandic signed an agreement for external financing with total credit facilities of 3,450 million SEK until December 31, 2025. In connection with the extension, among other things, interest terms and covenants were also adjusted. Under certain conditions, the external financing gives Scandic the opportunity to finance all or part of the convertible loan that will be due on October 8, 2024.

Outlook

Based on current bookings, Scandic has a positive view for the first quarter of the year, with continued higher price levels and stable occupancy at a slightly lower level than for the first quarter of 2019.

Based on the prepared business plan and the cash flow forecast, it is the management's best estimate that the above-described measures to strengthen liquidity combined with continued good business practices regarding managing revenue, expenses and cash flow will suffice to ensure liquidity and continuity both this year and the next.

Parent Company

The operations of the Parent Company, Scandic Hotels Group AB, include management services for the rest of the Group. Revenues for 2022 amounted to 55 million SEK (40). The operating loss was -1 million SEK (-18). Net financial items for the period totaled -91 million SEK (-87). The Parent Company's loss before taxes was -75 million SEK (-105).

Appropriation of profits

In accordance with the Board's dividend policy adopted on September 14, 2015, Scandic aims to distribute at least 50 percent of its annual net profit.

Decisions regarding the appropriation of profits are made with consideration for the company's future profits, financial position, capital requirements and macroeconomic conditions.

The Board of Directors has proposed to the Annual General Meeting that no dividend be paid to the shareholders and that the amount at the meeting's disposal be carried forward.

	SEK
To be carried forward	8,190,681,582
Total	8,190,681,582

For more information, please see the following financial statements and notes.

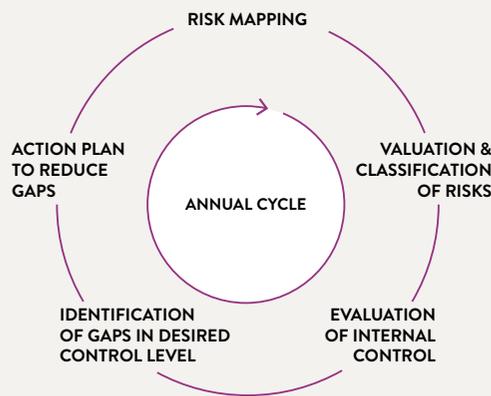
RISKS & RISK MANAGEMENT

Scandic is exposed to risks that have a greater or lesser impact on the company. These risks can be attributed to events or decisions outside of Scandic's control. They may also result from decisions that the company makes. Through structured and proactive risk management, Scandic aims to ensure that risks are minimized to the greatest extent possible or remain potential risks only.

The ability to identify, assess, manage and monitor risks is an important part of the management and control of Scandic's business operations. The aim is for the Group to achieve its objectives through well-considered risk-taking within established limits. The risk management process includes all risks and has been divided into strategic, operational and financial risks.

Scandic has good underlying risk diversification in the form of a geographically diverse and balanced customer base. The company operates primarily in the Nordic market. Scandic is not dependent on a specific industry or a few customers.

For a detailed description of internal controls designed to manage risks relating to financial reporting, see pages 82–83 of Scandic's Corporate Governance Report.



Risk management process

In addition to managing risks involved in day-to-day business, Scandic has a risk management process designed to identify and reduce risks that can have an adverse effect on the Group's earnings, cash flow, brand and reputation or long-term competitiveness. The process that provides a framework for the Group's risk management follows an annual cycle:

- The Executive Committee carries out risk mapping where risks are identified and measured based on the probability that they will occur as well as the consequences of their occurrence on the Group's operations and financial position. This results in a risk map where each risk is classified. The internal controls and the control environment are then evaluated to ensure that relevant controls are in place that can reduce risks both in terms of probability and consequences.
- Based on the Group's risk profile and risk strategy, any gaps in relation to the desired level of control are identified. An action plan is then developed to reduce gaps where the value of reducing the risk is measured against the cost of establishing and maintaining internal controls.
- The structure and frequency of monitoring risk status and action plans is determined. Risks are reported to the Board and monitored in conjunction with annual strategy planning. Financial risks are reported and monitored both in financial reporting to the Board and at Audit Committee meetings.

Responsibility & monitoring

The Board of Directors has overall responsibility for ensuring that the Group has appropriate risk management structures in place, including following up on strategic risks. The Audit Committee is responsible for evaluating the efficacy of the structure and risk management processes and for monitoring financial risks.

The CEO is responsible for managing risks in line with the guidelines adopted by the Board. The risk management process and work within specially identified risk areas are driven centrally by the Group's Chief Financial Officer. Operational risks are managed by the Executive Committee where each significant risk identified is assigned to a designated manager who is responsible for proposing measures to fill any gaps and ensuring that action plans are carried out. Financial risks are managed by Group Finance in accordance with Board-approved policies and instructions and are reported by the Chief Financial Officer to the Audit Committee.

Sustainability risks

Managing sustainability risks is an integral part of the Group's risk management process and sustainability is taken into consideration in risk analysis as a whole. In addition, sustainability risks are evaluated specifically, including in all areas of the UN Global Compact: environment, human rights, labor law and anti-corruption. Evaluated risks are managed in accordance with the ordinary risk management process and also included in work to develop the company's sustainability strategy.

Strategic & operational risks

The following pages provide a description of the most significant risks within Scandic's operations. These are not the only risks and there may be other risks that are currently considered immaterial but that may have a negative effect on the Group's business, financial performance or position. The order in which risks are presented does not indicate the probability of the occurrence of the risk or the seriousness of the consequences.

Strategic risks include external factors that may affect Scandic's business and long-term competitiveness as well as internal factors that could lower the prospects of achieving Scandic's strategic business objectives. Operational risks are risks over which Scandic has control and primarily include processes, assets and people.

MARKET RISKS

Scandic operates in a sector where demand for hotel nights and conferences is influenced by the underlying domestic development and purchasing power in the geographic markets in which Scandic does business as well as development in countries from which there is a significant amount of travel to Scandic's domestic markets.

General attitudes in society toward travel, especially as it concerns the environment, also impact the demand for Scandic's services. Additionally, profitability in the sector is impacted by changes in room capacity where greater capacity can result in lower occupancy and lower room prices in the shorter term. The increased use of video conferencing can also impact demand for traditional hotel and conference services.

There is also a risk that external distribution partners, such as online travel agencies (OTAs), may strengthen their position vis-à-vis hotel companies. For example, OTAs may offer refunds to customers whose bookings are non-refundable, and then demand that Scandic pay them. OTAs can also forgo their own commissions to lower the consumer price, which increases price competition in the market.

Price increases, for example, for goods related to Scandic's food and beverage offering or for energy and general inflation could among other things lead to higher purchasing costs. There is also a risk that these increased costs may not be covered by price increases vis-à-vis Scandic's customers.

Some leases may make it more difficult for Scandic to reconfigure hotels. There is also a risk that property owners may not make necessary sustainability investments, for example, in improving energy efficiency. This may make it difficult for Scandic to live up to its sustainability standards and instead having to make the necessary investments in the landlord's property itself.

The demand for hotel nights could be significantly impacted by external factors such as pandemics, which could lead to travel and meeting restrictions. There is also a risk that the market could collapse and that Scandic may not receive the same support from the state and other stakeholders as earlier. If Scandic is unable to handle underperforming hotels with unfavorable leases, it may be left with hotels that are not profitable over time. There is also a risk that some hotels and destinations could become obsolete in the long run due to climate change, among other things.

Risk management

Scandic's business model is based on lease agreements where most agreements have completely variable rents or variable rents with a guaranteed minimum rent. This results in a lower profit risk since revenue losses are partly offset by lower rental costs. In recent years and up to 2019, fixed and guaranteed rents have accounted for approximately two-thirds of total rental costs, which limits flexibility in the event of significant drops in occupancy, for example, due to a pandemic. Scandic's other expenses also include a high share of variable costs where above all, staffing flexibility is important to be able to adapt cost levels to variations in demand. This gives Scandic a flexible cost structure that helps lessen the effects of seasonal and economic fluctuations.

Scandic has demonstrated a high degree of robustness in quickly reducing its cost base substantially when demand dropped, as was the case during the Covid-19 pandemic. Scandic sells products to a wide range of customers and sectors.

Scandic strives to adjust future leases to offer more flexibility, among other things through market collapse clauses and higher sustainability requirements for property owners. Scandic enjoys a high percentage of satisfied and returning customers. The company enjoys a significant share of distribution through its own channels, with a high share of sales generated by members of Scandic's loyalty program, which contributes to revenue stability. Scandic invests regularly in its own digital distribution channels. To increase the inflow of international leisure travelers, distribution through digital channels with international reach is essential.

To handle cost increases, Scandic may need to adjust its offering to adapt purchases, for example, by buying less expensive products and maintaining a close collaboration between its procurement and F&B departments.

Scandic operates according to a clear portfolio and growth strategy. The company also works proactively with property developers to find new hotel projects and has a clear plan for exits and extended leases.

Scandic continuously follows the development of customer behavior, competitors and distribution partners to be able to adapt quickly to market changes. The company works with important OTAs and collaborates with industry organizations.

CHANGING ENVIRONMENT, TAXES & DECISIONS OF AUTHORITIES

Scandic is affected by a number of external factors that could limit mobility in society including terror incidents, pandemics, increased criminality and geopolitical events. In the long term, changes in travel patterns due to factors related to the environment and sustainability can also impact Scandic. Incidents that occur at the destinations where Scandic operates could affect customers' willingness to travel there. Furthermore, there is a risk of incidents such as fire or accidents involving team members or guests.

IT security incidents caused by external attacks could also cause Scandic's IT system or infrastructure to be shut down, which means that Scandic would not be able to accept bookings or check in or out guests, and that personal data or other confidential information, for example, could be compromised or be deleted.

Changes in value added tax and other taxes could impact demand for hotel nights, conferences and restaurants. Changes in taxes, social security fees and other fees that increase Scandic's costs may also have a negative effect on the Group's results.

Risk management

Scandic is working on a number of initiatives to adapt and maintain an adequate level of security. Scandic has a security program that includes crisis management in the event of fire, accidents or terror incidents. All team members receive regular training and self-inspections are carried out twice a year. Geographic spread reduces the risk that changes to legislation and regulations in any one country may impact Scandic's earnings negatively.

Scandic has also strengthened its procedures and organization related to IT security, data protection and information security. Scandic has prioritized strengthening exercises and training now that staffing has returned to more normal levels.

LEASE AGREEMENTS – FINANCIAL COMMITMENTS

Scandic's business model is based on lease agreements. These agreements are signed for a period of typically 15 to 20 years, with the option to extend in many cases. According to these agreements, the property owner and the tenant (Scandic) share responsibility for investments in and maintenance of the property. Scandic's commitment relates in general to maintenance and replacement of finishes, furniture, fixtures and equipment. Historically, these investments have accounted for 3 to 4 percent of Scandic's net sales.

Risk management

The risk involved in long-term financial commitments is reduced by having a high proportion of agreements with variable rents. Of Scandic's total lease agreements (based on the number of rooms), most have fully variable rent or variable rent with a minimum guaranteed rent. The latter is the most common contract model in the Nordic countries. In recent years and up to 2019, fixed and guaranteed rents have accounted for approximately two-thirds of total rental costs. Revenue-based rent and joint investment responsibility mean that the property owner and Scandic have a common interest in developing and maintaining the property to increase guest satisfaction and generate revenue. Scandic prepares rolling plans for renovating and maintaining hotels to ensure their standard, attractiveness and ability to continue to generate good revenue. According to Scandic's portfolio strategy, the company only enters into lease agreements for hotels in markets that have good, stable demand, that are in attractive locations and that have the scale and configuration that allow for good profitability and thereby low commercial risk. Where these criteria are not met and the risk of entering into a lease agreement is deemed too high, a franchise agreement may be considered if the location of the property has a strategic value or may help increase the value of Scandic's loyalty program by improving the company's geographic reach.

BRAND & REPUTATION

The hotel market is constantly evolving in terms of preferences and customer behavior. This is why it is extremely important for a hotel company to ensure that its brand, content and perceived position remain relevant and appreciated at all times. Maintaining the strength and relevance of the Scandic brand and customer perception of Scandic's offering and concept is therefore critical to ensure long-term competitiveness.

Suppliers who do not follow Scandic's Code of Conduct or are associated with something negative in relation to, among other things, sustainability or legal issues could have a negative effect on Scandic. There is a risk that these issues may not be followed up on carefully enough at the company's franchise hotels.

Risk management

Scandic is the leading hotel brand in the Nordic countries and the Scandic brand is one of the Group's most valuable assets. By owning its brand, Scandic can guarantee the consistency and quality of its offerings and services and also ensure that the content and offering are constantly adapted to the demands and preferences of both existing and new customers. Scandic's Code of Conduct is based on social and environmental sustainability as well as ethical business conduct in all areas of its operations. The Code applies to all team members and also places demands on Scandic's suppliers and partners. Compliance is ensured through communication and internal training. To reduce vulnerability, among other things, Scandic works with preventive measures that include training and informing team members. There is also a clear plan for handling major IT security incidents.

HUMAN RESOURCES & TALENT MANAGEMENT

Scandic operates in the service industry where each guest experience has a great impact on how the Group's offering, quality and service are perceived. Team member engagement is a key driver in terms of customer satisfaction, making it central to the Group's long-term results. The ability to attract, develop and retain talents and build a good service and corporate culture is therefore critical. Since the company restarted its operations following the Covid-19 pandemic, Scandic has employed a high share of new team members, which could impact customer satisfaction in the short term.

Risk management

Scandic has a distinct corporate culture and works to maintain it fully in the Group. Scandic regularly conducts an employee survey that has a very high response rate and high scores when it comes to job satisfaction. The insights obtained through this survey are an important tool for continued improvements throughout the entire organization. Scandic develops leadership through regular evaluation and development programs at all levels of the organization.

Scandic is strengthening activities in leadership development and working to develop and retain team members. The company has also sharpened its focus on in-house training and close collaboration with schools and trade unions. In some areas, it may be necessary to outsource certain functions.

SUSTAINABILITY

Supply chains

Scandic requires all suppliers to comply with the UN Global Compact criteria. In addition, Scandic has detailed requirements, including environmental aspects. There is a risk that suppliers may not comply with these high requirements.

Working conditions

There is a risk that working conditions for employees may not reach the level where the health and safety of team members can be guaranteed.

Property ownership structure

Scandic does not own any hotel properties. This means that Scandic is dependent on the property owners implementing measures to reduce their environmental impact, such as systems for ventilation and heating, etc. There is a risk that Scandic and property owners may not agree fully regarding these types of investments, making it more difficult for Scandic to meet its CO₂ emission targets.

Corruption & fraud

There is a risk that Scandic's internal routines may not be followed, which could lead to corruption and/or various forms of fraud.

Trafficking & prostitution

Hotels are locations where prostitution and trafficking may occur. This implies a direct danger for victims of such activities.

Risk management

Scandic has a process where all suppliers are reviewed using different risk criteria during procurement. If Scandic identifies a potential risk, careful checks are carried out covering all areas of sustainability.

Scandic carries out regular safety audits in all hotels to ensure employee safety. These are followed up with annual self-inspections and team member evaluations of their physical and psychosocial work environment as part of the employee survey. In addition, Scandic has an anonymous whistleblowing function that enables team members and external parties to report gross deviations/incidents anonymously.

Scandic is engaged in continuous dialogue with property owners and works to ensure that measures are taken to reduce environmental impact.

Scandic has internal rules and procedures in place that are intended to prevent corruption and fraud. These rules and procedures are updated and communicated continually.

In cooperation with the police, the employer organization, unions and authorities, Scandic has developed a training program to help hotel employees detect if trafficking or prostitution is occurring at a hotel. This training is carried out regularly.

SUSTAINABILITY cont.

Climate change

Climate change can potentially affect Scandic's operations both physically and financially. Altered weather conditions could lead to flooding or cause other damage to hotel properties. Scandic must work closely with property owners to ensure that buildings are developed and renovated with these risks in mind. Climate change could also affect the ability of suppliers to produce the goods that Scandic buys. In addition to physical damage and problems in the supply chain, which in themselves could have negative financial consequences for Scandic, energy costs could increase and new rules and taxes could be introduced. New emission taxes for companies or restrictions on people's travel could have a significant impact on Scandic. Failure to analyze climate risks could therefore result in unforeseen costs.

Reputation & sustainability

Scandic may be impacted financially and in terms of its reputation if it does not succeed in living up to its sustainability targets or communicate its sustainability initiatives effectively. Sustainability is increasingly being highlighted and becoming more important to customers who want to pursue healthy lives and make environmentally conscious choices. If Scandic is not receptive to these trends, there is a risk that it will offer products that are not appreciated and in addition disappoint its team members. Lack of sustainability awareness in the organization could result in decisions that are not aligned with Scandic's sustainability targets.

Reporting requirements

The reporting requirements for sustainability are increasing, a demand from customers, investors and other stakeholders.

Risk management

Scandic follows international reporting on climate issues and maintains close contact with property owners and suppliers in order to be proactive.

Sustainability expertise must be present in all parts of the company. Policies and follow-up must be integrated in Scandic's procedures to ensure compliance. Scandic has been offering a rich selection of plant-based and allergy-adapted foods for many years. The company's new sustainability strategy is built on Scandic being the most sustainable option for eating, sleeping and meeting. Scandic strives to be a role model within and outside of the industry. In this way, Scandic hopes to grow its business by attracting customers and making team members proud.

Scandic has clear sustainability criteria for investing in new hotels as well as the organizational capacity and expertise to manage this.

FINANCIAL RISKS

The Group's activities expose it to financial risks: exchange rate risk, interest rate risk, credit risk and liquidity risk. The Group's Finance Policy focuses on the unpredictability of the financial markets and seeks to minimize potential adverse effects on the Group's results and financial performance.

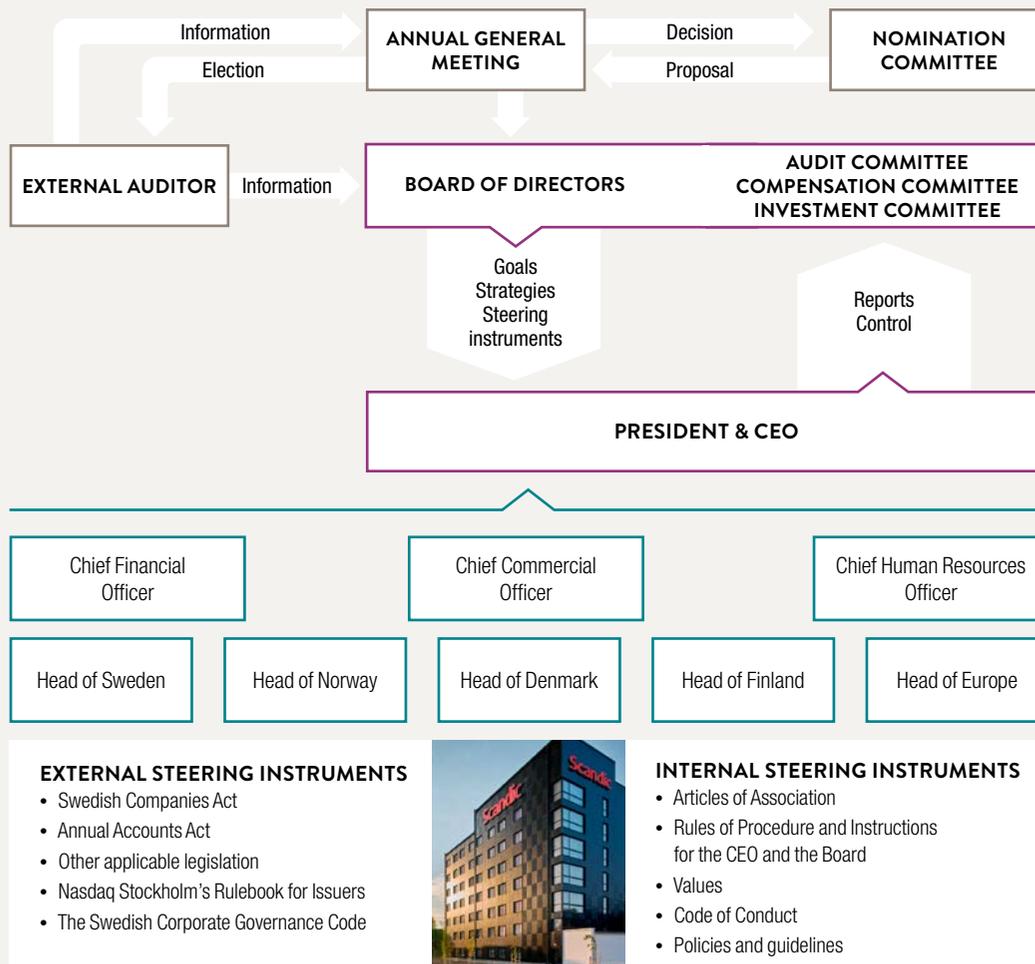
Risk management

Risk management is handled by Group Finance in accordance with policies established by the Board of Directors. These include overall risk management as well as risk management for specific areas such as exchange rate risk, interest rate risk, credit risk, the use of derivatives and non-derivative financial instruments and investment of excess liquidity. Group Finance identifies, evaluates and hedges financial risks in close collaboration with the Group's operating units. For a description of financial risks and how Scandic manages them, see Notes 20B and 20C.

CORPORATE GOVERNANCE

Scandic is a Swedish public limited liability company whose shares are listed on Nasdaq Stockholm's Nordic Mid Cap list. Scandic applies the Swedish Corporate Governance Code. Scandic's corporate governance aims to ensure effective and value-creating decision-making through clear roles and the distribution of responsibilities between owners, the Board of Directors and the Executive Committee.

CORPORATE GOVERNANCE, SCANDIC



BASIS FOR CORPORATE GOVERNANCE

Scandic's corporate governance aims to support the Board of Directors and the Executive Committee so that all the company's operations create long-term value for shareholders and other stakeholders.

Governance includes upholding:

- An effective organizational structure
- Systems for risk management and internal control
- Transparent internal and external reporting
- Compliance

GOVERNANCE STRUCTURE

Responsibility for the governance and control of Scandic is distributed between the shareholders, the Board, its committees and the CEO. Scandic's governance is based on external and internal governance instruments. The external governance framework includes the Swedish Companies Act, Nasdaq Stockholm's Rulebook for Issuers, the Swedish Corporate Governance Code ("Code") and other Swedish and foreign legislation and regulations. Scandic adheres to the Code and reports no deviations in 2022.

Scandic's internal binding governance instruments include the Articles of Association, Rules of Procedure for the Board, instructions for the Board's committees and the CEO, Scandic's Code of Conduct, the authorization and delegation procedure, the Finance Policy, the Information Policy and the Insider Policy.

SIGNIFICANT EVENTS IN 2022

At the Annual General Meeting 2022, Per G. Braathen, Thérèse Cedercreutz, Grant Hearn, Kristina Patek, Martin Svalstedt and Fredrik Wirdenius were re-elected as Board members and Gunilla Rudebjer was elected as a new Board member. Per G. Braathen was re-elected as Chairman of the Board and PricewaterhouseCoopers

AB was re-elected as auditor for the same period. Ingaliil Berglund declined re-election. In November, Thérèse Cedercreutz was appointed new Chief Commercial Officer and member of the Executive Committee. In connection with the appointment, Thérèse resigned from the Board.

SHARE AND SHAREHOLDERS

The Scandic share has been listed on Nasdaq Stockholm's Nordic Mid Cap list since December 2, 2015. At year-end 2022, the company's share capital was 47.8 million SEK divided into 191,304,116 shares with all shares conferring equal voting rights, an equal share of assets and earnings and an equal share of any dividends. At the end of 2022, the 10 largest shareholders represented 49.2 percent of the share capital and votes in the company. Stena Sessan was the largest shareholder at year-end with holdings corresponding to 19.9 percent of the company's share capital and votes. AMF Pension & Fonder owned 12.4 percent of the company's share capital and votes at year-end.

SHAREHOLDERS' INFLUENCE THROUGH THE GENERAL MEETING

Scandic's shareholders exercise influence at the general meeting, which is Scandic's highest decision-making body. The general meeting adopts the Articles of Association and at the Annual General Meeting (AGM), which is the regular general meeting held annually, the shareholders elect the Board members, the Chairman of the Board and the auditor and determine their fees. The AGM further adopts the income statement and the balance sheet and decides on the appropriation of profits as well as whether to discharge the Board members and the CEO from liability to the company. The AGM also appoints the Nomination Committee and determines its work and adopts principles of compensation and terms of employment for the CEO and other senior executives. Scandic's AGM is held annually in Stockholm before the end of June. Extraordinary general meetings may be held as and when needed.

2022 ANNUAL GENERAL MEETING

At the AGM held on May 10, 2022 in Stockholm, resolutions on the following were passed:

- 2021 income statement and balance sheet adopted.
- Resolution in accordance with the Board's proposal that no dividend be paid to the shareholders and that the amount at the meeting's disposal be carried forward.
- Discharge of the Board and the CEO from liability to the company.
- Re-election of Per G. Braathen, Grant Hearn, Fredrik Wirdenius, Martin Svalstedt and Kristina Patek as Board members. Per G. Braathen was re-elected as Chairman of the Board.
- Election of Gunilla Rudebjer as a new Board member.
- Ingaliil Berglund declined re-election.
- Reappointment of PricewaterhouseCoopers as auditor with Sofia Götmar-Blomstedt as auditor-in-charge for the period until the end of the AGM 2023.
- Fees for the Board and the auditor.
- Long-term incentive program for members of the Executive Committee and other key people.
- Compensation Report in accordance with the Board's proposal.

2023 ANNUAL GENERAL MEETING

Scandic's AGM 2023 will be held in Stockholm on May 9, 2023, see page 131.

NOMINATION COMMITTEE

The Nomination Committee represents the company's shareholders and is tasked with preparing proposals for the AGM regarding the election of the Chairman for the AGM, Board members, the Chairman of the Board and the auditor, as well as proposals for fees to the Board and auditors and, to the extent it is considered required, proposed changes to the instructions for the Nomination Committee. The Nomination Committee has adopted the guidelines stipulated in section 4.1 of the Code as the diversity policy as regards the composition of the Board. Proposals should be justified to reflect the requirement that the Board have a composition that is appropriate based on the company's

needs, characterized by versatility and breadth. The Nomination Committee strives to meet the Code's requirements for even gender distribution and diversity mainly regarding age, nationality and skills.

The Nomination Committee consists of the Chairman of the Board and a representative of each of the three largest shareholders based on shareholder statistics from Euroclear Sweden AB as at the last banking day in August each year. The Nomination Committee's term of office runs until a new Nomination Committee has been appointed.

Unless otherwise agreed by the members of the Nomination Committee, the Chairman of the Nomination Committee is the member who represents the largest shareholders based on the number of votes. If a shareholder should cease to be one of the three largest shareholders by number of votes during the Nomination Committee's term of office, the representative appointed by the shareholder in question shall resign and the shareholder that has become one of the three largest shareholders by number of votes may appoint a representative. Such a change is not necessary if the change in votes is marginal or if it occurs later than three months prior to the AGM unless there are special reasons for such.

The names of the three shareholder representatives and the shareholders they represent shall be announced no later than six months before the AGM.

Nomination Committee for AGM 2023

The Nomination Committee for the AGM 2023 consists of four members and in addition to the Chairman of the Board includes representatives from the three largest shareholders as at August 31, 2022. The work of the Nomination Committee was led by Karl Swartling of Stena Sessan AB. The composition of the Nomination Committee was published in a press release on October 28, 2022.

Nomination Committee	Representing	% votes on Dec 31, 2022
Per G. Braathen	-	-
Karl Swartling	Stena Sessan AB	19.9
Dick Bergqvist	AMF Pension & Fonder	12.4
Trygve Hegnar	Periscopus AS	2.7

In the work on nominations for the AGM 2023, the Nomination Committee assessed the size and composition of the current Board. The Nomination Committee complies with the guidelines in the Code regarding Board member independence. The 2023 Nomination Committee held two meetings and maintained regular communication in between. The Nomination Committee based its work on the Chairman of the Board's report on the work of the Board and the Board evaluation that was carried out with the help of an external advisor.

The proposals of the Nomination Committee will be presented at the AGM 2023 and on Scandic's website at scandichotelsgroup.com. The reasoning behind the proposals, a report on the committee's work and a full presentation of the proposed members will also be published on the site.

The Nomination Committee can be reached at nominationcommittee@scandichotels.com. For the committee to consider suggestions, shareholders wishing to submit proposals must have done so by December 31, 2022 at the latest. More information is available at scandichotelsgroup.com.

BOARD OF DIRECTORS

The Board is responsible for Scandic's organization and the management of the company's affairs. According to the Articles of Association, the Board shall consist of no fewer than three and no more than 11 members, with no more than two alternates. Trade unions are entitled to appoint two regular Board members and two alternates. Board members are elected annually at the AGM for the period up until the end of the subsequent AGM.

Composition of the Board in 2022

The AGM 2022 elected seven Board members and appointed one employee representative. The CEO and CFO participate in Board meetings along with the secretary of the Board. Other employees participate in Board meetings to report on special matters as needed. In November 2022, Thérèse Cedercreutz was appointed Chief Commercial Officer and member of the Executive Committee. In connection with this, Thérèse resigned from the Board.

Independence

None of the Board members elected at the AGM are employed within the Scandic Group and all Board

members are considered to be independent in relation to the company and the senior executives. Five of the seven Board members that are independent in relation to the company and the senior executives are also independent in relation to the company's major shareholders. Scandic thereby complies with the requirements in the Code regarding the Board's independence in relation to the company, senior executives and the major shareholders.

Work of the Board

The duties of the Board are regulated in the Swedish Companies Act, the company's Articles of Association and the Code. The work and procedures of the Board are established each year in written Rules of Procedure. These rules govern the distribution of work and responsibilities among the Board members, the Chairman of the Board and the CEO, and the routines for financial reporting. The Board also adopts instructions for the committees of the Board.

The duties of the Board include appointing the CEO, adopting strategies, business plans, budgets, interim reports, year-end accounts and annual reports as well as adopting instructions and guidelines. The Board also monitors the financial performance of the company, ensures the quality of financial reporting and internal control and evaluates the operations in relation to the objectives and guidelines adopted by the Board. Furthermore, the Board also resolves whether to enter into or extend leases, franchise agreements and management agreements and whether significant investments or changes in the Group's organization and operations should be made.

The Chairman of the Board is responsible for managing the work of the Board, including ensuring that it is conducted efficiently and fulfills its obligations in accordance with applicable laws and regulations. The Chairman also works with the CEO to monitor the company's performance and prepare and lead Board meetings. The Chairman of the Board is also responsible for ensuring that Board members evaluate their work annually and regularly receive the information they need. The Chairman of the Board represents the company toward the shareholders.

Work during the year

During the year, 10 Board meetings were held (nine regular, one extraordinary). The Board continued to follow developments and consequences of the Covid-19 pandemic in all markets as well as the company's recovery. The Board also

dealt with topics related to the company's strategy, investments, financial reporting, sustainability strategy, policies, evaluation of the Executive Committee and compensation to senior executives.

COMMITTEES OF THE BOARD

The Board has three committees: the Audit Committee, Compensation Committee and Investment Committee. None of the committees are authorized to make decisions, but prepare matters and present them to the Board for decisions. Committee work is carried out in accordance with the written procedures as adopted by the Board.

Compensation Committee

The Compensation Committee prepares resolutions in matters involving compensation principles, salaries, benefits and compensation for the CEO and senior executives who are subordinate to the CEO. The committee also supervises and evaluates the outcome of programs for variable compensation and the company's compliance with the guidelines for compensation adopted at the AGM.

The Compensation Committee shall consist of at least three Board members elected at a general meeting. The Chairman of the Board may also chair the committee. The other committee members shall be independent in relation to the company and senior executives.

The Compensation Committee consists of Per G. Braathen (Chairman), Grant Hearn and Martin Svalstedt. The Compensation Committee held five meetings during the year. The committee conducted a review of the basic compensation for senior executives, the bonus program, long-term incentive programs and other compensation.

Audit Committee

The Audit Committee prepares the Board's work on matters involving risk assessments, internal control, the internal audit, accounting, financial reporting and audits. The committee aims to ensure compliance with the adopted principles for financial reporting and internal control and that the company's relationship with its auditors is fit for the purpose.

The Audit Committee also evaluates the audit and reports the results to the Nomination Committee and submits proposals for auditors to the Nomination Committee.

In addition, the Audit Committee follows up and comments on non-auditing related services that Scandic

procures from the company's auditor. The Audit Committee shall consist of at least three members. The majority shall be independent in relation to the company and senior executives, and at least one shall be independent in relation to the company, the company's senior executives and the company's major shareholders and have auditing or accounting experience.

The committee consists of Gunilla Rudebjer (Chairman), Martin Svalstedt and Kristina Patek. The requirements of the Swedish Companies Act regarding independence and accounting or auditing expertise are thus satisfied. The Compensation Committee held six meetings in 2022, and the company's auditor attended all of them. The following matters were addressed at Audit Committee meetings:

- Financial and sustainability reporting
- Internal control and risk analysis as well as evaluation of structures and efficiency
- Auditors' reports on review of the annual accounts, interim report for Q3 and internal control
- Audit plan and auditors' fees as well as evaluation of the work and independence of the auditors
- Evaluation of the requirement for an internal audit function for recommendation to the Board

- Status of ongoing disputes and legal matters
- Impairment test of intangible assets
- Financing matters

Investment Committee

The Investment Committee prepares decisions on issues related to investment proposals such as new investments and extensions as well as amendments to lease agreements. The Investment Committee also regularly evaluates hotel investments and reviews the development of the hotel portfolio, investment criteria and the process for managing the Group's investments.

The Investment Committee shall consist of at least three members of the Board elected at the general meeting. Members of the Investment Committee include Grant Hearn (Chairman), Per G. Braathen and Fredrik Wirdenius. Thérèse Cedercreutz resigned from the committee in November 2022 when she was appointed Chief Commercial Officer. In 2022, the committee held six meetings.

EVALUATION OF THE WORK OF THE BOARD

The Chairman of the Board is responsible for evaluating the work of the Board. The Board also evaluates its work annu-

ally. The evaluation refers to working methods and the main focus of the work of the Board. It also includes an evaluation of the need for and access to special expertise on the Board. The 2022 evaluation was carried out through a survey and personal interviews with Board members by an external party. The results were presented and discussed by the Board and the Nomination Committee. The evaluation was used to develop the work of the Board and constitutes support for the work of the Nomination Committee.

Auditors

PricewaterhouseCoopers has been the company's auditor since 2012. At the AGM held on May 10, 2022, PricewaterhouseCoopers was reappointed as auditor with Sofia Götmar-Blomstedt as Auditor-in-Charge until the end of the AGM 2023. Sofia Götmar-Blomstedt is an authorized public accountant and a member of FAR (the institute for the accountancy profession in Sweden). During 2022, the auditor reported observations on one occasion to the Board. No members of the Executive Committee were present. Thereafter, the auditor participated in six meetings with the Audit Committee.

Composition of the Board of Directors, independence, attendance, committees and compensation

Name	Position	Elected, year	Independent in relation to		Attendance & no. meetings	Attendance, no. meetings, committees	Compensation 2022
			the company and senior executives	the largest shareholders			
Per G. Braathen	Chairman	2007	Yes	Yes	10 (10)	6 (6) Investment Committee 5 (5) Compensation Committee	1,088,750
Grant Hearn	Board member	2014	Yes	Yes	10 (10)	6 (6) Investment Committee 5 (5) Compensation Committee	568,750
Ingalill Berglund ¹⁾	Board member	2016	Yes	Yes	3 (10)	3 (6) Audit Committee	216,667
Fredrik Wirdenius	Board member	2015	Yes	Yes	10 (10)	6 (6) Investment Committee	455,000
Martin Svalstedt	Board member	2017	Yes	No	10 (10)	6 (6) Audit Committee 5 (5) Compensation Committee	514,583
Gunilla Rudebjer ²⁾	Board member	2022	Yes	Yes	7 (10)	3 (6) Audit Committee	346,667
Kristina Patek	Board member	2020	Yes	No	10 (10)	5 (6) Audit Committee	460,417
Thérèse Cedercreutz ³⁾	Board member	2021	Yes	Yes	8 (10)	5 (6) Investment Committee	385,000
Marianne Sundelius	Employee representative	2017	No	Yes	10 (10)		40,000
Total							4,075,833

¹⁾ Ingalill Berglund resigned from the Board in connection with the AGM 2022.

²⁾ Gunilla Rudebjer became a member of the Board in connection with the AGM 2022.

³⁾ Thérèse Cedercreutz resigned as a member of the Board on November 9, 2022 in connection with her appointment as Chief Commercial Officer and member of the Executive Committee from January 2023.

The Audit Committee evaluates the auditors' work and independence annually.

The auditor is paid a fee, according to a resolution of the AGM. Read more in Note 04, page 100.

EXECUTIVE COMMITTEE

Scandic's Executive Committee has solid experience from the hotel sector and consumer-oriented operations in various markets. The Executive Committee comprises the CEO and eight executive decision-makers: the CFO, the CCO, the CHRO and the Group's five country heads. See pages 86–87 for more information about the Executive Committee.

The CEO's areas of responsibility and powers are governed by the Rules of Procedure for the Board and instructions for the CEO. The CEO is responsible for communicating and implementing Scandic's strategy, business plans and other decisions in the organization. The CEO is also ultimately responsible for ensuring that the governance, organization, risk management, internal processes and IT infrastructure are satisfactory.

To achieve economies of scale and ensure a consistent offering, Scandic has a number of central support functions including accounting and finance, human resources, purchasing, IT, marketing, product development and revenue management as well as restaurant and conference operations. Team members in charge of these functions are also responsible for developing Group-wide policies, guidelines and working methods and for following up on and ensuring that the Group's operations are conducted in compliance with adopted policies and standards.

Sustainability

Sustainability is an integrated part of Scandic's governance and reporting. The understanding of and commitment to challenges such as climate change, creating ethical and safe workplaces and being a responsible purchasing party are of major importance to the Group. Scandic's offices in all countries strive to employ people who reflect the society in which the hotels operate. Scandic's governance documents in this area include the Code of Conduct, the Code of Conduct for Suppliers, the Anti-Corruption Policy, the Environmental Policy and the Diversity & Inclusion Policy. Scandic's Diversity & Inclusion Policy is an underlying policy for Scandic's Code of Conduct. The policy sets out that diversity contributes to the company's success and clearly stipulates that no form of discrimination is accepted. When

appointing Board members, the Nomination Committee strives for diversity mainly with respect to gender, age, nationality and skills. Responsibility for sustainability initiatives is delegated to the heads of each country and function. The CFO is responsible for anti-corruption and together with the Director Group Procurement also has responsibility for supplier control. The Director of Sustainability is responsible for reporting and ESG information. The CHRO is responsible for employment law, diversity and equality. The overall responsibility for sustainability as a whole, including accessibility, lies with the Director of Sustainability.

COMPENSATION TO CEO & SENIOR EXECUTIVES

The AGM held on June 15, 2020 adopted guidelines for the CEO and senior executives. These are adapted to EU requirements on shareholder rights and apply for four years from approval. Read more at scandichotelsgroup.com.

Compensation

For information on compensation for the CEO and senior executives, see Note 05 on pages 101–103.

Long-Term Incentive Program

Between 2016 and 2019 and during 2022, Scandic launched an annual performance-based long-term incentive program. The most recent program, which was adopted at the AGM held on May 10, 2022, is described in Note 05 on pages 101–103. The LTIP program launched in May 2019 ended during the second quarter 2022. The goals and degree to which the conditions for performance shares were met can be found in Scandic's Interim Report for the second quarter 2022. Results and the allotment of shares are described in Note 05 on pages 101–103. Terms and conditions for the program are also outlined in Note 05 on pages 101–103.

THE BOARD'S REPORT ON INTERNAL CONTROL

This description has been prepared in compliance with the Swedish Annual Accounts Act and the Code and is therefore limited to internal control related to financial reporting. The report has not been reviewed by the company's auditor.

According to the Swedish Companies Act and the Code, the Board is responsible for ensuring that internal control

mechanisms are developed, communicated to and understood by the employees of Scandic who carry out individual control measures. The Board is also responsible for ensuring that these control measures are carried out, monitored, updated and maintained.

Executives at all levels are responsible for ensuring that internal control mechanisms are established in their areas and that these controls achieve the desired results. The CFO is ultimately responsible for ensuring that the monitoring of and the work on Scandic's internal control is conducted in the format determined by the Board.

Scandic's structure for internal control is based on the COSO model, the framework of which is applied to Scandic's operations and conditions. According to this model, a review and assessment is carried out within the areas of control environment, risk assessment, control activities, information and communication and monitoring activities. Based on this review, certain areas of development are identified and prioritized in the company's ongoing work to maintain internal control.

The procedures for internal control, risk assessment, control activities and monitoring of financial reporting have been devised to ensure reliable and relevant reporting and external financial reporting in accordance with the IFRS, applicable laws and regulations and other requirements of companies listed on Nasdaq Stockholm. This work involves the Board, the senior executives and other employees.

The way the Board monitors and ensures the quality of internal control is documented in the adopted Rules of Procedure for the Board and the instructions for the Audit Committee. The Audit Committee's duties include evaluating the company's structure and guidelines for internal control.

Financial reporting to the Board is carried out monthly according to a format described in the CEO's instructions for financial reporting. The company's CFO also conducts a review of the financial performance and latest forecast for the current year at each regular Board meeting. Drafts of interim reports are presented to the Audit Committee for consideration at a committee meeting before they are presented to the Board for approval.

Scandic's internal financial reporting complies with a standardized format where a common set of definitions and key ratios is used for all subsidiaries and hotels. Reporting is carried out through a Group-wide reporting system that allows a high level of transparency and comparability of financial data. Financial performance is moni-

tored through monthly reports from the subsidiaries and quarterly reviews where members of the Executive Committee, the central finance department and the relevant country management teams participate. Detailed follow-up of key ratios for different parts of Scandic's hotel operations enables benchmarking between hotels and also provides information quickly on deviations in operating margins and operating profit/loss compared with the expected outcome. This detailed follow-up procedure is an important tool for ensuring internal control.

Control environment

The control environment is the basis of internal control of financial reporting. An important element of this environment is that channels for decision-making, authority and responsibility are clearly defined and communicated between different levels of the company and that governance documents such as internal policies and guidelines exist. A good control environment is created through communication and training to ensure understanding of and compliance with policies and regulatory frameworks. The control environment is strengthened by a positive corporate culture and transparent and relevant monitoring of financial performance and key ratios at all levels in the Group.

Risk assessment

Internal control is based on a risk analysis. The risk analysis related to internal control and the risk of errors in the financial reporting form a part of the risk analysis that the Executive Committee performs and presents to the Audit Committee and Board annually. This analysis identifies and evaluates risks based on their likelihood of occurring and the potential impact of their occurrence on the operations and financial position of the Group. The Group's internal controls and control environment are then evaluated and any gaps compared with the desired level of control are identified. An action plan aimed at reducing gaps is established where the value of and possibility to reduce the risk is weighed against the cost of establishing and maintaining internal controls. Based on the risk analysis, control activities are designed to reduce risk at a reasonable cost. The activities shall also contribute to improving internal procedures and operational efficiency.

Control activities

Scandic's internal control is based on the company's established channels for decisions and the delegation and authorization procedures documented in governing policies and guidelines. Control activities can be IT based or manual. These activities shall form an integrated part of defined and documented processes and routines.

There are a number of control activities that are common to all Group companies. Some are implemented on the hotel level while others are implemented in the centralized accounting departments in each country. Control activities are described in Group-wide instructions.

Information and communication

The part of Scandic's governance in the form of policies, guidelines and manuals that involves financial reporting is chiefly communicated via monthly meetings at which all financial managers participate and via the Group's finance handbook. The finance handbook is published on the Group's intranet and updated regularly based on changes in external requirements and in Scandic's operations. Communication with internal and external parties is governed by a Communication Policy that provides guidelines for such. The purpose of the policy is to ensure compliance with all disclosure requirements in a correct and complete manner. Internal communication aims to ensure that each team member understands Scandic's values and business. To ensure that team members are informed, work is carried out internally and information is communicated regularly via the Group's intranet.

Monitoring

Scandic's accounting functions are integrated through a common finance and accounting system and common accounting instructions. The Board and Executive Committee regularly receive information on the Group's operations, performance and financial position.

The effectiveness of Scandic's internal control is evaluated annually by the company and the Audit Committee. It is also reviewed by the external auditors.

The result of the evaluation forms the basis for improvements to processes and controls for subsequent years. Internal control on the hotel and country levels is monitored through self-assessments and onsite audits: All hotels conduct self-assessments at least once a year based on a Group-wide checklist with mandatory and recommended controls. Internal audits are carried out by employees at the

company's central accounting department for a number of hotels each year. These involve a control checklist, spot checks within relevant areas and a discussion with the general manager and department heads to ensure understanding of and compliance with Scandic's internal control.

The results of the self-assessments and onsite audits are reported by the local heads of finance to the management team of each country. The results are reported by the Group's CFO to the Audit Committee together with a report on measures undertaken to improve internal control if the results indicate a need to do so either on the hotel level or in general. As part of their review, external auditors make additional hotel visits during which they test controls according to the internal checklist. Scandic's accounting department and external auditors aim to cover approximately one-third of Scandic's hotels each year.

Internal audit

Based on the Audit Committee's evaluation, the Board has decided not to establish a separate internal audit function. The decision is based on the assessment that the existing process for internal control is well established, efficient and supported by a good control environment, a clear governance model and well-functioning regular financial monitoring. The Board evaluates the need for a special internal audit function annually.

Measures in 2022

Scandic works constantly to mitigate the risks that result from changing market conditions. IT security issues as well as market analysis and business intelligence were included in the work of the work of the Board and its committees during the year. Self-assessment for internal control was also discussed regularly by the Audit Committee.

BOARD OF DIRECTORS



PER G. BRAATHEN

Chairman of the Board since 2018.

Member of the Board since 2007.

Chairman of the Compensation Committee.

Member of the Investment Committee.

Born: 1960.

Nationality: Norwegian.

Education:

MBA from Schiller University London, UK.

Other assignments:

Owner and Chairman of the Board of Braganza. Chairman of the Board of Braathens Regional Airlines AB (BRA). Board member of Bramora Ltd, Escape Travel AS, Wayday Travel and Parques Reunidos S.A. Industrial advisor to EQT.

Previous assignments:

Chairman/CEO of Tjæreborg, Always and Saga Tours. Chairman of Escape Travel A/S SunHotels AG.

Board member of BRABank ASA, Arken Zoo Holding AB, Kristiansand Dyrepark AS, Ticket Leisure Travel AB and Ticket Biz AB.

Shareholding: 1,433,305

(private and through companies)

Independent in relation to major shareholders: Yes

Independent in relation to the company and management: Yes



GUNILLA RUDEBJER

Member of the Board since 2022.

Chairman of the Audit Committee.

Born: 1959.

Nationality: Swedish.

Education:

Master of Science in Business Administration from Stockholm School of Economics.

Other assignments:

Board member of Ambea AB, NCAB Group AB, Skistar AB and Swedish Space Corporation (SSC).

Previous assignments:

CFO at Scandic Hotels, Cision, Parks & Resorts Scandinavia, Mandator and TUI Nordic. Board member of Oriflame Holding AG.

Shareholding: 6,039

Independent in relation to major shareholders: Yes

Independent in relation to the company and management: Yes



GRANT HEARN

Member of the Board since 2014.

Chairman of the Investment Committee.

Born: 1959.

Nationality: British.

Education:

Diploma in Hotel and Tourism Management, Shannon College of Hotel Management, Ireland.

Other assignments:

None.

Previous assignments:

Chairman of the Board of The Hotel Collection, Amaris Hospitality, Shearings Holidays Ltd and UK Hospitality. Board member of London & Partners Ltd, Thame and London Ltd, TLLC Group Holdings Ltd and Travelodge Hotels Ltd.

Shareholding: 5,568

Independent in relation to major shareholders: Yes

Independent in relation to the company and management: Yes



KRISTINA PATEK

Member of the Board since 2020.

Member of the Audit Committee.

Born: 1969.

Nationality: Swedish.

Education:

Master of Science in Business Studies and Economics, Uppsala University.

Other assignments:

Senior Investment Director at Stena Sessan. Board member of Didner & Gerge Fonder, Resurs Bank, 24Health, Doktor24 and Matilda Foodtech.

Previous assignments:

Management consultant at Accenture and Cell Network. Investment Manager at Ratios. Partner at private equity fund Scope. Head of M&A at Tieto Corporation.

Shareholding: 6,000 (in addition, Stena Sessan AB holds 37,974,365 shares)

Independent in relation to major shareholders: No

Independent in relation to the company and management: Yes

Number of shares as at December 31, 2022.



MARTIN SVALSTEDT

Member of the Board since 2017.

Member of the Audit Committee.

Member of the Compensation Committee.

Born: 1963.

Nationality: Swedish.

Education:

Bc Business Administration, University of Karlstad, Sweden.

Other assignments:

Chairman of Formica Capital. Board member of Gunnebo Holding AB and Stena International SA.

Previous assignments:

CEO of Stena Adactum and Stena Sessan. CFO of Capio and other senior finance-related positions. Chairman of the Board of Ballingslöv International, Meda, Gunnebo, Stena Renewable, Envac, Mediatec Group and Blomsterlandet. Board member of Midsona, Song Networks and Formica Capital, among others.

Shareholding: 210,000

Independent in relation to major shareholders: No

Independent in relation to the company and management: Yes



FREDRIK WIRDENIUS

Member of the Board since 2015.

Member of the Investment Committee.

Born: 1961.

Nationality: Swedish.

Education:

Master of Science in Engineering, KTH Royal Institute of Technology, Sweden.

Other assignments:

Chairman of Willhem AB, Hällbo AB and Assemblin Group AB. Board member of Axfast AB and Stiftelsen Nobel Center.

Previous assignments:

CEO of Vasakronan AB. Several senior positions within Skanska.

Shareholding: 5,816

Independent in relation to major shareholders: Yes

Independent in relation to the company and management: Yes



MARIANNE SUNDELIUS

Member of the Board since 2017.

Employee representative.

Born: 1967.

Nationality: Swedish.

Education:

Postsecondary courses in leadership and psychology. Studies in economics, secondary school.

Other assignments:

None.

Previous assignments:

Employee representative on boards of Sara Hotels AB and Reso Hotels AB.

Shareholding: 0

Independent in relation to major shareholders: Yes

Independent in relation to the company and management: No (employee representative)

EXECUTIVE COMMITTEE



JENS MATHIESEN
President & CEO

Employed by the Group since 2008.
Member of the Executive Committee since 2016.

Born: 1969.

Nationality: Danish.

Education:

Shipping Broker, Transocean Shipping, Denmark.

Previous experience:

Head of Scandic Denmark. Director of Sales & Marketing, Choice Hotels Scandinavia. CEO of Fountain Scandinavia A/S. Head of Sales & Marketing, Avis Rent a Car.

Other assignments:

Chairman of the Board of Dansk Erhverv.

Shareholding: 231,860



ÅSA WIRÉN
Chief Financial Officer

Employed by the Group since 2022.
Member of the Executive Committee since 2022.

Born: 1968.

Nationality: Swedish.

Education:

Bachelor of Science in Business Administration and Economics, Uppsala University, Sweden.

Previous experience:

CFO, Bonnier Group. CFO/Accounting & Finance Director SkiStar AB. Partner and Authorized Public Accountant, KPMG.

Other assignments:

Board member of Aspia AB and Specialfastigheter Sverige AB.

Shareholding: 30,800



FREDRIK WETTERLUNDH
Chief Human Resources Officer

Employed by the Group since 2021.
Member of the Executive Committee since 2021.

Born: 1966.

Nationality: Swedish.

Education:

Bachelor of Arts in Human Resource Management, Lund University, Sweden. Lieutenant, Swedish Infantry Officers' College, Halmstad, Sweden.

Previous experience:

Global Lead HR Mergers & Acquisitions, Ericsson. Senior Vice-President HR, Sobi. Global HR Lead, Pfizer Inc. Area HR Lead, Kraft Foods. Group HR Director, Codan AS. HR Director, Astra Sweden.

Other assignments:

None.

Shareholding: 0



THÉRÈSE CEDERCREUTZ¹⁾
Chief Commercial Officer

Employed by the Group since 2023.
Member of the Executive Committee since 2023.

Born: 1969.

Nationality: Finnish.

Education:

Masters in Economics, Åbo Akademi University, Finland.

Previous experience:

Chairman of the Board of EAB Group Oyj. Board member of Scandic Hotels Group and HappyOrNot. Founder and CEO, Strategy and Design Consultancy Inc. CEO and COO, 358 Advertising Agency. VP Business Development, Spoiled Milk. Global Director Consumer Business, F-Secure Oyj. Director Sales and Business Development EMEA, THQ Wireless.

Other assignments:

Board member of Fennia Oy, Tokmanni Oyj and UNICEF Finland.

Shareholding: 0



SØREN FAERBER
Head of Denmark

Employed by the Group since 2006.
Member of the Executive Committee since 2019.

Born: 1970.

Nationality: Danish.

Education:

Currently doing MBA at Edinburgh Business School. Higher Commercial Examination Accounting & Finance.

Previous experience:

District Director Copenhagen & Denmark East, Scandic. Director of Food & Beverage, Denmark & Southern Europe, Scandic. Regional Director, Hard Rock International.

Other assignments:

Board member of Wonderful Copenhagen.

Shareholding: 21,086

¹⁾ Thérèse Cedercrutz joined the Executive Committee in January 2023. She was appointed Chief Commercial Officer on November 9, 2022 and resigned as a member of the Board of Directors in connection with the appointment.



PETER JANGBRATT
Head of Sweden

Employed with Group 1995–2008 and since 2015. Member of the Executive Committee since 2016 as well as 2003–2008.

Born: 1967.

Nationality: Swedish.

Education:

Scandic Business School and Hilton. Franklin Covey – Habits of Highly Effective People & Great Leadership.

Previous experience:

VP Brand, Marketing & Communication, Scandic Hotels. COO, Scandic Sweden. CEO, Rica Hotels Sweden.

Other assignments:

Board member of Visita and The Confederation of Swedish Enterprise.

Shareholding: 47,373



AKI KÄYHKÖ
Head of Finland

Employed by the Group since 2012. Member of the Executive Committee since 2016.

Born: 1968.

Nationality: Finnish.

Education:

Bachelor of Business Administration in International Business & Management, Schiller International University, London.

Previous experience:

Several senior positions with Procter & Gamble and Reckitt Benckiser. Commercial Director, Oy Hartwall. CEO, Palace Kämp Group.

Other assignments:

Chairman of the Finnish Hospitality Industry Association. Board member of The Confederation of Finnish Industries. Alternate board member of Pension Insurance Company Elo.

Shareholding: 50,736



MICHEL SCHUTZBACH
Head of Europe

Employed by the Group since 2009. Member of the Executive Committee since 2016.

Born: 1961.

Nationality: German and Swiss.

Education:

Diploma from Hotels & Management School, Glion, Switzerland.

Previous experience:

Several senior positions within Rezidor including Vice President HR and Regional Director Poland and Ireland.

Other assignments:

None.

Shareholding: 51,424



ASLE PRESTEGARD
Head of Norway

Employed by the Group since 2001. Member of the Executive Committee since 2020.

Born: 1968.

Nationality: Norwegian.

Education:

Norwegian School of Hotel Management.

Previous experience:

Board member of Visit Bergen. General Manager Bergen Hotel Gruppen AS. General Manager, Scandic Bergen. District Director West Norway, Scandic Hotels AS.

Other assignments:

None.

Shareholding: 13,480

INCOME STATEMENT

GROUP

Million SEK	Notes	2022	2021
INCOME	02, 03		
Room revenue		12,858	6,577
Restaurant and conference revenue		5,533	2,946
Franchise and management fees		35	25
Other hotel-related revenue		804	538
Net sales		19,230	10,086
Other income		3	44
TOTAL INCOME		19,233	10,130
OPERATING COSTS			
Raw materials and consumables		-1,495	-839
Other external costs	04	-3,854	-2,248
Staff costs	05	-5,957	-3,597
Fixed and guaranteed rental costs		-159	79
Variable rental costs		-1,792	-780
Pre-opening costs		-131	-52
Items affecting comparability	06	-16	7
EBITDA		5,829	2,699
Amortization, depreciation and impairment	11, 12	-3,372	-3,139
TOTAL OPERATING COSTS		-16,776	-10,569
EBIT (operating profit/loss)		2,457	-440
Financial items			
Finance income	07	22	10
Finance costs	08	-1,830	-1,616
Net financial items		-1,808	-1,606
EBT (earnings before taxes)		649	-2,046
Income tax	09	-221	367
PROFIT/LOSS FOR THE YEAR		428	-1,679
Attributable to the Parent Company's shareholders		394	-1,681
Non-controlling interests		34	2
Profit/loss per share before dilution, attributable to the Parent Company shareholders (SEK per share)	10	2.69	-8.79
Profit/loss per share after dilution, attributable to the Parent Company shareholders (SEK per share)	10	2.21	-8.79

STATEMENT OF COMPREHENSIVE INCOME

GROUP

Million SEK	Notes	2022	2021
Profit/loss for the year		428	-1,679
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Currency fluctuations from translation of foreign operations		174	202
Changes in the value of electricity hedges, net of tax		247	62
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of post-employment benefit obligations		246	79
Total other comprehensive income, net of tax		667	343
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,095	-1,336

CONSOLIDATED BALANCE SHEET

GROUP

	Notes	Dec 31, 2022	Dec 31, 2021
ASSETS			
Non-current assets			
Goodwill	11	4,180	3,914
Trademarks	11	2,855	2,843
Other intangible assets	11	154	128
Land & buildings	12	36,725	31,251
Furniture, fittings and equipment	12	4,406	4,497
Interests in associates	13	23	21
Financial investments	14	6	7
Other non-current receivables		32	40
Deferred tax assets	23	579	729
Total non-current assets		48,960	43,430
Current assets			
Inventories	15	134	108
Trade receivables	16	776	527
Derivative instruments		384	68
Other current receivables		148	126
Prepaid expenses and accrued income	17	229	280
Cash and cash equivalents	18	317	216
Total current assets		1,988	1,325
TOTAL ASSETS		50,948	44,755

	Notes	Dec 31, 2022	Dec 31, 2021
EQUITY AND LIABILITIES			
Equity			
Share capital	19	48	48
Other contributed capital		9,892	9,890
Translation reserve		656	182
Retained earnings		-8,399	-9,005
Equity attributable to the Parent Company shareholders		2,197	1,115
Non-controlling interests		77	40
Total equity		2,274	1,155
Non-current liabilities			
Liabilities to credit institutions	20	1,107	3,269
Convertible loan	20	1,484	1,333
Provisions for pensions & similar commitments	21	545	833
Other provisions	22	206	167
Other liabilities		533	60
Lease liabilities	20	38,062	32,302
Deferred tax liabilities	23	24	24
Total non-current liabilities		41,961	37,988
Current liabilities			
Advance payments from customers		259	220
Trade payables		986	977
Current tax liabilities		124	14
Current lease liabilities	20	2,268	1,947
Other liabilities		531	237
Accrued expenses and prepaid income	24	2,545	2,217
Total current liabilities		6,713	5,612
Total liabilities		48,674	43,600
TOTAL EQUITY AND LIABILITIES		50,948	44,755

CASH FLOW STATEMENT

GROUP

Million SEK	Notes	2022	2021
Operating activities			
Operating profit/loss		2,457	-440
Adjustments for items not included in cash flow, etc.	25	3,400	3,120
Taxes paid		-39	-51
Cash flows before changes in working capital		5,818	2,629
Changes in working capital			
Inventories		-22	-14
Trade receivables		-228	-368
Other current receivables		36	74
Trade payables		-22	656
Other current liabilities		850	724
Cash flows from operating activities		6,432	3,701
Investing activities			
Acquisitions of property, plant and equipment	12	-635	-513
Cash flows from investing activities		-635	-513
Cash flows after investing activities		5,797	3,188
Financing activities			
Dividend, share swap agreement		-10	-3
Issue of convertibles		-	1,577
Net borrowing/amortization	20	-2,067	-1,257
Amortization, leases	20	-1,976	-1,544
Issue of commercial papers	20	-	-201
Financing costs	20	-	-65
Interest paid, credit institutions		-155	-266
Interest paid, leases		-1,464	-1,194
Cash flows from financing activities		-5,672	-2,953
CASH FLOWS FOR THE YEAR		125	235
Cash and cash equivalents at the beginning of the year		216	14
Translation differences in cash and cash equivalents		-24	-33
Cash flows for the year		125	235
Cash and cash equivalents at end of year		317	216

CHANGES IN EQUITY

GROUP

Million SEK	Equity attributable to the Parent Company shareholders					Non-controlling interests	Total shareholders' equity
	Share capital	Other contributed capital	Translation reserve	Retained earnings	Total		
OPENING BALANCE, Jan 1, 2022	48	9,890	182	-9,005	1,115	40	1,155
Profit/loss for the year				394	394	34	428
Other comprehensive income							
<i>Items that may be reclassified to profit or loss</i>							
Currency fluctuations from translation of foreign operations	-	-	171	-	171	3	174
Changes in the value of electricity hedges, net of tax	-	-	247	-	247	-	247
<i>Items that will not be reclassified to profit or loss</i>							
Actuarial gains/losses for the year, net of tax	-	-	-	246	246	-	246
Total other comprehensive income, net of tax	0	0	418	246	664	3	667
Total comprehensive income for the year	0	0	418	640	1,058	37	1,095
Other adjustments	0	0	56	0	56	0	56
Transactions with shareholders							
Conversion of convertibles	-	2	-	-	2	-	2
Share-based payments	-	-	-	2	2	-	2
Share swap agreement to repurchase own shares	-	-	-	-36	-36	-	-36
Total transactions with shareholders	0	2	0	-34	-32	0	-32
CLOSING BALANCE, Dec 31, 2022	48	9,892	656	-8,399	2,197	77	2,274
OPENING BALANCE, Jan 1, 2021	48	9,544	-155	-7,402	2,035	36	2,071
Profit/loss for the year				-1,681	-1,681	2	-1,679
Other comprehensive income							
<i>Items that may be reclassified to profit or loss</i>							
Currency fluctuations from translation of foreign operations	-	-	200	-	200	2	202
Changes in the value of electricity hedges, net of tax	-	-	62	-	62	-	62
<i>Items that will not be reclassified to profit or loss</i>							
Actuarial gains/losses for the year, net of tax	-	-	-	79	79	-	79
Total other comprehensive income, net of tax	0	0	262	79	341	2	343
Total comprehensive income for the year	0	0	262	-1,602	-1,340	4	-1,336
Other adjustments	0	0	75	0	75	0	75
Transactions with shareholders							
Issue of convertibles	-	346	-	-	346	-	346
Share-based payments	-	-	-	-1	-1	-	-1
Total transactions with shareholders	0	346	0	-1	345	0	345
CLOSING BALANCE, Dec 31, 2021	48	9,890	182	-9,005	1,115	40	1,155

INCOME STATEMENT

PARENT COMPANY

Million SEK	Notes	2022	2021
Net sales		55	40
Operating costs			
Other external costs	04	-1	-20
Staff costs	05	-55	-38
Total operating costs		-56	-58
Operating profit/loss		-1	-18
Financial items			
Interest income and similar income	07	65	129
Interest expenses and similar expenses	08	-156	-216
Net financial items		-91	-87
Appropriations		17	
Profit/loss before tax		-75	-105
Income tax	09	-4	4
PROFIT/LOSS FOR THE YEAR		-79	-101

STATEMENT OF COMPREHENSIVE INCOME

PARENT COMPANY

Million SEK	Notes	2022	2021
Profit/loss for the year		-79	-101
Other comprehensive income			
Items that may be reclassified to profit or loss		-	-
Items that will not be reclassified to profit or loss		-	-
Total other comprehensive income, net of tax		0	0
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-79	-101

BALANCE SHEET

PARENT COMPANY

Million SEK	Notes	Dec 31, 2022	Dec 31, 2021
ASSETS			
Financial assets			
Participations in Group companies	27	8,415	8,415
Receivables from Group companies		1,406	1,342
Deferred tax assets	23	11	19
Total non-current assets		9,832	9,776
Current assets			
Current receivables			
Receivables from Group companies	30	35	5
Other current receivables		15	0
Total current assets		50	5
TOTAL ASSETS		9,882	9,781

Million SEK	Notes	Dec 31, 2022	Dec 31, 2021
EQUITY AND LIABILITIES			
Equity			
Share capital	19	48	48
Total restricted equity		48	48
Non-restricted reserves		8,270	8,403
Profit/loss for the year		-79	-101
Total non-restricted equity		8,191	8,302
Total equity		8,239	8,350
Liabilities			
Non-current liabilities			
Convertible loan	20	1,484	1,333
Other liabilities		30	15
Total non-current liabilities		1,514	1,348
Current liabilities			
Liabilities to Group companies		12	4
Other liabilities		86	42
Accrued expenses and prepaid income	24	31	37
Total current liabilities		129	83
Total liabilities		1,643	1,431
TOTAL EQUITY AND LIABILITIES		9,882	9,781

CASH FLOW STATEMENT

PARENT COMPANY

Million SEK	Notes	2022	2021
Operating activities			
Operating profit/loss		-1	-18
Taxes paid		-11	-38
Cash flows before changes in working capital		-12	-56
Changes in working capital			
Other current receivables		-7	-1
Other current liabilities		91	-29
Cash flows from operating activities		72	-86
Financing activities			
Borrowings, credit institutions	20	-	802
Amortization, credit institutions	20	-	-5,252
Issue of convertibles		-	1,577
Dividend, share swap agreement		-10	-3
Issue of commercial papers		-	-201
Financing costs		4	-
Interest paid, credit institutions		-3	-32
Loans to/from subsidiaries		-63	3,195
Cash flows from financing activities		-72	86
CASH FLOWS FOR THE YEAR			
		0	0
Cash and cash equivalents at the beginning of the year		0	0
Translation differences in cash and cash equivalents		0	0
Cash flows for the year		0	0
Cash and cash equivalents at end of year		0	0

CHANGES IN EQUITY

PARENT COMPANY

Million SEK	Restricted equity	Non-restricted equity		Total equity
	Share capital	Share premium reserve	Retained earnings	
OPENING BALANCE, Jan 1, 2022	48	3,559	4,743	8,350
Profit/loss for the year	-	-	-79	-79
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	0	0	-79	-79
Transactions with shareholders				
Conversion of convertibles	-	2	-	2
Share-based payments	-	-	2	2
Share swap agreement to repurchase own shares	-	-	-36	-36
Total transactions with shareholders	0	2	-34	-32
CLOSING BALANCE, Dec 31, 2022	48	3,561	4,630	8,239
OPENING BALANCE, Jan 1, 2021	48	3,213	4,845	8,106
Profit/loss for the year	-	-	-101	-101
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	0	0	-101	-101
Transactions with shareholders				
New share issue and share issue costs	-	346	-	346
Share-based payments	-	-	-1	-1
Share swap agreement to repurchase own shares	-	-	0	0
Total transactions with shareholders	0	346	-1	345
CLOSING BALANCE, Dec 31, 2021	48	3,559	4,743	8,350

NOTES

Notes common to the Group and the Parent Company. Amounts in million SEK unless otherwise stated.

NOTE 01 Accounting principles

Basis for presentation

The consolidated accounts were prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the EU and in accordance with RFR 1 Supplementary accounting principles for groups of companies and the Swedish Annual Accounts Act.

The annual accounts were prepared in accordance with the Swedish Annual Accounts Act and RFR 2 Accounting for legal entities.

The consolidated accounts were drawn up in accordance with the cost method except in respect to certain financial assets and liabilities that are measured at the fair value in the income statement. Drawing up annual accounts in accordance with the IFRS requires certain important accounting estimations. The Board of Directors and Executive Committee are also required to make assessments when implementing the company's accounting principles. The areas that include a large degree of complex assessments, or areas where assumptions and estimations are of significant importance for the consolidated accounts, are detailed in each note.

Consolidated accounts

The consolidated accounts cover the companies, including branches, in which the Group's ownership is equivalent to at least one half of the votes – these are fully consolidated into the Group. Subsidiaries are entities that are controlled by the Group. The Group controls a company when it is exposed, or has rights, to variable returns from its involvement with the company and has the ability to affect those returns through its power over the company. In subsidiaries that are not wholly owned, non-controlling interests are presented as a minority owner's portion of the subsidiary's equity. This is included as part of the Group's equity. The income statement includes the portion attributable to non-controlling interests. Information on the portion of profit/loss that is attributable to non-controlling interests is provided in connection to the income statement.

The Group's business combinations are accounted for using the acquisition method. The target company's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognized at fair value as at the acquisition date. Goodwill and other intangible assets arising from an acquisition are comprised of the amount by which the acquisition cost exceeds the fair value of the recognized assets, liabilities and contingent liabilities of the acquired subsidiary. If the cost is less than the fair value of the purchased operation's assets, liabilities and contingent liabilities, the difference is reported directly in the income statement. Acquisition-related costs are expensed as incurred.

Associated companies are incorporated in the Group's financial statement using the equity method. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost, adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments.

Intra-Group transactions, balances and unrealized earnings from transactions between Group companies are eliminated. Sales between Group companies are priced according to market terms. Intra-Group profits arising in conjunction with intra-Group sales are eliminated in their entirety.

Translation of foreign currency

The consolidated financial statements are presented in Swedish kronor (SEK), which is the functional and reporting currency of the Parent Company. The results and financial position of all Group companies using a functional currency other than the reporting currency are translated into the Group's reporting currency as follows:

- Assets and liabilities for each of the balance sheets are translated at the daily closing rate.
- Income and expenditure for each income statement are translated at the average exchange rate.
- All exchange rate differences that arise are reported in Other comprehensive income and accumulated in the translation reserve in equity.

Transactions in foreign currencies are translated into the functional currency according to the exchange rates that apply on the transaction date or the date on which the items were revaluated. Exchange rate gains and losses that arise when paying such transactions and in the translation of monetary assets and liabilities in foreign currency at the daily closing rate are reported in the income statement.

The below exchange rates were used in the consolidation

Exchange rates	Jan–Dec 2022	Jan–Dec 2021
SEK = EUR		
Income statement (average rate)	10.6317	10.1449
Balance sheet (at end of period)	11.1283	10.2269
SEK = NOK		
Income statement (average rate)	1.0523	0.9980
Balance sheet (at end of period)	1.0572	1.0254
SEK = DKK		
Income statement (average rate)	1.4290	1.3641
Balance sheet (at end of period)	1.4965	1.3753

New and amended International Financial Reporting Standards (IFRS)

New and amended standards adopted by the Group

None of the IFRS or IFRIC interpretations that entered into force in 2022 are expected to have a material impact on the Group.

New standards and interpretations yet to be applied by the Group

No IFRS or IFRIC interpretations yet to be applied are expected to have a material impact on the Group.

The Parent Company's accounting principles

Unless otherwise stated, the Parent Company applies the same accounting principles as the Group.

The Parent Company has prepared its annual accounts in accordance with the Swedish Annual Accounts Act and RFR 2 Accounting for legal entities.

Differences between the accounting principles of the Group and the Parent Company

The Parent Company applies the alternative rule for Group contributions and reports both received and paid Group contributions as appropriations. In this respect, the Parent Company does not comply with IAS 27.

Financial instruments in the Parent Company are not reported according to IFRS 9 in view of the connection between reporting and taxation. Instead, IFRS 7 is applied when applicable and disclosure requirements are applied according to Chapter 5 of The Annual Accounts Act.

Compensation to employees in the Parent Company is not reported according to IAS 19 as the Parent Company, in accordance with RFR 2, applies reporting according to the Pension Obligations Vesting Act. The lease commitments of the Parent Company are reported in accordance with BFNAR 2012:1, which means that the Parent Company does not apply IFRS 16.

NOTE 02 Revenue by type of agreement

2022, million SEK	Sweden	Norway	Finland	Other Europe	Central functions	Group
Lease agreements	6,038	5,917	4,089	3,041	-	19,084
Management agreements	4	-	-	8	-	12
Franchise and partner agreements	11	11	0	-	-	22
Hotel operations, own property	-	111	-	-	-	111
Total	6,053	6,039	4,089	3,049	-	19,230
Other	-	-	-	-	35	35
Group eliminations	-	-	-	-	-35	-35
Group	6,053	6,039	4,089	3,049	-	19,230

2021, million SEK	Sweden	Norway	Finland	Other Europe	Central functions	Group
Lease agreements	3,114	3,497	2,082	1,388	-	10,081
Management agreements	2	-	-	9	-	11
Franchise and partner agreements	5	7	0	-	-	12
Hotel operations, own property	-	26	-	-	-	26
Total	3,121	3,530	2,082	1,397	-	10,130
Other	-	-	-	-	40	40
Group eliminations	-	-	-	-	-40	-40
Group	3,121	3,530	2,082	1,397	-	10,130

Accounting principles

Revenue recognition

The Group's revenue consists of the value of goods and services generated in hotels under lease agreements, management and franchise fees and other revenue generated in the Group's operations. All revenue in the Group is recognized in accordance with IFRS 15. Revenue is reported at the fair value of what has been received or will be received and corresponds to the receivable for delivered goods and services, less any discounts given and sales-related taxes. Scandic has no agreed performance obligations that exceed 12 months except for the customer loyalty program described below. Below is a description of the composition of the Group's revenue:

Lease agreements – Revenues from hotel operations, including all revenue from sold rooms, conferences, food and beverage sales and other services. Revenue is reported when the goods or services have been consumed, i.e. during checkout or when the services are invoiced. Restaurant revenue and revenue from other services is recognized in accordance with IFRS 15 while accommodation and conference revenue are recognized in accordance with IFRS 16.

Management fees – Fees from hotels managed by the Group through long-term agreements with hotel owners. Management fees usually consist of a proportion of the revenue and/or profits from the hotel. They are recognized in the income statement at the end of the month in question, when they are realizable according to the terms and conditions of the agreement. Invoicing occurs monthly in arrears.

Franchise fees – Fees received in conjunction with license fees for the Group's trademarks, generally through long-term agreements with hotel owners. Franchise fees consist of a proportion of the revenue from the hotel and are reported in the income statement based on the underlying terms and conditions of the agreement. They are recognized in the income statement at the end of the month and invoiced monthly in arrears.

Customer loyalty program

The Group has a customer loyalty program where customers are rewarded points for nights spent. These points give the customer future discounts. Revenue from bonus points is reported when the points are redeemed or when they expire, which is 36 months after the points are rewarded. A liability is reported until the points are used or expire. See also Note 22.

In accordance with IFRS 15, the total amount has been allocated to the bonus points based on relative stand-alone sales prices. The method means that the amount that is allocated to the bonus points is higher than the amounts that would have been allocated based on the residual value method.

NOTE 03 Segment reporting

Scandic's main markets in which the Group operates are:

Sweden – Swedish hotels operated under the Scandic brand.

Norway – Norwegian hotels operated under the Scandic brand.

Finland – Finnish hotels operated under the Scandic brand as well as under the Hilton, Crowne Plaza and Holiday Inn brands.

Other Europe – Hotels operated under the Scandic brand in Denmark, Poland and Germany. These countries have been aggregated into one segment based on the fact that they have similar economic situations, they operate their business in similar ways and they have similar types of customers. They also have the same currency, EUR, or a currency pegged to EUR.

2022 Million SEK	Sweden	Norway	Finland	Other Europe	Central functions	Group
Room revenue	4,348	3,695	2,749	2,066	-	12,858
Restaurant and conference revenue	1,550	1,842	1,209	931	-	5,533
Franchise and management fees	10	15	0	8	-	33
Other hotel-related revenue	144	488	131	44	-	806
Net sales	6,053	6,039	4,089	3,049	0	19,230
Other income	3	-	-	-	-	3
Intra-Group transactions	-	-	-	-	35	35
Group eliminations	-	-	-	-	-35	-35
Total revenue	6,056	6,039	4,089	3,049	0	19,233
Costs	-5,180	-4,869	-3,706	-2,607	-335	-16,698
Adjusted EBITDA	876	1,171	383	442	-335	2,536
Adjusted EBITDA margin, %	14.4	19.4	9.4	14.5	-	13.2
EBITDA¹⁾	-	-	-	-	-	5,829
EBITDA margin, %	-	-	-	-	-	30.3
Amortization and depreciation	-	-	-	-	-	-3,372
EBIT (operating profit/loss)	-	-	-	-	-	2,457
Net finance income	-	-	-	-	-	-1,808
EBT (earnings before taxes)	-	-	-	-	-	649

Central functions – Costs for financial control, business development, communication, investor relations, technical development, human resources, branding, marketing, sales, IT and purchasing. These functions support all hotels in the Group including those under lease agreements or under management and franchise agreements.

The division of revenues between segments is based on the location of the business activities and segment disclosures are determined after eliminating intra-Group transactions.

Revenues derive from many customers in all segments.

The segments are reviewed and analyzed based on adjusted EBITDA. Adjusted EBITDA is earnings before amortization and depreciation, the effect of finance leases, royalties, financial items and taxes and excludes items affecting comparability that are not directly related to the normal operations of the Group, such as transaction and restructuring costs. Adjusted EBITDA also excludes pre-opening costs that refer to expenses for contracted and new hotels before opening day.

2021 Million SEK	Sweden	Norway	Finland	Other Europe	Central functions	Group
Room revenue	2,193	2,145	1,357	882	-	6,577
Restaurant and conference revenue	821	1,013	629	482	-	2,945
Franchise and management fees	8	9	0	8	-	25
Other hotel-related revenue	55	362	96	25	-	538
Net sales	3,077	3,530	2,082	1,397	0	10,086
Other income	44	-	-	-	-	44
Intra-Group transactions	-	-	-	-	40	40
Group eliminations	-	-	-	-	-40	-40
Total revenue	3,121	3,530	2,082	1,397	0	10,130
Costs	-3,295	-3,004	-2,374	-1,196	-255	-10,124
Adjusted EBITDA¹⁾	-174	526	-292	202	-255	6
Adjusted EBITDA margin, %	-5.7	14.9	-14.0	14.4	-	0.1
EBITDA¹⁾	-	-	-	-	-	2,699
EBITDA margin, %	-	-	-	-	-	26.6
Amortization and depreciation	-	-	-	-	-	-3,139
EBIT (operating profit/loss)	-	-	-	-	-	-440
Net finance income	-	-	-	-	-	-1,606
EBT (earnings before taxes)	-	-	-	-	-	-2,046

Assets and investments by segment Million SEK	Sweden		Norway		Finland		Other Europe		Central functions		Group	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Non-current assets	11,528	10,524	8,220	8,591	18,477	16,301	8,555	5,766	2,180	2,248	48,960	43,430
Investments in non-current assets	192	216	130	53	142	106	117	175	14	12	595	562

For definitions of key ratios, see page 130.

§ Accounting principles

Segment reporting

Segments are reported in accordance with IFRS 8 Operating segments. Scandic operates similar businesses with the same type of customers in several countries in Europe. The largest markets for Scandic are Sweden, Norway and Finland. The segments were therefore identified on a geographic basis and based on the economic importance of each segment.

Management follows up on the segments Sweden, Norway, Finland, Other Europe and central functions. Segment information is reported according to the same model and is followed up by the executive decision-makers: the CEO, the Executive Committee and the Board of Directors.

Revenue and non-current assets by geographic market	Revenue from external customers		Non-current assets	
	2022	2021	December	December
			31, 2022	31, 2021
Sweden	6,056	3,121	11,528	10,524
Denmark	2,357	1,159	6,218	4,273
Finland	4,089	2,082	18,477	16,301
Norway	6,040	3,530	8,220	8,591
Poland	68	38	4	3
Germany	623	200	2,333	1,490
Group assets	-	-	2,180	2,248
Total for the Group	19,233	10,130	48,960	43,430

The allocation of revenue and assets is based on where the Group is domiciled, i.e. where the individual hotels are located. Scandic does not have any large customers from which the revenue exceeds 10 percent of the total revenue of the Group.

NOTE 04 Audit fees

Million SEK	Group		Parent Company	
	2022	2021	2022	2021
Audit assignment				
PwC	6	5	-	-
Other	-	-	-	-
Other statutory assignments				
PwC	0	1	-	-
Other	-	-	-	-
Tax advice				
PwC	1	0	-	-
Other	1	-	-	-
Fees for other services				
PwC	2	1	-	-
Other	-	-	-	-
Total	10	7	0	0

The auditing assignment includes auditing the Annual Report and accounts as well as the administration of the company by the Board of Directors and CEO, other duties the company auditor must perform as well as advice and other assistance arising from the audit or in carrying out these duties.

The Parent Company's audit fee has been charged to the subsidiary Scandic Hotels AB.

Of the fees for audit assignments, 3 million SEK refers to PwC Sweden. For other statutory assignments, 0 million SEK refers to PwC Sweden. For tax advice, 0 million SEK refers to PwC Sweden. For other services, 1 million SEK refers to PwC Sweden.

Other services mainly refer to services related to certificates for revenue-based variable rent. Tax advice refers mainly to compliance services.

NOTE 05 Employees, personnel expenses and compensation to the Board of Directors

Staff costs Million SEK	Group		Parent Company	
	2022	2021	2022	2021
Salaries and other compensation	4,889	2,866	44	26
Payroll overhead excluding pension costs	697	467	6	6
Pension costs	371	264	5	6
Total staff costs	5,957	3,597	55	38

The Executive Committee of the Group is employed by the Parent Company and the subsidiaries Scandic Hotels Holding AB, Scandic Hotels AB, Scandic Hotel A/S, Scandic Hotels AS, Scandic Hotels Deutschland GmbH and Scandic Hotels OY.

A 12-month notice period applies if the CEO is terminated by the company and a 9-month notice period applies if the CEO resigns. In addition, the CEO is entitled to severance pay corresponding to 6 months' salary at the end of the employment if the company gives notice of termination or the duties are substantially changed after a change of control in the company, resulting in the CEO's resignation within one year of the change of control.

If other senior executives are terminated by the company, they are entitled to 6 to 12 months of severance pay, and if they resign at their own request, a notice period of 6 months applies.

Compensation and fringe benefits

Compensation to the Board of Directors, SEK	2022			
	Board fees	Fees for committee work	Fringe benefits	Total
Per G. Braathen, Chairman of the Board	920,833	167,917	-	1,088,750
Grant Hearn	395,417	173,333	-	568,750
Ingalill Berglund ¹⁾	152,083	64,583	-	216,666
Fredrik Wirdenius	395,417	59,583	-	455,000
Martin Svalstedt	395,417	119,167	-	514,584
Kristina Patek	395,417	65,000	-	460,417
Thérèse Cedercreutz ²⁾	334,583	50,417	-	385,000
Gunilla Rudebjer ³⁾	243,333	103,333	-	346,666
Marianne Sundelius, employee representative	40,000	-	-	40,000
Total compensation	3,272,500	803,333	0	4,075,833

¹⁾ Ingalill Berglund resigned from the Board at the AGM on May 10, 2022.

²⁾ Thérèse Cedercreutz resigned as a member of the Board of Directors on November 9, 2022.

³⁾ Gunilla Rudebjer was elected to the Board at the AGM on May 10, 2022.

Compensation to the Board of Directors, SEK	2021			
	Board fees	Fees for committee work	Fringe benefits	Total
Per G. Braathen, Chairman of the Board	804,924	146,780	-	951,705
Grant Hearn	345,644	151,515	-	497,159
Ingalill Berglund	345,644	146,780	-	492,424
Fredrik Wirdenius	345,644	52,083	-	397,727
Martin Svalstedt	345,644	104,167	-	449,811
Kristina Patek	345,644	56,818	-	402,462
Thérèse Cedercreutz ¹⁾	212,917	32,083	-	245,000
Marianne Sundelius, employee representative	40,000	-	-	40,000
Total compensation	2,786,061	690,227	0	3,476,288

¹⁾ Thérèse Cedercreutz was elected to the Board at the AGM on May 31, 2021.

Compensation to senior executives, SEK	2022				
	Base salary	Variable compensation ¹⁾	Fringe benefits ²⁾	Pension expense	Total
Jens Mathiesen, President & CEO ³⁾	7,604,304	7,151,552	315,579	2,674,794	17,746,229
Other senior executives (9 people)	19,946,682	15,561,890	3,420,584	4,553,803	43,482,960
Total compensation and benefits	27,550,986	22,713,442	3,736,163	7,228,597	61,229,188

¹⁾ Variable compensation includes share-based payments of 487,548 SEK to the CEO and 836,202 SEK to other senior executives.

²⁾ Fringe benefits include salary during the notice period for other senior executives who left during the year.

³⁾ The variable compensation for the CEO includes a retention bonus. For more information, see page 126.

The number of other senior executives is the total over the year. On the reporting date, other senior executives included 7 people.

Compensation to senior executives, SEK	2021				
	Base salary	Variable compensation ¹⁾	Fringe benefits	Pension expense	Total
Jens Mathiesen, President & CEO	7,440,612	108,816	465,776	2,244,784	10,259,988
Other senior executives (12 people)	17,075,347	184,944	1,528,663	4,037,967	22,826,921
Total compensation and benefits	24,515,959	293,760	1,994,439	6,282,751	33,086,910

¹⁾ Variable compensation includes share-based payments of 108,816 SEK to the CEO and 184,944 SEK to other senior executives.

The number of other senior executives is the total over the year. On the reporting date, other senior executives included 8 people.

Compensation to the CEO and other senior executives may include fixed salary, variable salary, pension and fringe benefits.

Terms and conditions for compensation to senior executives are described in the Corporate Governance Report on page 82.

Pensions

The CEO is covered by a defined contribution pension plan until age 65. The pension premium for the Group's current CEO amounts to 35 percent of fixed salary. The CEO has no part in the pension liability.

Other senior executives are covered by defined contribution pension plans, and to a lesser extent defined benefit pension plans. The retirement age is in accordance with applicable local laws and collective agreements. Other senior executives' part of the pension liability was 1.6 (1) million SEK.

Long-Term Incentive Program

From the IPO in 2015 until 2019, the Annual General Meeting resolved every year to launch a share-based Long-Term Incentive Program (LTIP). In 2020 and 2021, no LTIPs were launched. The share-based LTIP that was launched in 2019 (LTIP 2019) expired on the same day that Scandic published its quarterly report for the first quarter 2022. The allotment according to the program was 27,696 shares and the total cost was 1.25 million SEK.

In 2022, a new program was launched, LTIP 2022, in which participants may receive a number of performance shares, free of charge, depending on the degree of fulfillment of certain performance criteria determined by the Board related to the total return on the company's shares (TSR). Matching shares and performance shares will be allotted after the end of a vesting period that runs until the date of publication of Scandic's interim report for the first quarter 2025 subject to the participant remaining a permanent employee within the Group during the entire vesting period.

The expected financial exposure to shares that may be allotted under the LTIP 2022 and the delivery of shares to the participants have been hedged by Scandic's entering into a share swap agreement with a third party on market terms.

Summary of granted rights in the LTIP

	2022	2021	2020	2019
As of January 1	180,601	388,092	614,867	579,546
Awarded during the year	753,755	0	0	252,214
Exercised during the year	-180,601	-182,953	-127,874	-120,132
Forfeited during the year	0	-24,538	-98,901	-96,761
Total as at December 31	753,755	180,601	388,092	614,867
– of which exercisable on December 31	-	-	-	-

The strike price is 0 SEK.

Award date	Expiry date	Number of rights			
		December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019
December 2, 2015	May 8, 2018	-	-	-	-
June 10, 2016	May 14, 2019	-	-	-	-
September 25, 2017	May 20, 2020	-	-	-	162,689
May 31, 2018	April 28, 2021	-	-	182,953	203,443
June 14, 2019	April 27, 2022	-	180,601	205,139	248,735
June 20, 2022	April 27, 2025	753,755			
Total		753,755	180,601	388,092	614,867

Fair value calculations

The fair value is measured using a combination of the Black-Scholes model and the Monte Carlo simulation. The following input factors were used:

	LTIP 2022	LTIP 2019
Share price on the award date, SEK	45.30	80.55
Duration	2.85 years	2.90 years
Deduction of expected dividends	4%	4%
Risk-free interest	not applicable	not applicable
Expected volatility	not applicable	not applicable
Fair value, SEK, on the reporting date, Dec 31, 2022	19	not applicable
Fair value, SEK, on the reporting date, Dec 31, 2022	-	108

As the strike price (zero) is significantly lower than the share price on the award date, the value has limited sensitivity to expected volatility and risk-free interest.

Cost of share-based payments that are settled in equity instruments

Million SEK	LTIP 2022		LTIP 2019 ¹⁾	
	Group	Parent Company	Group	Parent Company
Expected cost of entire program	18	6	1	0
Maximum cost of entire program	38	14	25	9
Cost in 2022	3	1	1	0
Cost in 2021	0	0	1	0
Cost in 2020	0	0	-1	0
Cost in 2019	0	0	3	1

¹⁾ The expected cost of the LTIP 2019 corresponds to the actual cost.

The cost of the programs, which is included in the income statement for the Group, is calculated in accordance with IFRS 2 and distributed over the vesting period.

The program targets members of the Executive Committee (including the CEO) and certain other key personnel in the Scandic Group and allows for a maximum of 80 participants. Within the framework of the LTIP 2022, participants may be allotted share rights, which, provided that certain conditions are met, confer the right to receive performance shares free of charge ("Share Rights").

The number of allotted Performance Shares (if any) depends on the total return on Scandic's ordinary share (i.e. share price development plus reinvestment of any dividends) ("Total Return") exceeding a certain initial value ("Minimum Level") during the Vesting Period (the "Performance Conditions").

Participants may be allotted a maximum of 753,755 shares, including dividend compensation, for the LTIP 2022, which corresponds to approximately 0.4 percent of Scandic's share capital and votes as at December 31, 2022.

The cost of the program is expected to amount to 18 million SEK, including social security contributions, and the cost included in the Group's income statement in accordance with IFRS 2 was 1.5 million SEK for the fourth quarter 2022, including social security contributions. The maximum cost of the program, including social security contributions, is estimated to be 38 million SEK.

Average number of employees per country	2022		2021	
	Average number of employees	of which men	Average number of employees	of which men
Parent Company				
Sweden	12	3	11	4
Subsidiaries				
Sweden	4,448	1,561	2,858	993
Denmark	1,429	584	833	344
Finland	1,416	401	1,293	370
Norway	2,878	1,148	1,207	470
Poland	80	36	115	32
Germany	205	92	143	78
Total for the Group	10,468	3,826	6,460	2,291

Gender division of the Board and Executive Committee on the reporting date	2022		2021	
	Total	of which men	Total	of which men
Board of Directors	7	4	8	4
Executive Committee	8	7	9	7
Total for the Group	15	11	17	11

§ Accounting principles

Severance pay

Employees receive severance payments on termination before the normal retirement age or when they voluntarily accept termination in exchange for such compensation. The Group recognizes severance payments where it is under a manifest obligation either to give notice to employees following a detailed formal plan without the right to rescission or as compensation in the event of termination due to an offer made as an incentive for voluntary resignation. Benefits that fall due more than 12 months after the reporting date are discounted to the present value.

Share-based payments

Scandic has a share-based incentive plan where the settlement is carried out in shares and the Group is provided with services from the employees participating in the program as payment for the equity instruments. The cost of the program amounts to the fair value of the share on the award date multiplied by the number of vested shares and the cost is distributed over the vesting period. At the end of each reporting period, the Group reviews its assessment of the number of shares that are expected to vest based on the non-market vesting conditions and terms of employment. Any deviations from the original assessment that the review raises are recognized in the income statement and the corresponding adjustments are made in equity. It can sometimes happen that employees render services before the award date, in which case an estimate of the fair value is made in order to recognize a cost to be distributed for a fee reported to be spread over the period between the time the employee begins performing services and the award date. The social security contributions incurred due to the granting of equity rights are seen as an integrated part of the allotment, and this cost is treated as cash-settled share-based compensation.

Pensions

The Group has both defined benefit and defined contribution plans. For the defined contribution plans, the Group makes payments to public or privately administered pension insurance plans. These payments can either be mandatory, contractual or voluntary. The Group has no further obligations after these payments are made. The fees are reported as staff costs during the period to which they relate. See Note 21 for more information regarding pension plans.

Share swap agreement to repurchase own shares

Scandic has a share swap agreement with Nordea for repurchasing its own shares. This swap agreement is reported as a financial liability for the agreed amount payable on the maturity date and as a deduction from equity. Interest expenses related to the swap agreement are recognized in the income statement in the period they occur. When the agreement has reached the maturity date and the obligation and agreed amounts have been paid, the liability will be derecognized from the balance sheet.

NOTE 06 Items affecting comparability

Items affecting comparability Million SEK	Group	
	2022	2021
Restructuring costs	-6	7
Dilapidation costs, left hotels	-10	-
Total	-16	7

§ Accounting principles

Items affecting comparability refer to items that are not directly related to the Group's normal activities, such as transaction costs when buying or selling a business, integration costs, restructuring costs as well as capital gains/losses from the sale of operations.

NOTE 07 Finance income

Division by income type Million SEK	Group		Parent Company	
	2022	2021	2022	2021
Interest income	4	1	-	-
Interest income from Group companies	-	-	63	129
Revaluation of derivative instruments	-	7	-	-
Other finance income	16	-	-	-
Profit/loss from associates	2	0	-	-
Exchange rate gains, net	-	2	2	0
Total	22	10	65	129

§ Accounting principles

Finance income and costs

All interest income and interest expenses are recognized at amortized cost. Interest rate derivatives are recognized at the fair value through profit or loss. Revaluation of electricity derivatives is recognized as other external costs. Associated companies are recognized using the equity method.

NOTE 08 Finance costs

Distribution by type of cost Million SEK	Group		Parent Company	
	2022	2021	2022	2021
Interest expenses, credit institutions	-131	-255	-	-114
Interest expenses, convertibles	-153	-101	-153	-101
Interest expenses, pension plan	-12	0	-	-
Other interest expenses	-15	-	-3	-
Interest expenses, leases	-1,464	-1,194	-	-
Revaluation of derivative instruments	-5	-	-	-
Exchange rate losses, net	-1	-	-	-1
Share of transaction costs expended during the year ¹⁾	-17	-17	-	-
Other finance costs	-32	-49	-	-
Total	-1,830	-1,616	-156	-216

¹⁾ Part of interest expenses was expensed over the duration of the borrowings, see Note 20.

§ Accounting principles

Finance income and costs

All interest income and interest expenses are recognized at amortized cost. Interest rate derivatives are recognized at fair value through profit or loss. Revaluation of electricity derivatives is recognized as other external costs. Associates are recognized using the equity method.

NOTE 09 Income tax

Million SEK	Group		Parent Company	
	2022	2021	2022	2021
Tax expense				
Current tax expense	-197	-16	-4	4
Adjustment of tax for previous year	-22	0	-	0
Deferred tax relating to temporary differences	-87	-26	-	-
Deferred tax on untaxed reserves	-24	0	0	-
Deferred tax relating to loss carry-forwards	109	248	-	-
Deferred tax relating to IFRS 16	0	161	-	-
Total tax income/expense	-221	367	-4	4
Connection between tax expenses for the year and reported profit before tax, million SEK				
Tax in accordance with current rate, 20.6% (20.6)	-134	421	15	4
Adjustment of tax expense from previous year	-22	-7	0	0
Tax effect of non-deductible expenses	-39	-88	-19	0
Tax effect of non-taxable income	40	25	0	0
Adjustment for foreign tax rates	-7	-12	-	-
Loss carry-forwards from previous year for which deferred tax asset not reported	1	-2	-	-
Loss carry-forwards from previous year for which deferred tax asset reported	-51	34	-	-
Tax effect of changed tax rate on deferred taxes	-9	-5	-	-
Total tax income/expense	-221	367	-4	4

The current tax rate, 20.6 percent (20.6), was calculated based on the tax rate applicable to the Parent Company.

In Sweden, the tax rate was reduced to 20.6 percent as of January 1, 2021. Due to this change, certain deferred tax assets and deferred tax liabilities were restated depending on when temporary differences were expected to be reversed or when loss carry-forwards were expected to be utilized.

Deferred tax was reported in Other comprehensive income relating to an actuarial revaluation profit of 49 million SEK (16) and hedge accounting of 65 million SEK (13).

NOTE 10 Earnings per share

Before dilution Group	2022	2021
Profit/loss for the year attributable to shareholders of the Parent Company, million SEK	394	-1,681
Average number of shares outstanding, before dilution	191,277,074	191,250,686
Earnings per share, before dilution, SEK	2.69	-8.79
After dilution Group	2022	2021
Profit/loss for the year attributable to shareholders of the Parent Company, million SEK	394	-1,681
Average number of shares outstanding, before dilution	191,277,074	191,250,686
Average number of shares outstanding, after dilution	232,768,903	191,250,686
Earnings per share, diluted, SEK	2.21	-8.79

The calculation of earnings per share before dilution is based on the profit/loss for the year attributable to shareholders of the Parent Company divided by the weighted average number of shares outstanding during the reporting period.

When calculating earnings per share after dilution, the average number of shares is adjusted to take into account the dilutive effect of share-based incentive programs offered to employees. Dilution from share-based incentive programs affects the number of shares and only occurs when the strike price is less than the share price.

The potential shares are not viewed as dilutive if they result in better earnings per share after dilution, which is the case when there is a loss for the year.

NOTE 11 Intangible assets

Group, million SEK	December 31, 2022			December 31, 2021		
	Cost	Accumulated amortization	Reported residual value	Cost	Accumulated amortization	Reported residual value
Goodwill						
Opening balance	6,557	-2,643	3,914	6,397	-2,660	3,737
Revaluation	150	40	190	53	91	144
Exchange rate differences	106	-30	76	107	-74	33
Closing balance	6,813	-2,633	4,180	6,557	-2,643	3,914
Trademarks						
Opening balance	3,232	-389	2,843	3,187	-352	2,835
Amortization for the year	-	-4	-4	-	-29	-29
Revaluation	16	-	16	36	-	36
Exchange rate differences	8	-8	0	9	-8	1
Closing balance	3,256	-401	2,855	3,232	-389	2,843
Other intangible assets						
Opening balance	466	-338	128	409	-294	115
Reclassifications	88	-4	84	41	-	41
Amortization for the year	-	-63	-63	-	-33	-33
Exchange rate differences	15	-10	5	16	-11	5
Closing balance	569	-415	154	466	-338	128
Total intangible assets						
Opening balance	10,255	-3,370	6,885	9,993	-3,306	6,687
Reclassifications	254	36	290	130	91	221
Amortization for the year	-	-67	-67	-	-62	-62
Exchange rate differences	129	-48	81	132	-93	39
Closing balance	10,638	-3,449	7,189	10,255	-3,370	6,885

Goodwill and trademarks, million SEK	Goodwill		Trademarks ¹⁾		Total	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Sweden	1,087	703	2,312	2,312	3,399	3,015
Norway	508	835	543	531	1,051	1,366
Finland	2,582	2,373	0	0	2,582	2,373
Other Europe	3	3	0	0	3	3
Total goodwill and trademarks	4,180	3,914	2,855	2,843	7,035	6,757

¹⁾ The Scandic Hotels trademark, which has an indefinite useful life and a residual value of 2,854 million SEK (2,838) as at December 31, 2022. The entire value is reported in Sweden.

Impairment testing

Goodwill and other intangible assets are tested for impairment annually and at any given time when indications of impairment are identified. The Group has four cash-generating units: Sweden, Norway, Finland and Other Europe, see also Note 3.

The recoverable amount of cash-generating units is determined based on value-in-use calculations. These calculations are based on estimated future cash flows after tax based on a five-year period. The cash flow for 2023 is based on a budget adopted by the Board of Directors of the company and, from 2024 to 2027, on the company's long-term forecast.

From 2023 to 2027, annual average revenue growth is expected to be 5 percent. Revenue forecasts are based on industry data on market development. With regard to new hotels, historic experience of the development of new and renovated hotels was used. Cost forecasts are based on industry data regarding inflation and wage trends and historical experience.

Market growth was estimated at 2 percent (2) per year after the forecast period of 2023–2027. When calculating value-in-use, a discount rate after tax and a sustained growth rate were used in accordance with the table below.

Scandic occasionally performs impairment testing of non-current assets, or more often if necessary. The impairment testing that was performed at year-end and at the end of the previous year showed no additional impairment losses for any of the segments.

If the discount rate is increased by 1.0 percentage points and the EBITDA margin decreases by 1.0 percentage points, there will be an impairment loss of approximately 45 million SEK. For the interest rate applied per country, see the table below.

	Sweden	Norway	Finland	Other Europe
Forecast period, years	5 (5)	5 (5)	5 (5)	5 (5)
WACC rate, before tax %	13.7 (12.6)	15.2 (12.7)	14.3 (12.3)	15.3 (12.5)
Terminal growth rate, %	2 (2)	2 (2)	2 (2)	2 (2)

§ Accounting principles

Intangible assets

Goodwill

Goodwill represents the excess of the historical cost over the fair value of the Group's share of the net identifiable assets of the acquired operation on the date of acquisition. Goodwill resulting from business combinations is reported as an intangible asset. Recognized goodwill is tested annually for impairment and reported at cost less the accumulated impairment.

Goodwill is allocated across cash-generating units when tested for impairment. The allocation is made to the cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Trademarks

Acquired trademarks are recognized at historical cost less amortization and any impairment. The Scandic Hotels trademark has an indefinite useful life and is not amortized but is instead tested annually for impairment. In the acquired companies in the Scandic Group, the Scandic Hotels trademark has existed in the market since 1984 and currently forms the basis of the Group's operations. The trademark is used in all markets where the companies are established.

The Rica Hotel brand, which was acquired in April 2014, and the Cumulus brand, which was acquired in December 2017, have a finite useful life of eight years. In 2018, the amortization period of the Cumulus brand was reassessed and changed to four years, which means that the brand was fully depreciated on December 31, 2022. Amortization is carried out on a straight-line basis over the estimated useful life.

Other intangible assets

Other intangible assets include customer relationships identified in connection with the acquisition of Rica Hotels and the acquisition of Restel Hotellit Oy. Customer relationships have a defined useful life of 10 years and are amortized on a straight-line basis over the estimated useful life.

Development costs that are directly attributable to the development of identifiable systems for operations are also capitalized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- it is the company's intention to complete the software and to use it
- there is an ability to use the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use the software are available
- the expenditure attributable to the software during its development can be reliably measured

! Important estimates and assumptions for accounting purposes

The estimates that may have the greatest effect on the future performance and position of the Group are the assumptions made when considering the impairment of intangible assets. Every year, the Group tests goodwill and trademarks for impairment in accordance with the accounting principle described above. Recoverable amounts for cash-generating units were determined through calculation of the value-in-use. Assumptions made in this calculation are described in the table in the section Impairment testing from which it can be seen that revenue is expected to rise in coming years. Should growth be considerably weaker, an impairment loss that significantly affects the Group's performance and position may arise.

NOTE 12 Property, plant and equipment

Property, plant and equipment, excluding right-of-use assets

Group, million SEK	December 31, 2022			December 31, 2021		
	Cost	Accumulated depreciation & impairment	Reported residual value	Cost	Accumulated depreciation & impairment	Reported residual value
Land and buildings¹⁾						
Opening balance	84	-30	54	104	-25	79
Reclassifications	28	-	28	-28	-	-28
Retirements/disposals	1	-	1	4	-2	2
Depreciation for the year	-	-2	-2	-	-1	-1
Exchange rate differences	2	-1	1	4	-2	2
Closing balance	115	-33	82	84	-30	54
Furniture, fittings and equipment						
Opening balance	11,983	-7,598	4,385	11,133	-6,605	4,528
Additions	635	-	635	566	-	566
Reclassifications	-164	-	-164	28	-	28
Retirements/disposals	-39	38	-1	-55	12	-43
Depreciation for the year	-	-761	-761	-	-790	-790
Impairment for the year	-	-	0	-	-5	-5
Exchange rate differences	477	-299	178	311	-210	101
Closing balance	12,892	-8,620	4,272	11,983	-7,598	4,385
Total property, plant and equipment						
Opening balance	12,064	-7,625	4,439	11,235	-6,629	4,606
Additions	635	-	635	566	-	566
Reclassifications	-136	-	-136	0	-	0
Retirements/disposals	-38	38	0	-55	12	-43
Depreciation for the year	-	-763	-763	-	-791	-791
Impairment for the year	-	-	-	-	-5	-5
Exchange rate differences	479	-300	179	315	-212	106
Closing balance	13,004	-8,650	4,354	12,064	-7,625	4,439

¹⁾ Of buildings and land, 39 million SEK (40) of the reported residual value relates to the property in Gardermoen in Oslo, Norway.

Inventories, installations and equipment include ongoing new establishments of 199 million SEK (435).

In connection with the acquisition of Restel Hotellit Oy, 10 of the acquired lease agreements were identified as leases according to the definition in IFRS 16. The lease payments consisted of both minimum lease and variable fee payments. The lease agreements had a remaining term of up to 30 years and depreciation is calculated over the same term. These lease agreements have been recognized in accordance with IFRS 16 since 2019. For 2022, the remaining agreements are included in the table below.

Right-of-use assets

Group, million SEK	December 31, 2022			December 31, 2021		
	Cost	Accumulated depreciation	Carrying amount	Cost	Accumulated depreciation	Carrying amount
Buildings						
Opening balance	49,801	-18,604	31,197	41,701	-16,018	25,683
Adjustment of new right-of-use assets	5,943	-	5,943	7,074	-	7,074
Depreciation for the year	-	-2,149	-2,149	-	-2,251	-2,251
Exchange rate differences	2,441	-789	1,652	1,026	-335	691
Closing balance	58,185	-21,542	36,643	49,801	-18,604	31,197
Furniture, fittings and equipment						
Opening balance	278	-166	112	237	-140	97
Adjustment of new right-of-use assets	26	-	26	37	-	37
Depreciation for the year	-	-13	-13	-	-24	-24
Exchange rate differences	18	-9	9	4	-2	2
Closing balance	322	-188	134	278	-166	112

Lease-related amounts included in the income statement

Group	2022	2021
Depreciation of right-of-use assets	-2,527	-2,275
Interest expense, lease liabilities	-1,447	-1,193
Expenses related to short-term leases	-19	-13
Expenses related to leases of low-value assets	-10	-16
Variable lease expenses not included in the lease liability	-1,792	-780

For 2022, total cash outflow for lease agreements amounted to 3,427 million SEK (2,737).

§ Accounting principles

Property, plant and equipment

Land and buildings comprise mainly hotel buildings. Land and buildings are reported at the Group's historical cost based on an external valuation made in conjunction with the business combination less subsequent depreciation of buildings.

Buildings are subject to component depreciation, where different parts of the building are depreciated based on differing useful lives. The depreciation period for buildings is between 25 and 50 years. Land is not subject to depreciation.

Furniture, fittings and equipment are reported at cost less depreciation and impairment. The cost includes expenditure that is directly attributable to the acquisition of the asset. Assets are depreciated on a straight-line basis over the calculated useful life, which varies depending on the character of the assets. Assets consist of various types of furniture, fittings and equipment such as furniture, fixtures and fittings in hotel rooms and shared spaces, kitchen equipment and IT equipment, with varying useful lives. For this reason, several depreciation periods are used. In general, IT equipment is depreciated over three years, while other fixtures and fittings, installations and equipment are depreciated over three to 20 years.

Furniture, fittings and equipment with a useful life of less than three years are reported as expenses in the income statement.

Right-of-use assets

As of January 1, 2019, the Group applies IFRS 16 to lease agreements. This means that lease agreements are recognized as right-of-use assets and a corresponding lease liability on the date when the leased asset is available to the Group. Assets and liabilities arising out of lease agreements are initially recognized at present value. The lease liability includes the present value of future lease payments in

the form of fixed fees as well as index. Lease payments that are expected to be made for reasonably certain options to extend are also included in the lease liability. The Group also has commitments for lease agreements that have been signed but where the term of the lease has not yet started. These agreements are not included in the lease liability, as the right-of-use asset is not yet available to Scandic. By the end of 2022, these obligations amounted to approximately 2 billion SEK (7) in future undiscounted lease payments. The right-of-use assets are recognized at cost and include the amount at which the lease liability was initially recognized as well as lease fees paid on or before the starting date. Lease payments are allocated between repayments of the principal and interest. Interest is recognized in the income statement over the term of the lease. The right-of-use asset is normally depreciated on a straight-line basis over the shortest of the useful life and the term of the lease. Revenue-based rents are recognized as variable rental expenses in profit or loss in the period in which the condition that triggers those payments occurs.

In all material respects, the Group's lease commitments refer to the premises at which Scandic's hotel operations are carried out. In addition, Scandic leases vehicles, machines and other equipment. In most lease agreements for premises, the majority of the rental cost is dependent on the revenue from the leased premises. Scandic has three different types of lease agreements: those that comprise only fixed rental fees, those that comprise a combination of fixed fees and revenue-based fees and finally, those where the rent is fully revenue-based.

The Group is exposed to potential future increases in lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are discounted using the interest rate implicit in the lease agreement. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate should be used. The marginal interest is calculated based on how the underlying asset, a building, should have been financed in a corresponding term period as the lease agreements, via an evaluated marketable split between senior and junior loans. For a maturity analysis of Scandic's lease liabilities, see Note 20.

Scandic has lease agreements in all countries where the Group operates, and the same discount rate has been used for portfolios of agreements that are in the same country. Lease agreements of low-value assets (less than 50,000 SEK) and lease agreements with a term of less than 12 months are not included in the lease liability but are expensed on a straight-line basis over the term of the lease. Direct acquisition expenses in the valuation of right-of-use assets have also been excluded. See also Note 20B for a maturity analysis of lease liabilities.

In 2022, Scandic received 46 million SEK (270) in state aid in the form of rent concessions. These were recognized as a cost reduction when there was reasonable assurance that the conditions associated with the aid would be met.

! Important estimates and assumptions

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the item can be measured reliably.

All other forms of maintenance of property, plant and equipment are reported as expenses in the income statement.

If there is an impairment loss, property, plant and equipment are written down to the lowest of the recoverable amount and the reported value.

NOTE 13 Interests in associates

Group, million SEK	Share	Share	Carrying amount	Carrying amount
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Gress-Gruppen AS	33%	33%	11	10
Aulangon Kylpylä Oy	25%	25%	10	9
Rukan Kokouskeskus Oy	33%	33%	2	2
Total			23	21

Gress-Gruppen AS is one of Norway's largest purchasing companies in which Scandic and the other owners and paying members combine their purchasing volumes. The purpose of the ownership is to ensure efficient purchasing and achieve the best possible commercial terms from suppliers.

Aulangon Kylpylä Oy and Rukan Kokouskeskus Oy were included in the Restel acquisition made by the Group at the end of 2017. Both companies are cooperating regarding spa and conference facilities at two hotels in Finland.

Changes during the year, million SEK	December 31, 2022	December 31, 2021
Amortized cost, opening balance	21	20
Exchange rate differences	2	1
Amortized cost, closing balance	23	21

§ Accounting principles

Investments in associates

An associate is an entity over which the Group has significant influence that is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the company's financial and operating strategy decisions but does not entail direct or indirect control of such strategic decisions. There is generally significant influence if the company holds shares or participations ranging from 20 to 50 percent of the voting rights.

The share of profits from associates represents the company's share in profit or loss (after tax) from these associates and is recognized directly in the income statement. Transactions and balances with associates were immaterial in 2022 and 2021.

NOTE 14 Financial investments

The Group's changes during the year, million SEK	December 31, 2022	December 31, 2021
Amortized cost, opening balance	7	6
Exchange rate differences	-1	1
Amortized cost, closing balance	6	7

Financial investments on the reporting date consisted of approximately 70 (70) minor investments.

NOTE 15 Inventories

The Group's inventories consist entirely of raw materials, mainly for restaurant operations.

§ Accounting principles

Inventories

Inventories are stated at the lower of cost and net realizable value. The cost is determined using the first in, first out (FIFO) principle.

NOTE 16 Trade receivables

Trade receivables, gross values, million SEK	December 31, 2022	December 31, 2021
Total trade receivables	800	542
Less provisions for credit losses	-24	-15
Trade receivables, book value	776	527

Change in provision for credit losses	December 31, 2022	December 31, 2021
January 1	-15	-2
Provision for doubtful trade receivables	-12	-18
Receivables written off during the year as uncollectable	1	3
Reversed unutilized amount	2	2
December 31	-24	-15

Age analysis, million SEK	December 31, 2022	December 31, 2021
Current receivables	537	396
Receivables, 1–30 days past due	160	117
Receivables, 31–60 days past due	45	14
Receivables, 61–90 days past due	23	5
Receivables, 91–120 days past due	31	8
Receivables, more than 120 days past due	4	2
Trade receivables, book value	800	542

§ Accounting principles

Loan receivables and trade receivables

The Group's loan receivables and trade receivables are recognized in accordance with IFRS 9 in the category Financial assets at amortized cost.

Financial assets should meet the following criteria to be measured at amortized cost:

- the asset is held within a business model whose objective is to hold financial assets in order to collect the contractual cash flows; and
- the contractual terms for the financial asset give rise to cash flows at specific times that are solely payments of principal and interest on the outstanding principal.

Financial assets are not reclassified after initial recognition, except if the Group changes the business model for the management of the financial assets.

These receivables should be valued at amortized cost using the effective interest method, but as trade receivables have very short durations and the interest effects are very small, the reported value of the Group is not deemed to diverge materially from the fair value. Loan receivables are subject to variable interest, so the fair value is also not considered to diverge materially from the recognized value. Loan receivables and trade receivables are therefore recognized at cost less any credit loss provisions.

! Important estimates and assumptions

According to IFRS 9, the provision for credit losses on doubtful trade receivables should be calculated based on an impairment model for expected future credit losses. According to this model, expected changes in the customers' markets should also be considered. Since the majority of Scandic's sales are paid at booking or when staying at the hotel, the part that is invoiced is very small.

The Group applies the simplified method for trade receivable provisions. This means that a provision is made in the amount of the expected credit losses for the remaining term.

The provision amount is reported in the income statement. An impairment loss for trade receivables is recognized when there is objective evidence that the Group will not be able to recover all of the amounts due in accordance with the original terms and conditions of the trade receivables.

NOTE 17 Prepaid expenses and accrued income

Distribution by type of cost Million SEK	Group		Parent Company	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Prepaid rent	-121	-37	-	-
Other prepaid expenses	324	243	-	-
Accrued income	26	74	-	-
Total	229	280	0	0

NOTE 18 Cash and cash equivalents

Million SEK	Group		Parent Company	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Cash at bank and in hand	317	216	0	0
Total cash and cash equivalents	317	216	0	0

The Parent Company does not have any bank balances as all excess liquidity is used to amortize long-term loans. This also explains the decrease in cash and cash equivalents for the Group compared with the previous year.

§ Accounting principles

Cash and cash equivalents include cash, bank balances and other current investments with a due date within three months of the time of acquisition.

NOTE 19 Share capital

	Ordinary shares	Total number of outstanding shares	Share capital, SEK	Quota value, SEK
Number of shares on December 31, 2021	191,257,993	191,257,993	47,796,175	0.25
Number of shares on December 31, 2022	191,304,116	191,304,116	47,796,175	0.25

NOTE 20A Borrowings

Changes during the year, million SEK	Liabilities to credit institutions	Convertible loan	Deferred payments Tax Agency ³⁾	Lease liabilities	Total borrowings
Opening balance, Jan 1, 2022	3,269	1,333	0	34,249	38,851
Borrowings	850	0	675	-	1,525
Capitalization of transaction costs ¹⁾	-5	-	-	-	-5
Transaction costs expensed during the year ²⁾	17	-	-	-	17
Repayments	-3,202	-2	-40	-1,976	-5,220
Activated interest expense	-	153	-	-	153
Changes in overdraft facilities	129	-	-	-	129
New financial liabilities according to IFRS 16, net	-	-	-	6,190	6,190
Exchange rate differences	49	-	-	1,867	1,916
Closing balance, Dec 31, 2022	1,107	1,484	635	40,330	43,556

Changes during the year, million SEK	Liabilities to credit institutions	Convertible loan	Commercial papers	Lease liabilities	Total borrowings
Opening balance, Jan 1, 2021	4,526	-	201	28,019	32,746
Borrowings	1,456	1,232	424	-	3,112
Capitalization of transaction costs ¹⁾	-45	-	-	-	-45
Transaction costs expensed during the year ²⁾	37	-	-	-	37
Repayments	-2,550	-	-625	-1,544	-4,719
Activated interest expense	-	101	-	-	101
Changes in overdraft facilities	-187	-	-	-	-187
New financial liabilities according to IFRS 16, net	-	-	-	7,000	7,000
Exchange rate differences	32	-	-	774	806
Closing balance, Dec 31, 2021	3,269	1,333	0	34,249	38,851

¹⁾ Refers to transaction costs for the renegotiation of credit facilities in December 2022, which have been capitalized.

²⁾ Refers to transaction costs that were expensed during the year.

³⁾ During 2022, a debt relating to deferred payments for VAT and social security contributions was reclassified from working capital to interest-bearing debt.

The Group's external loans partly refer to an original facility of 5,500 million SEK, which expires on March 31, 2024, comprising a fixed loan of 1,500 million SEK and a revolving part of 4,000 million SEK, as well as a revolving facility of 1,150 million SEK, which expires on March 31, 2024. In December 2022, the loan agreement was renegotiated and extended. The new total volume amounts to 3,700 million SEK of which 1,000 million SEK is a fixed loan and 2,700 million SEK is a revolving part. The interest rate payable is STIBOR or corresponding plus a margin of 4.00 to 4.75 percent. For all loans, the margin within the range is dependent on the company's indebtedness.

The terms and conditions of the loan stipulate that the following covenants should be within certain limits: available liquidity risk and adjusted EBITDA. The Board of Directors closely monitors the company's financial position with respect to the fulfillment of the terms and conditions of the loans.

Over the year, a convertible loan of 1,800 million SEK (nominal amount) was taken out, which is due on August 24, 2024. During the year, 2 million SEK was converted into shares.

The lease liability consists of future rent payments that are discounted to the present value and recognized as a lease liability. See also Note 12.

Accounting principles

Borrowings

Borrowings are financial liabilities that are initially reported at fair value, net of transaction costs. Borrowings are subsequently reported at amortized cost and any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as liabilities to credit institutions, the debt component of the convertible loan and as leases in the balance sheet. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

As of January 1, 2019, the Group applies IFRS 16 to lease agreements, which means that most of all former operating leases are recognized as lease liabilities. The implicit interest rate of the lessee as at January 1, 2021 was used for the calculation. The Group's incremental borrowing rate applied to these lease liabilities as of January 1, 2021 was between 3.39 and 6.23 percent. See Note 1 for the Group's weighted average incremental borrowing rate for discounting as at January 1, 2022.

NOTE 20B Financial risk management

Market risk – foreign exchange

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

Risk management

Foreign exchange risk arises when future business transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency. The operations of the Scandic Group companies are mainly local, with revenues and expenses denominated in domestic currencies, and intra-Group sales are low. This means that the exchange rate exposure related to transactions is limited. According to the Group's Finance Policy, which requires Group companies to manage their foreign exchange risk against their functional currency, the Group companies shall hedge their foreign exchange risk in major future business transactions via Group Finance. To manage the foreign exchange risk arising from future business transactions, the Group companies use forward contracts signed with Group Finance. Exchange rate effects in the Group arise from the translation of foreign subsidiaries' financial statements into SEK. Of the Group's sales during the year, 31 percent (31) were in SEK, 31 percent (35) were in NOK and 37 percent (34) were in EUR and other currencies.

Borrowings are in SEK, EUR and NOK. The currency exposure from internal loans to the Group's foreign operations is reduced by borrowing in corresponding currencies, (natural hedge).

The Group's borrowings broken down by currency are shown in the table below. The Board of Directors has resolved that other currency risks for assets and liabilities should not be hedged.

	December 31, 2022	December 31, 2021
Interest-bearing borrowings by currency		
SEK, %	100%	64%
EUR, %	0%	28%
NOK, %	0%	9%

Sensitivity analysis

The book value of liabilities to credit institutions is exposed to currency risk for the part where the borrowing is in a foreign currency. The sensitivity analysis below presents how changes in relevant foreign currencies affect the book value of liabilities to credit institutions as well as net debt.

Sensitivity analysis for currencies as at Dec 31, 2022	Change %	Effect on net debt 2022, million SEK	Effect on net debt 2021, million SEK
Exposure of liabilities to credit institutions at a change in:			
NOK/SEK	+/- 1	+/- 0	+/- 3
EUR/SEK	+/- 1	+/- 0	+/- 9

Market risk – interest rate

Interest rate risk arises from changes in market interest rates that can have a negative effect on the Group's revenue, cash flow and interest-bearing assets and liabilities.

Risk management

As the Group has no significant interest-bearing assets, the Group's revenues and cash flows from operating activities are essentially independent of changes in market interest rates. The Group's interest rate risk arises from long-term interest-bearing borrowings. Loans issued with variable interest expose the Group to interest rate risk related to cash flow. Loans issued with fixed interest expose the Group to interest rate risk related to the fair value. The Group's Finance Policy stipulates that 25 to 75 percent of Scandic's loans must be taken at fixed interest rates. Any deviations from the policy must be approved by the Board of Directors or be based on mandatory requirements in the loan documents. When needed, the Group uses interest rate swaps or interest rate caps (interest-rate options) to achieve this. The Group's borrowings on the reporting date are shown below.

The Group normally takes out long-term loans at variable interest rates and hedges the interest rate risk using interest rate swaps and interest rate caps. In 2021, the Group hedged its interest rate risk using an interest rate cap that expires on December 31, 2023.

	December 31, 2022	December 31, 2021
Interest-bearing borrowings by fixed and variable interest		
Fixed interest, %	0%	0%
Variable interest, %	100%	100%

All external interest-bearing borrowings with variable interest have been hedged with an interest rate cap.

Credit risk

Credit risk refers to the risk that counterparties cannot fulfill their obligations. Credit risk arises from cash and cash equivalents, derivative instruments and deposits with banks and financial institutions as well as credit exposures to customers, including outstanding receivables and agreed transactions.

Risk management

Credit risk is managed on the Group level. Only banks and financial institutions that have received an independent minimum credit rating of A-1 are accepted. All banks and financial institutions that Scandic works with meet the rating requirement. In cases where no independent credit rating is available, a risk assessment of the customer's creditworthiness is carried out based on the customer's financial position, previous experience and other factors. The use of credit limits is followed up regularly. Sales in Scandic's operations are settled in cash, by credit card or by invoicing. Provisions for bad debt loss as at December 31, 2022 amounted to 24 million SEK (15), see also Note 16.

Maturity analysis for financial liabilities

Group, million SEK	< 1 year	1–3 years	3–5 years	> 5 years
As at Dec 31, 2022				
Liabilities to credit institutions ¹⁾	65	1,107	-	-
Convertible loan	-	1,484	-	-
Deferred payments Tax Agency	132	474	29	-
Trade payables and other liabilities	985	-	-	-
Group, million SEK	< 1 year	1–3 years	3–5 years	> 5 years
As at Dec 31, 2021				
Liabilities to credit institutions ¹⁾	165	3,269	-	-
Convertible loan	-	1,333	-	-
Trade payables and other liabilities	977	-	-	-

¹⁾ Liabilities to credit institutions includes future cash flows related to liabilities such as future interest payments.

Maturity analysis of lease liabilities

Group, million SEK	December 31, 2022	December 31, 2021
Years 1–3	7,432	6,433
Years 3–5	7,167	6,108
Years 5–10	15,396	13,291
Years 10–15	11,399	9,779
Years >15	10,150	8,292
Total payments	51,544	43,903
Effect of discounted amounts	-13,482	-11,601
Total liabilities according to balance sheet	38,062	32,302
Classification:		
Non-current liabilities	38,062	32,302
Current liabilities	2,268	1,947

The above maturity analysis includes agreed undiscounted cash flows.

Liquidity risk

Liquidity risk is the risk that the Group will not have sufficient liquidity to pay its debts and meet its commitments.

Risk management

Liquidity risk is managed by maintaining within the Group sufficient cash and cash equivalents and short-term investments with a liquid market, available financing through agreed credit facilities and the ability to close market positions. The Group's liquidity in the form of cash and cash equivalents and short-term investments is monitored and forecast on a daily basis by Group Finance. The Group's liquidity reserve was 2,812 million SEK (2,782) on December 31, 2022.

Sensitivity analysis for interest rate options as at Dec 31, 2022	Change %	Effect on profit or loss, million SEK
Interest expense at the current fixed interest rate in the event of change in interest rates	+/- 1	+/- 10
Interest expense in the event of a change in the average interest rate level	+/- 1	+/- 0

An interest rate cap either has zero value or a positive value. If the variable market rate rises, the theoretical surplus value of the financial instrument will grow. Hedge accounting is applied, and interest rate caps are recognized at fair value in Other comprehensive income and the change in value, which does not impact cash flow, is recognized in profit or loss for the year. The sensitivity analysis is based on net debt. The low interest rate on the interest rate cap means that changes in market interest rates of +/- 1 percent from the levels at the turn of the year will not impact interest costs for 2023.

Electricity derivatives

Since July 1, 2018, the Group has used cash flow hedging to hedge against fluctuations in electricity prices. The electricity derivatives used by the Group have been identified as cash flow hedges. The relationship between the hedge instrument and the hedged risk is documented when the cash flow hedge is set up. Effectiveness testing is carried out at the starting point of the hedge and further on a monthly basis during the term of the cash flow hedge. The effective part of the value change in the derivatives, which meets the requirements for cash flow hedging, is recognized in Other comprehensive income. The ineffective part of the value change in the derivatives is recognized directly in Other external costs. The effective part of the hedge is recognized in Other external costs when the hedged item affects profit or loss. In 2022, the ineffective part of the value change for electricity derivatives amounted to +2 million SEK (-0).

NOTE 20c Capital risk management

The Group's goal for capital structure is to safeguard the Group's ability to maintain its operations so that it can continue to generate returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to keep capital costs down.

The Group's managed capital is made up of shareholders' equity. To maintain or adjust the capital structure, the Group may change the dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce liabilities.

Just like other companies in the industry, the Group evaluates its capital based on the debt/equity ratio. This key ratio is calculated as interest-bearing net debt divided by equity. Interest-bearing net debt is calculated as liabilities to credit institutions and commercial papers less cash and cash equivalents.

Group, million SEK	December 31, 2022	December 31, 2021
Total borrowings	42,921	37,518
Less: leases	-40,330	-34,249
Less: convertible loan	-1,484	-1,333
Less: cash and cash equivalents	-317	-216
Interest-bearing net liabilities	790	3,053
Total equity	2,274	1,155
Debt/equity ratio	0.4 x	2.6 x

Maturity dates, million SEK	December 31, 2022		December 31, 2021	
	Liabilities to credit institutions	Convertible loan	Liabilities to credit institutions	Convertible loan
Liabilities due for payment				
– within 1 year	-	-	-	-
– between 1 and 5 years	1,107	1,484	3,269	-
– in more than 5 years	-	-	-	1,333
Total	1,107	1,484	3,269	1,333

Revolving credit facility, million SEK	December 31, 2022	December 31, 2021
Amount utilized	205	1,878
Amount not utilized	2,495	2,566
Total revolving credit facility	2,700	4,444

NOTE 21 Provisions for pensions and similar obligations

Provisions for pensions and similar obligations refer in their entirety to defined benefit pension plans in which the employees have the right to benefits after their employment ends and where the level of benefits is based on final salary and length of service. Provision for such plans has been made for FPG/PRI occupational pensions in Sweden. In other countries, defined contribution pension plans have been adopted. The defined benefit plan in Sweden provides the employees that are covered by the pension plan with a guaranteed level of pension payments during their lifetime. The defined benefit plan is adjusted according to a long-term inflation target of 2 percent which corresponds to assumptions about inflation from the Swedish Central Bank. Since January 1, 2021, the earning of new premiums has been via Alecta rather than PRI.

Defined benefit pension plans

Calculation of provision, million SEK	December 31, 2022	December 31, 2021
Present value of obligations	545	832
Fair value of plan assets	-	-
Total provision for defined benefit pension plans	545	832

Changes in provision during the year, million SEK	December 31, 2022	December 31, 2021
Net liability, opening balance	832	920
Revaluations of net pension obligation reported in Other comprehensive income ¹⁾	-296	-74
Net expense reported in the income statement	-4	11
Pensions paid	-7	-6
Change in special employer contribution	21	-19
Net liability, closing balance²⁾	545	832

¹⁾ In 2022, items reported in Other comprehensive income consist of an actuarial profit of 368 (-73) million SEK due to changes in financial assumptions, a loss of -77 (-1) million SEK from experience-based adjustments and profit of 5 (0) million SEK from changes in demographic assumptions.

²⁾ The weighted average duration of pension obligations is 20 years (24).

! Important estimates and assumptions

Important actuarial assumptions, %	December 31, 2022	December 31, 2021
Discount rate	4.00	1.80
Future annual salary increases ¹⁾	0.00	0.00
Future annual pension increases (inflation)	2.00	2.00
Employee turnover	0.00	0.00

¹⁾ Since the benefits are financed through earnings through insurance with Alecta, this assumption is not used.

Sensitivity analysis in actuarial assumptions	Change	Increase %	Decrease %
Discount rate	+/- 0.5%	12.2 (12.6)	-10.7 (-10.9)
Future annual pension increases (inflation)	+/- 0.5%	-10.9 (-10.8)	12.3 (12.4)
Life expectancy	+/- 1 year	-3.7 (-4.1)	3.7 (4.1)

The above sensitivity analysis is based on a change in an assumption while keeping all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. The above table shows the effect as a percentage on the pension liability when such changes in the actuarial assumptions are made. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method has been applied as when calculating the pension liability recognized in the balance sheet. The methods and assumptions used in preparing the sensitivity analysis are unchanged compared with the previous year.

Pension costs for defined benefit and defined contribution pension plans

Million SEK	December 31, 2022	December 31, 2021
Current service cost, defined benefit pension plans	0	0
Current service cost, defined contribution pension plans	-371	-264
Total pension expenses included in staff costs	-371	-264
Interest expenses for defined benefit pension plans	-13	-11
Latent payroll tax adjustment item, operating expense	19	0
Interest related to latent payroll tax	-2	0
Total expenses in the income statement	-367	-275

Payments for the coming year are expected to be at the same level as this year.

Multi-employer plans

The company has insured the ITP plan through insurance from the insurance company Alecta. Although this part of the plan is classified as a defined benefit plan, it is not possible to obtain sufficient information from Alecta to report it as a defined benefit plan.

Information on the allocation between employers is missing; instead, all earnings are allocated to the most recent employer. A breakdown of Alecta's assets and provisions by individual is not possible, which means that these plans are recognized as defined contribution plans. Collective consolidation is the buffer of Alecta's insurance commitments against fluctuations in investment returns and insurance risks, and it is calculated as the difference between assets and insurance commitments to those insured. The consolidation level is calculated as Alecta's assets as a percentage of the insurance commitments. Alecta's consolidation level varies between 125 and 175 percent. In 2022, the consolidation level was 172 percent (172). Contributions to the plan that are payable in 2023 are estimated to be 36 million SEK (32).

§ Accounting principles

Pension commitments

Group companies operate various pension plans. These are usually financed through payments to insurance companies or managed funds where the payments are determined according to actuarial calculations. The Group has both defined benefit and defined contribution plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate legal entity. The Group has no legal or constructive obligations to pay further contributions if this legal entity does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

A defined benefit plan is a pension plan that is not a defined contribution plan. Defined benefit plans are characterized by the fact that they define the amount the employee will receive in pension benefits on retirement, usually dependent on one or more factors such as age, years of service and salary. Within the Group, defined benefit plans exist only in Sweden.

For defined contribution pension plans, the Group pays fees to publicly or privately managed pension insurance schemes on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the fees are paid. The fees are reported as staff costs during the period to which they relate.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation on the reporting date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows. The calculation uses interest rates of mortgage bonds that are denominated in the same currency that the benefits will be paid in and that have maturities comparable with the terms of the related pension obligation.

Actuarial gains and losses that arise from experience-based adjustments and changes in actuarial assumptions are reported in Other comprehensive income during the period in which they arise.

Past service costs are recognized directly in the income statement.

NOTE 22 Other provisions

Changes in other provisions during the year, million SEK	December 31, 2022			December 31, 2021		
	Provision for loyalty program	Other provisions	Total other provisions	Provision for loyalty program	Other provisions	Total other provisions
Opening balance	167	0	167	162	0	162
Change through income statement	-	-	-	-	-	-
Transfer to current liabilities	39	0	39	5	0	5
Closing balance	206	0	206	167	0	167

Scandic has a loyalty program, Scandic Friends, in which members earn points for overnight stays that can then be used for free overnight stays. This loyalty program is covered by the rules in IFRS 15. The liability is valued at the market value of the anticipated free-night usage.

In measuring the liability for the loyalty program, the first step is to calculate the number of free nights expected to be used based on the level of utilization and estimated points withdrawal per free night, based on the outstanding balance of points on the reporting date. The anticipated utilization of free nights is then multiplied by the average market price of such free nights.

The part of the liability that is expected to be utilized after more than one year is reported under Other provisions above, while the part that is expected to be utilized within one year is recognized under Accrued expenses and deferred income (see Note 24). The total liability for the loyalty program and its allocation between current and non-current liabilities is shown in the table below. The provision is expected to be utilized within three years.

Total liability in respect of the loyalty program	December 31, 2022			December 31, 2021		
	Non-current provision	Current liability	Total liability in respect of loyalty program	Non-current provision	Current liability	Total liability in respect of loyalty program
Opening balance	167	111	278	162	109	271
Change through income statement	-	-	-	-	-	-
Transfer to current liabilities	39	26	65	5	2	7
Closing balance	206	137	343	167	111	278

The assessed market value of free overnight stays used during the year amounted to 296 (322) million SEK. For the current liability, see Note 24.

§ Accounting principles

Provisions

Provisions for environmental restoration measures, restructuring costs and legal claims are reported when the Group has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are valued based on the best possible estimate of the expenditure required to resolve the obligation in question on the reporting date. Provisions for restructuring include costs for terminating lease agreements and severance pay. Provisions are not recognized for future operating losses.

! Important estimates and assumptions

Reporting of provisions for loyalty programs for customers

In accordance with IFRS 15, provisions for loyalty programs for customers are reported as a reduction in revenue in conjunction with earning the right to future use. The reserve outstanding at any time is divided into a long-term portion, which is reported under Other provisions, and a short-term portion, which is reported under Accrued expenses and deferred income.

NOTE 23 Deferred tax assets and liabilities

Deferred tax assets and liabilities are reported net when there is a legally enforceable right to offset the recognized tax assets and liabilities and when the deferred taxes are expected to be settled at the same time.

Distribution of deferred tax items by underlying balance sheet items and their changes during the year, million SEK	Group					Total deferred tax assets
	December 31, 2022					
	Pensions	Derivative instruments	Elimination of goodwill on acquired assets	Loss carry-forwards	Net of right-of-use assets & lease liability	
Deferred tax assets						
Opening balance, Jan 1, 2022	104	-1	4	746	650	1,504
Reported in income statement	-1	1	0	-135	95	-40
Tax attributable to items in Other comprehensive income	-61	-14	-	0	-6	-81
Exchange rate differences	-	-	0	9	31	40
Closing balance, Dec 31, 2022	42	-14	4	621	770	1,422
<i>– of which receivables expected to be utilized within 12 months</i>	-	-	-	-	-	0

Distribution of deferred tax items by underlying balance sheet items and their changes during the year, million SEK	Group					Total deferred tax liabilities
	Intangible assets	Land & buildings	Untaxed reserves	Accelerated amortization & depreciation	Hedge accounting	
Deferred tax liabilities						
Opening balance, Jan 1, 2022	-748	-10	-23	-5	-13	-799
Reported in income statement	0	-20	0	-	0	-20
Tax attributable to items in Other comprehensive income	-	-	-	-	-51	-51
Exchange rate differences	3	0	-1	0	-	2
Closing balance, Dec 31, 2022	-745	-30	-24	-5	-64	-868
<i>– of which liabilities expected to be paid within 12 months</i>	-	-	-	-	-	0

Deferred tax liabilities, net	
Deferred tax liabilities, net	
Opening balance, Jan 1, 2022	705
Reported in income statement	-60
Tax attributable to items in Other comprehensive income	-132
Exchange rate differences	42
Closing balance, Dec 31, 2022	555

Distribution of deferred tax items by underlying balance sheet items and their changes during the year, million SEK	Group					
	December 31, 2021					
	Pensions	Derivative instruments	Elimination of goodwill on acquired assets	Loss carry-forwards	Net of right-of-use assets & lease liability	Total deferred tax assets
Deferred tax assets						
Opening balance, Jan 1, 2021	128	1	4	540	490	1,164
Reported in income statement	-5	-2	0	215	151	359
Tax attributable to items in Other comprehensive income	-19	0	-	-	-	-19
Exchange rate differences	-	-	0	-9	9	0
Closing balance, Dec 31, 2021	104	-1	4	746	650	1,504
<i>– of which receivables expected to be utilized within 12 months</i>	-	-	-	-	-	0
	Intangible assets	Land & buildings	Untaxed reserves	Accelerated amortization & depreciation	Hedge accounting	Total deferred tax liabilities
Deferred tax liabilities						
Opening balance, Jan 1, 2021	-748	-9	-35	-6	3	-795
Reclassification	-1	0	12	0	0	11
Tax attributable to items in Other comprehensive income	-	-	-	-	-16	-16
Exchange rate differences	1	-1	0	1	-	1
Closing balance, Dec 31, 2021	-748	-10	-23	-5	-13	-799
<i>– of which liabilities expected to be paid within 12 months</i>	-	-	--	-	-	0
	Deferred tax liabilities, net					
Deferred tax liabilities, net						
Opening balance, Jan 1, 2021	369					
Reported in income statement	370					
Tax attributable to items in Other comprehensive income	-35					
Exchange rate differences	1					
Closing balance, Dec 31, 2021	705					

Loss carry-forwards

The Group has reported loss carry-forwards of 3,070 million SEK (3,602) mainly in Finland, Sweden and Denmark. These loss carry-forwards can be utilized against future taxable surpluses. Recorded deferred tax assets related to reported loss carry-forwards amounted to 621 million SEK (746). The Group has assessed that it will be possible to offset these loss carry-forwards in the future, based on Group forecasts for the coming years. For 2022, non-recorded deficiencies totaled 0 million SEK (96). None of the loss carry-forwards are limited in time.

§ Accounting principles

Deferred income tax

Deferred income tax is reported using the balance sheet method on all temporary differences arising between the tax bases of assets and liabilities and their reported amounts in the consolidated accounts. However, deferred tax is not reported if it arises as a result of a transaction that constitutes the first reporting of an asset or liability that is not a business combination and which, at the time of the transaction, does not affect either accounting profit or taxable profit. Deferred tax is also not recognized on the first reporting of goodwill. Deferred income tax is determined using the tax rates (and laws) that have entered into force or been announced on the reporting date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred tax assets are reported to the extent it is probable that future tax surpluses will be available against which the temporary differences can be offset. The Group accounts net for deferred tax assets and deferred tax liabilities in the balance sheet if there is a legal right to offset.

The Parent Company and its wholly-owned subsidiaries have applied tax consolidation legislation, which means that these entities are taxed as a single entity.

NOTE 24 Accrued expenses and deferred income

Distribution by type of expense, million SEK	Group		Parent Company	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Accrued rental expenses	840	273	-	-
Accrued staff costs	1,029	1,167	30	2
Accrued interest expenses, leases	126	110	-	-
Accrued interest expenses, other	18	10	1	-
Deferred income, current portion of loyalty program	137	112	-	-
Deferred income, bonus checks ¹⁾	24	21	-	-
Other items	371	524	0	21
Total	2,545	2,217	31	23

¹⁾ Bonus checks are a payment method permitting discounted stays at all Scandic hotels. Bonus checks have a limited period of validity. When bonus check booklets are sold, a liability is recorded. The liability is liquidated when the checks are utilized or when it is deemed that the customer is no longer able to utilize or redeem the bonus check.

NOTE 26 Statement of cash flows

Million SEK	Opening balance, Jan 1, 2022	Cash flows from financing activities	Non-cash items 2022				Closing balance, Dec 31, 2022
			Transaction costs	Exchange rate difference	Interest expense	New financial liabilities under IFRS 16, net	
Liabilities to credit institutions	3,269	-2,374	12	0	201	-	1,107
Convertible loan	1,333	151	-	-	-	-	1,484
Lease liabilities	34,249	-1,976	-	1,867	-	6,190	40,330
Accrued interest expenses, leases	110	0	-	6	10	-	126
Accrued interest expenses, other	10	-137	-	-	145	-	17
Subtotal	38,971	-4,336	12	1,873	355	6,190	43,065
Cash and cash equivalents	-216	-125	-	24	-	-	-317
Total	38,755	-4,461	12	1,896	355	6,190	42,747

Million SEK	Opening balance, Jan 1, 2021	Cash flows from financing activities	Non-cash items 2021				Closing balance, Dec 31, 2021
			Transaction costs	Exchange rate difference	Interest expense	New financial liabilities under IFRS 16, net	
Liabilities to credit institutions	4,728	-1,619	26	0	134	-	3,269
Convertible loan	-	1,333	-	-	-	-	1,333
Lease liabilities	28,019	-1,544	-	774	-	7,000	34,249
Accrued interest expenses, leases	96	-1,194	-	3	1,205	-	110
Accrued interest expenses, other	10	-266	-	-	266	-	10
Subtotal	32,853	-3,290	26	777	1,605	7,000	38,971
Cash and cash equivalents	-14	-235	-	33	-	-	-216
Total	32,839	-3,525	26	810	1,605	7,000	38,755

The table above shows the changes in non-current liabilities affecting cash flow analysis.

NOTE 25 Adjustment for items not included in cash flow

Adjustment for items not included in cash flow, million SEK	Group		Parent Company	
	2022	2021	2022	2021
Amortization, depreciation and impairment	3,372	3,139	-	-
Change in accrued expenses/income and provisions	28	-19	-	-
Total	3,400	3,120	0	0

Accounting principles

The cash flow analysis has been prepared in accordance with the indirect method. The cash flow reported includes only transactions that involve payments made or received.

In addition to cash on hand and bank balances, short-term financial investments that are exposed only to an insignificant risk of value fluctuations and have a remaining maturity of less than three months from the acquisition date are classified as cash.

NOTE 27 Participations in Group companies

Changes during the year Million SEK	Parent Company	
	December 31, 2022	December 31, 2021
Amortized cost, opening balance	8,415	8,415
Shareholders' contribution provided	-	-
Amortized cost, closing balance	8,415	8,415

Holdings on the reporting date	Corporate identity number	Registered address	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
			Proportion of equity	Proportion of equity	Carrying amount	Carrying amount
Scandic Hotels Holding AB	556723-5725	Stockholm, Sweden	100%	100%	8,415	8,415
Scandic Hotels AB	556299-1009	Stockholm, Sweden	100%	100%	-	-
Scandic Polen Sp.z o. o.	288532	Gdansk, Poland	100%	100%	-	-
Scandic Hotels AS	953 149 117	Oslo, Norway	100%	100%	-	-
Scandic Hotels Gardermoen AS	880 289 772	Gardermoen, Norway	50%	50%	-	-
Scandic Hotels Holding A/S ¹⁾	30 61 64 56	Copenhagen, Denmark	-	100%	-	-
Scandic Hotel A/S	12 59 67 74	Copenhagen, Denmark	100%	100%	-	-
Scandic Hotels Deutschland GmbH	HRB 146065 B	Berlin, Germany	100%	100%	-	-
Scandic Hotels Oy	1447914-7	Helsinki, Finland	100%	100%	-	-
Total					8,415	8,415

¹⁾ Scandic Hotels Holding A/S was merged with Scandic Hotels A/S in January 2021.

NOTE 28 Pledged assets and contingent liabilities

Million SEK	Group		Parent Company	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Assets pledged as security				
Shares in subsidiaries	12,592	12,432	8,415	8,415
Total assets pledged as security	12,592	12,432	8,415	8,415
Contingent liabilities				
Guarantee commitments, FPG/PRI	8	7	-	-
Bank guarantees	66	64	68	62
Travel guarantees	2	3	0	2
Loans pledged as security in subsidiaries	2,259	2,346	1,406	1,342
Total contingent liabilities	2,335	2,420	1,473	1,404

Lease guarantees relate mainly to guarantees for lease agreements for premises in Scandic's Danish subsidiaries. These have remaining terms of up to 12 years. Fixed rental fees for the whole remaining term were reported above. Loans in the subsidiaries have been pledged as security in accordance with current external loan agreements.

No material liabilities are expected to arise due to the reported contingent liabilities. Scandic is involved in a few commercial disputes. None of these disputes is deemed to have any major negative impact on the company's financial position or profit/loss. No contingent assets have been identified within the Group.

NOTE 29 Financial assets and liabilities

Dec 31, 2022, million SEK	Financial assets/liabilities at amortized cost	Financial assets/liabilities at fair value through profit or loss	Financial assets/liabilities at fair value through Other comprehensive income	Total reported value
Financial investments	-	7	-	7
Derivatives – electricity derivatives	-	317	-	317
Derivatives – interest rate swaps	-	68	-	68
Trade receivables	776	-	-	776
Cash and cash equivalents	317	-	-	317
Total financial assets	1,093	392	-	1,485
Liabilities to credit institutions				
Convertible loan	1,107	-	-	1,107
Liabilities for commercial papers	1,484	-	-	1,484
Trade payables	985	-	-	985
Other current liabilities – share swap	-	-	-41	-41
Total financial liabilities	3,576	-	-41	3,535
Dec 31, 2021, million SEK	Financial assets/liabilities at amortized cost	Financial assets/liabilities at fair value through profit or loss	Financial assets/liabilities at fair value through Other comprehensive income	Total reported value
Financial investments	-	7	-	7
Derivatives – electricity derivatives	-	63	-	63
Derivatives – interest rate swaps	-	5	-	5
Trade receivables	527	-	-	527
Cash and cash equivalents	216	-	-	216
Total financial assets	743	75	-	818
Liabilities to credit institutions	3,269	-	-	3,269
Convertible loan	1,333	-	-	1,333
Trade payables	977	-	-	977
Other current liabilities – share swap	-	-	-14	-14
Total financial liabilities	5,579	-	-14	5,565

The Group has entered into a share swap agreement related to the Long-Term Incentive Program, see Note 5.

The fair value of other financial assets and liabilities is not considered to diverge materially from the carrying value. See Note 14.

Fair value measurement:

The table below shows the fair value of financial instruments based on their classification in the fair value hierarchy. The different levels are defined as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Observable data regarding the asset or liability other than those included in Level 1, either directly or indirectly.

Level 3: Data regarding the asset or liability that are not based on observable market data.

For liabilities to credit institutions and liabilities for commercial papers, the book value is the same as the fair value. Financial assets and liabilities valued at fair value refer to electricity derivatives and interest rate swaps.

Dec 31, 2022, million SEK	Level 1	Level 2	Level 3	Total
Derivative instruments used for hedging	-	-	-	0
Total financial assets	0	0	0	0
Derivative instruments used for hedging	-	385	-	385
Total financial liabilities	0	385	0	385

Dec 31, 2021, million SEK	Level 1	Level 2	Level 3	Total
Derivative instruments used for hedging	-	-	-	0
Total financial assets	0	0	0	0
Derivative instruments used for hedging	-	68	-	68
Total financial liabilities	0	68	0	68

In accordance with the Group's Finance Policy, the Group has recognized derivative instruments, interest rate swaps and electricity derivatives. The Group has entered into interest rate swaps to hedge the Group against interest rate risk and invested in derivatives to hedge the Group against the price risk for electricity. On the reporting date, these derivative instruments were measured at the market value declared by the issuers, which constitutes a Level 2 measurement under IFRS 7. Market values are calculated using mid-rates based on current available market rates.

Accounting principles

Financial assets and liabilities

The Group classifies its material financial assets and liabilities in the following categories:

Financial assets and liabilities are measured at amortized cost, fair value through profit or loss and fair value through Other comprehensive income. The classification of financial assets is based on the Group's business model for managing assets and the asset's contractual cash flow characteristics.

The Group's financial liabilities are classified based on the purpose of the acquired liability.

(a) Financial assets/liabilities at fair value through profit or loss

Financial assets/liabilities measured at fair value through profit or loss are financial assets/liabilities held for resale or hedging. Assets/liabilities in this category are classified as current assets/liabilities. Changes in the value of these financial assets/liabilities are reported as finance income/costs in the income statement.

(b) Financial assets/liabilities at amortized cost

Trade receivables are part of current assets, except for items with due dates more than 12 months after the reporting date, in which case they are classified as non-current assets.

Cash and cash equivalents and trade receivables less any provision for impairment are recognized at amortized cost. According to IFRS 9, trade receivables should be measured at amortized cost using the effective interest method, but as trade receivables have very short durations and the interest effects are very small, the Group's reported value is not deemed to diverge materially from the fair value. See also Note 16, Trade receivables.

Financial liabilities are initially recognized at fair value, net of transaction costs incurred. They are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the term of the loan using the effective interest method.

Liabilities to credit institutions and commercial papers are classified as current liabilities unless the Group has an unconditional right to defer the payment of the liability for at least 12 months after the reporting date.

Trade payables are part of current liabilities, except for items with due dates more than 12 months after the reporting date, which are classified as non-current liabilities. Trade payables are recognized at amortized cost.

According to IFRS 9, trade payables should be measured at amortized cost using the effective interest method, but as the Group's trade payables have very short durations and the interest effects are very small, the reported value of the Group is not deemed to diverge materially from the fair value.

(c) Financial assets/liabilities at fair value through Other comprehensive income

Share swap agreements to repurchase Scandic's own shares are reported as a financial liability with the agreed amount to be paid on the maturity date.

NOTE 30 Transactions with related parties

The group Braganza AB is treated as a related party based on its ownership and representation on the Board of Directors during the year. The OECD's recommendations for Transfer Pricing are applied for transactions with subsidiaries. The following transactions were carried out with related parties:

Million SEK	Group		Parent Company	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Purchases of services				
Braganza AB ¹⁾	0	0	-	-
Total purchases of services	0	0	0	0
Sales of services				
Braganza AB ²⁾	0	0	-	-
Subsidiaries	-	-	55	40
Total sales of services	0	0	55	40
Closing balances at year-end from purchases and sales of services				
Receivables from related parties:				
Braganza AB	0	0	-	-
Subsidiaries	-	-	35	5
Total receivables from related parties	0	0	35	5
Liabilities to related parties:				
Braganza AB	-	-	-	-
Subsidiaries	-	-	12	4
Total liabilities to related parties	0	0	12	4
Loans to related parties				
<i>Subsidiaries</i>				
Opening balance	0	0	1,342	4,537
Payments made or received during the year	-	-	-	-3,383
Interest	-	-	64	153
Exchange rate differences	-	-	-	35
Closing balance	0	0	1,406	1,342

¹⁾ The purchases mainly relate to air travel.

²⁾ Sales relate entirely to income from accommodations.

The Parent Company's loans to related parties consist of long-term loans to Group companies as well as receivables and liabilities within the cash pool of the Group. These are classified as long term.

For information on terms of employment and compensation to senior executives, see the Corporate Governance Report.

NOTE 31 Appropriation of profits and dividends

In accordance with the Board's dividend policy adopted on September 14, 2015, Scandic aims to distribute at least 50 percent of its annual net profit.

Decisions regarding the appropriation of profits are made with consideration for the company's future profits, financial position, capital requirements and macroeconomic conditions.

The Board of Directors has proposed to the Annual General Meeting that no dividend be paid to the shareholders and that the amount at the meeting's disposal be carried forward.

Proposed appropriation of profits

The Board of Directors and the CEO propose that the funds that are at the disposal in the Parent Company's balance sheet:

Share premium reserve	3,560,960,867
Retained earnings	4,708,417,763
Profit/loss for the year	-78,697,048
Total	8,190,681,582
be distributed as follows:	
To be carried forward	8,190,681,582
Total	8,190,681,582
Total, KSEK	8,190,682

The Board of Directors and the CEO certify that the consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and give a true and fair view of the Group's financial position and performance. This Annual Report has been prepared in accordance with generally accepted accounting principles and gives a true and fair view of the Parent Company's financial position and performance.

Income statements and balance sheets will be submitted to the Annual General Meeting on May 9, 2023 for adoption.

NOTE 32 Events after the reporting date

On February 15, 2023, Scandic signed an agreement for external financing with total credit facilities of 3,450 million SEK until December 31, 2025. In connection with the extension, among other things, interest terms and covenants were also adjusted. Under certain conditions, the external financing gives Scandic the opportunity to finance all or part of the convertible loan that will be due on October 8, 2024.

ADOPTION

The Board of Directors and the CEO certify that the consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and give a true and fair view of the Group's financial position and performance.

The Administration Report of the Group and Parent Company gives a true and fair view of the progress of the Group's and Parent Company's operations, financial position and performance, and states significant risks and uncertainty factors facing the Parent Company and Group companies.

This Annual Report has been prepared in accordance with generally accepted accounting principles and gives a true and fair view of the Parent Company's financial position and performance.

Income statements and balance sheets will be submitted to the Annual General Meeting on May 9, 2023 for adoption.

Stockholm, March 30, 2023

Per G. Braathen
Chairman of the Board

Gunilla Rudebjer
Board member

Grant Hearn
Board member

Kristina Patek
Board member

Martin Svalstedt
Board member

Fredrik Wirdenius
Board member

Marianne Sundelius
Employee representative

Jens Mathiesen
CEO

Our audit report was presented on March 30, 2023
PricewaterhouseCoopers AB

Sofia Götmar-Blomstedt
Authorized Public Accountant
Auditor-in-Charge

AUDITOR'S REPORT

To the general meeting of the shareholders in Scandic Hotels Group AB (publ), corporate identity number 556703-1702

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinion

We have audited the annual accounts and consolidated accounts of Scandic Hotels Group AB (publ) for the year 2022 except for the corporate governance statement on pages 78–87. The annual accounts and consolidated accounts of the company are included on pages 66–121 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 78–87. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's and group's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsi-

bilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud. We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

The major portion of Scandic's operations are in Sweden, Norway, Finland and Denmark and represent more than 96% of the group's net sales and EBITDA. For the largest reporting units, we have examined the year-end book closing, undertaken hotel visits and we have assessed and tested key controls regarding the financial reporting. The consolidated accounts, disclosures in the notes in the annual report and complex transactions have been examined by the group team. This has included impairment test-

ing of the group's goodwill and brands which are not subject to ongoing depreciation.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgment, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–65 and 126–131. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do

Key audit matters

Going concern – Financing and liquidity needs

We refer to the Administration report and the heading Cash flow and financial position, Events after the reporting date and Outlook.

An extraordinary general meeting on April 26, 2021, approved the Board of Directors' proposal to issue a convertible loan, raising 1,609 million SEK in gross proceeds. After 32 million SEK in issue expenses, net proceeds totaled 1,577 million SEK. No interest payments are being made during the life of the loan. Instead, the interest expense is accumulated on an ongoing basis to the convertible debt, which will be 1,800 million SEK at maturity.

Interest-bearing net liabilities excluding IFRS 16 and convertible loans decreased by 1,628 million SEK to 1,425 million SEK during the year. The net debt as at December 31, 2022, corresponded to 0.6 x adjusted EBITDA for the preceding 12 months (1.1 x including the convertible loan), which is lower than at the end of 2021 and year-end 2019 (1.7). In December 2022, Scandic extended its external financing until March 31, 2024, and the total credit facility was adjusted to 3,700 million SEK. Loans from credit institutions totaled 1,107 million SEK and cash and cash equivalents amounted to 317 million SEK. The convertible loan amounted to 1,484 million SEK at the end of the year. Total available liquidity at the end of 2022 amounted to approximately 2,800 million SEK. After the end of the year, on February 15, 2023, Scandic signed an agreement for external financing with total credit facilities of 3,450 million SEK until December 31, 2025. In connection with the extension, among other things, interest terms and covenants were also adjusted. Under certain conditions, the external financing gives Scandic the opportunity to finance all or part of the convertible loan that will be due on October 8, 2024.

Based on current bookings, Scandic has a positive view for the first quarter of the year, with continued high price levels and stable occupancy at a slightly lower level than for the first quarter of 2019. Based on the prepared business plan and the cash flow forecast, it is the management's best estimate that described measures to strengthen liquidity combined with continued good business practices regarding managing revenue, expenses and cash flow will suffice to ensure liquidity and continuity both this year and the next.

Valuation of goodwill and other acquisition-related assets

We refer to Note 11 Intangible assets.

Goodwill and other acquisition-related assets, including brands, comprise a significant portion of the Scandic group's balance sheet total. As of 31 December, goodwill and brands amounted to million SEK 7 035 which is equivalent to 49% of the balance sheet total (excl activated leases according to IFRS16). These items are not only significant in terms of their amount but also in their nature, as they are impacted by management's estimates and judgments.

Management and the Board of Directors annually undertake an impairment test of the value of goodwill and brands, and in conjunction with each occasion on which there are indications that a decline in value has been identified, to assess whether there is an impairment requirement.

The recoverable amount as per 31 December 2022 is determined based on value-in-use calculations for the cash-generating units: Sweden, Norway, Finland and Other Europe. These calculations are based on estimated future cash flows after tax based on a five-year period. The cash flow for 2023 is based on a budget adopted by the Board of Directors of the company and, from 2024 to 2027, on the company's long-term forecast. This assessment includes, therefore, assumptions of significant importance to the testing of an impairment requirement. This includes assumptions on sales growth, the development of margins and the discount rate (WACC).

Even if a given unit shows no impairment requirement in a testing as per 31 December 2022, future developments negatively deviating from the assumptions and judgments providing the basis of that testing can lead to an impairment requirement.

Other acquisition-related intangible assets are subject to ongoing depreciation. For these assets, a testing of the valuation is undertaken if there is a suspicion that the value of the assets has decreased so that a write-down needs to be undertaken.

Based on the impairment testing undertaken for goodwill and brands, which is based on best estimates and on the information available in preparing the annual testing as per 31 December 2022, Scandic's assessment is that there is no impairment requirement regarding the above-mentioned assets as at 31 December 2022.

How our audit addressed the key audit matter

To assess the Company's and Group's going concern and that the provided disclosures in the Annual report gives a true and fair view of the future financing and liquidity needs we have performed the following audit procedures:

We have obtained management's cash flow forecast and the business plan. We have challenged and assessed the reasonability of significant assumptions made by management and by random sample, tested the calculations. We have also performed a sensitivity analysis to assess the impact of underlying assumptions in the cash flow forecast.

As for the resolved financing arrangements, in terms of the issue of convertibles and the extension of the existing credit facilities, we have obtained supporting documentation and the decision of the General Meeting as well as evidence of the extension of the credit facilities. We have also reviewed compliance with interest terms, securities and covenants.

We have performed the following audit procedures:

We have verified the mathematical correctness of the company's impairment testing, the correctness of the model applied, as such, and have determined if the model agrees with IFRS. We also challenged and evaluated the reasonability of significant assumptions made by management. In order to examine the model, itself, and the assumptions we have utilized valuation experts to test and evaluate the applied models and methods, as well as significant assumptions.

On a random sample basis, we have tested and challenged the details applied in the calculations against the company's budgets and financial plan prepared as per 31 December 2022. We have, then, focused on the assumptions regarding growth, margin development and the applied discount rate per cash-generating unit. We have also, where possible, evaluated and challenged against available external information.

Furthermore, we have reviewed the sensitivity analysis that has been prepared by the Company in regard to the valuation of negative changes in significant parameters which, individually or on a collective basis, could imply that an impairment requirement exists.

not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

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

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so. The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

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

ment when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The auditor's examination of the administration of the company and the proposed appropriations of the company's profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Scandic Hotels Group AB (publ) for the year 2022 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

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

the group's equity, consolidation requirements, liquidity and position in general.

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

Auditor's responsibility

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

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

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

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

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

THE AUDITOR'S EXAMINATION OF THE ESEF REPORT

Opinion

In addition to our audit of the annual accounts and consolidated accounts, We have also examined that the Board of Directors and the Managing Director have prepared the

annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for ABC AB (publ) for the financial year 2022.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for Opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Scandic Hotels Group AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report has been marked with iXBRL in accordance with what follows from the Esef regulation.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 78–87 has been prepared in accordance with the Annual Accounts Act.

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

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the

second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

PricewaterhouseCoopers AB, Stockholm, was appointed auditor of Scandic Hotels Group AB (publ) by the general meeting of the shareholders on the 10 May 2022 and has been the company's auditor since the 9 May 2012.

Stockholm, 30 March 2023
PricewaterhouseCoopers AB

Sofia Götmar-Blomstedt
Authorised Public Accountant

COMPENSATION REPORT 2022

INTRODUCTION

At the 2020 AGM, Scandic's guidelines for compensation to senior executives were adopted. These guidelines remained unchanged in 2022. This Compensation Report describes how these guidelines were implemented.

It also provides information on compensation to the CEO and a summary of the company's share-based incentive program. The report has been prepared in accordance with the Swedish Companies Act and the Swedish Corporate Governance Board's Rules on Remuneration of the Board and Executive Management and on Incentive Programmes.

Further information on compensation to senior executives can be found in Note 05 on pages 101–103 in the Annual Report 2022. Information about the work of the

Compensation Committee in 2022 is described in the Corporate Governance Report, which has been included in the Annual Report 2022 on pages 78–87.

Compensation to the Board of Directors is not included in this report. This compensation is decided annually by the AGM and is reported in Note 05 on pages 101–103 in Scandic's Annual & Sustainability Report 2022.

2022 IN BRIEF

The CEO summarizes Scandic's financial year in his CEO statement on pages 4–5 of the Annual Report 2022.

THE COMPANY'S COMPENSATION GUIDELINES: SCOPE, PURPOSE AND COMPLIANCE

Scandic shall offer terms that are in line with market conditions and enable the company to recruit and retain the managers required to meet its short and long-term targets. Compensation to senior executives may consist of a fixed salary, variable salary, pension and other benefits. In addition, the AGM may resolve, among other things, on long-term share incentive programs. The compensation guidelines do not include share-based long-term incentive programs or ordinary board fees, which are subject to separate resolutions by the AGM. The guidelines for compensation to senior executives are available on Scandic's website under [Rules on Remuneration of the Board and Executive Management and on Incentive Programmes](#)

No deviations from the guidelines have been made. No deviations from the decision-making process that according to the guidelines must be applied to determine the compensation have been made. The auditor's report on the company's compliance with the guidelines is available at [Remuneration guidelines and compensation reports | Scandic Hotels Group AB](#). No compensation has been claimed back.

RETENTION PLAN

In 2022, the Board resolved to pay the CEO variable remuneration in the form of a retention bonus over a three-year period that will be paid to the CEO in 2025, provided that he remains employed within the company. This was based on the Board's assessment that it is business-critical for the company to ensure that the current CEO continues to lead Scandic.

SHARE-BASED COMPENSATION

The goal of long-term incentive programs is to create long-term commitment at Scandic, to attract and retain senior executives and other key personnel and to ensure the shareholder perspective.

Long-term incentive programs constitute a supplement to fixed and variable salary, with participants nominated based on skills and performance. The outcome depends on whether certain predetermined performance requirements are met. These requirements are set to ensure long-term and sustainable value creation for Scandic's stakeholder groups.

OUTSTANDING SHARE-BASED INCENTIVE PROGRAMS

From the IPO in 2015 until 2019, the AGM resolved every year to launch a share-based Long-Term Incentive Program (LTIP). In 2020 and 2021, no LTIP was launched. The program implemented in 2019 (LTIP 2019) expired on April 27, 2022, the day that Scandic published its interim report for the first quarter 2022.

In 2022, a new program was launched, LTIP 2022, in which participants may receive a number of performance shares, free of charge, depending on the degree of fulfillment of certain performance criteria determined by the Board related to the total return on the company's shares (TSR). Matching shares and performance shares will be allotted after the end of a vesting period that runs until the

The CEO's total compensation in 2022 (in SEK)

Jens Mathiesen, CEO

Fixed compensation

Base salary	7,604,304
Fringe benefits	315,579

Variable compensation

One-year variable ¹⁾	5,677,880
Multi-year variable ²⁾	1,645,090

Pension costs

	2,674,794
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Total compensation

	17,917,647
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Proportion of fixed³⁾

and variable⁴⁾ compensation 59% / 41%

¹⁾ Short-term incentive programs (STI). Read more on page 127.

²⁾ The value of shares allotted in the LTIP that expired in 2022 (LTIP 2019) + the book value of rights allotted in the LTIP 2022 and the Retention Bonus Plan. Read more in the Compensation Report on this page under Retention Plan.

³⁾ Fixed = fixed compensation + pension expense.

⁴⁾ Variable = variable compensation + extraordinary compensation.

date of publication of Scandic's interim report for the first quarter 2025 subject to the participant remaining a permanent employee within the Group during the entire vesting period.

The current CEO has received 146,325 performance shares in the LTIP 2022. These have been allotted free of charge and are conditional to three-year vesting periods and the CEO's continued permanent employment in the company.

APPLICATION OF PERFORMANCE CRITERIA

In 2022, a general short-term incentive program (STI) was launched with performance criteria linked to the company's financial results, guest experience as well as leadership and commitment. The criteria, target levels and assessment scales were prepared by the Compensation Committee and decided by Scandic's Board.

Share-based incentive program (CEO)	LTIP 2022	LTIP 2019
Jens Mathiesen, CEO		
The main conditions of share-based incentive programs		
Specification of plan	LTIP 2022	LTIP 2019
Performance period	2022–2024	2019–2021
Award date	June 20, 2022	June 14, 2019
End of program period	April 27, 2025	April 27, 2022
End of holding period	April 27, 2025	April 27, 2022
Information regarding the reported financial year		
Opening balance		
Rights vested at the beginning of the year	146,325	35,184
During the year		
Rights vested	0	0
Shares awarded ¹⁾	0	2,932
Closing balance		
Rights subject to performance criteria	146,325	0
Rights vested but not transferred	0	0
Shares subject to a holding period	0	0

¹⁾In the LTIP 2019, 2,932 matching shares without performance criteria valued at SEK 171,418 were allotted. No performance shares were allotted in the LTIP 2019.

Information on changes in compensation and company performance

Year	2022	2022–2021	2021–2020	2020–2019	2019–2018	2018–2017 ¹⁾
The CEO's compensation, thousand SEK ²⁾	17,917,647	7,677 (74.97%)	-1,058 (-9.4%)	-73 (-0.6%)	3,280 (40.5%)	-4,883 (-37.6%)
Adjusted EBITDA for the Group, million SEK	2,536	2,530 (42166.67%)	1,509 (100.4%)	-3,549 (-173.5%)	89 (4.5%)	384 (24.4%)
Profit/loss for the year, Group, million SEK	428	2,107 (125.5%)	4,272 (71.78%)	-6,676 (-920.8%)	47 (6.9%)	-33 (-4.6%)
Average compensation on a full-time equivalent basis of employees, entire Group, thousand SEK	414	-33.9 (-7.58%)	-39.1 (-8.0%)	46.6 (10.6%)	9 (2.0%)	4 (1.0%)

¹⁾ In 2017, there was a change of CEO. Here, the compensation consists of the total compensation for both CEOs for each period, respectively.

²⁾ The CEO's compensation includes share-related compensation equal to the value of the shares allotted each year, respectively.

THE SCANDIC SHARE

SHARE PRICE DEVELOPMENT

From the first day of trading in the Scandic share, December 2, 2015, until the closing price on the last day of trading in 2019, including dividends for three financial years, the Scandic share had a total return of 78.8 percent. From the end of February 2020, however, development in Scandic's share price was weak due to the significant negative effect of the Covid-19 pandemic on Scandic's operations. During 2022, Scandic's share price decreased -11.7 percent while the OMX Stockholm PI Index dropped -24.6. At year-end 2022, Scandic's stock market value was approximately 6.2 billion SEK.

LARGEST SHAREHOLDER

At the end of the year, Scandic's largest shareholder was Stena Sessan AB, whose shareholding amounted to 19.9 percent. AMF Pension & Fonder was the second largest shareholder, with holdings corresponding to

12.4 percent. At year-end, Eiendomsspar was the third largest shareholder with 3.5 percent ownership.

DEMOGRAPHIC BREAKDOWN

Most of Scandic's shareholders are Swedish. During the year, however, the number of foreign shareholders increased somewhat, from about 27.1 to around 34.2 percent. At year-end, Norwegian shareholders accounted for approximately 9.7 percent of foreign shareholders and US shareholders for about 8.6 percent. The largest known foreign shareholder at the end of the year was Eiendomsspar, a Norwegian company that holds 3.48 percent of Scandic's capital, making it Scandic's third-largest shareholder.

SHARE CAPITAL

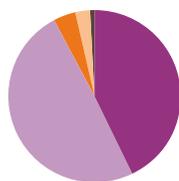
At year-end 2022, the share capital of Scandic was 47.8 million SEK divided into 191,304,116 shares with all

shares conferring equal voting rights, an equal share of assets and earnings and an equal share of any dividends.

DIVIDEND & DIVIDEND POLICY

The Board of Directors has adopted a dividend policy that aims to distribute at least 50 percent of Scandic's net profit. The dividend is based on the net profit excluding the effects of IFRS 16. For 2022, the Board of Directors has proposed that no dividend be paid.

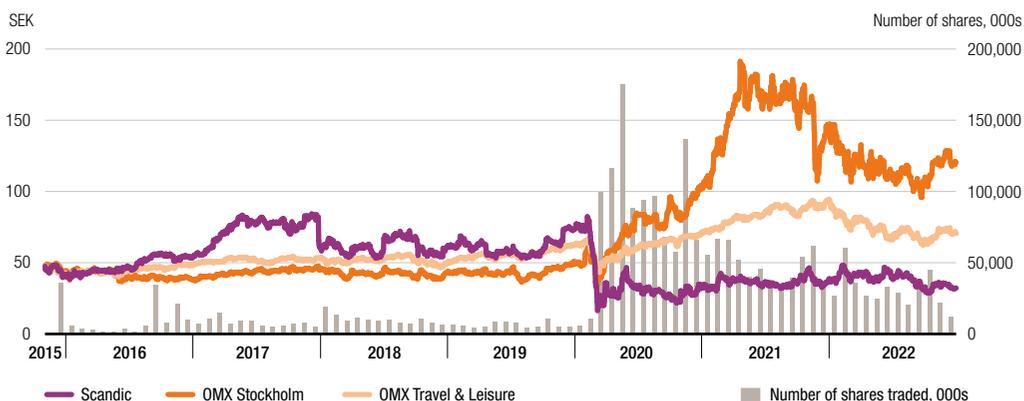
MARKETS WHERE SCANDIC SHARE WAS TRADED, 2022, %



Legend for Markets Where Scandic Share Was Traded, 2022, %:

- OMX Stockholm
- Cboe Global Markets
- LSE Group
- Aquis Exchange
- Other

SHARE PRICE & TURNOVER: DEC 2, 2015 – DEC 31, 2022¹⁾



Source: Monitor by Modular Finance AB. Compiled and processed data from Euroclear, Morningstar and the Swedish Financial Supervisory Authority, among others.

Source: Bloomberg

Analysts following Scandic

Karl-Johan Bonnevier	DNB
Adela Dashian	Jefferies
André Juilliard	Deutsche Bank
Jamie Rollo	Morgan Stanley

Shareholder concentration

	Share of capital and votes, %
10 largest shareholders	49.2
20 largest shareholders	55.0
30 largest shareholders	58.2

Source: Monitor by Modular Finance AB. Compiled and processed data from Euroclear, Morningstar and the Swedish Financial Supervisory Authority.

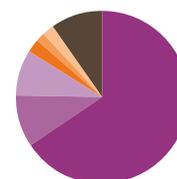
Share data

Ticket symbol	SHOT
ISIN	SE0007640156
Trading lot	1 share
List	Nasdaq Stockholm Nordic Mid Cap list
Sector index	Travel & Leisure

Shareholders	Share of capital and votes, %	Number of shares
Stena	19.9	37,974,365
AMF Pension & Fonder	12.4	23,660,000
Eiendomsspar	3.5	6,663,000
Periscopos AS	2.7	5,138,955
Avanza Pension	2.4	4,545,392
Vanguard	2.4	4,510,858
Svenska Handelsbanken AB for PB	2.2	4,204,236
Dimensional Fund Advisors	1.6	3,084,776
BlackRock	1.4	2,676,586
American Century Investment Management	0.9	1,712,457
Handelsbanken Fonder	0.8	1,512,387
Nordea Fonder	0.7	1,446,626
Per G. Braathen	0.6	1,433,305
Norges Bank	0.6	1,117,856
Gerald Engström	0.6	1,100,000
Total 15 largest shareholders	52.7	100,780,799
Other	47.3	90,523,317
Total	100.0	191,304,116

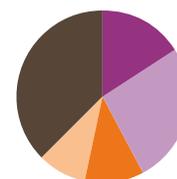
Source: Monitor by Modular Finance AB. Compiled and processed data from Euroclear, Morningstar and the Swedish Financial Supervisory Authority.

SHARE OWNERSHIP, GEOGRAPHIC DISTRIBUTION, %



Source: Monitor by Modular Finance AB. Compiled and processed data from Euroclear, Morningstar and the Swedish Financial Supervisory Authority.

TYPE OF OWNERSHIP, %



Source: Monitor by Modular Finance AB. Compiled and processed data from Euroclear, Morningstar and the Swedish Financial Supervisory Authority.

DEFINITIONS

HOTEL-RELATED KEY RATIOS

ARR (average room rate)

Refers to the average room revenue per sold room.

FTEs (full-time equivalents)

The number of full-time employees calculated as the total number of working hours for the period divided by annual working time.

LFL (like-for-like)

Refers to the hotels that were in operation during the entire period as well as during the corresponding period of the previous year (no new or exited hotels for the year are included).

OCC (occupancy)

Refers to sold rooms in relation to the number of available rooms. Expressed as a percentage.

RevPAR (revenue per available room)

Refers to the average room revenue per available room.

Pre-opening costs

Refers to costs for contracted and newly opened hotels before opening day.

EQUITY-RELATED KEY RATIOS

Earnings per share

The profit/loss during the period related to the shareholders of the Parent Company divided by the average number of shares.

Earnings per share, excluding effect of IFRS 16

The profit/loss during the period related to the shareholders of the Parent Company divided by the average number of shares, excluding the effect of IFRS 16.

Equity per share

Equity related to the shareholders of the Parent Company divided by the number of shares outstanding at the end of the period.

FINANCIAL KEY RATIOS & ALTERNATIVE PERFORMANCE MEASURES

EBIT

Earnings before interest and taxes.

EBITDA

Earnings before interest, taxes, depreciation and amortization.

EBITDA margin

EBITDA as a percentage of net sales.

EBT

Earnings before tax.

Adjusted EBITDA

Earnings before interest, taxes, depreciation and amortization, adjusted for the effect of IFRS 16.

Items affecting comparability

Items that are not directly related to the normal operations of the Group, for example, costs for transactions, integration, restructuring and capital gains/losses from sale of operations.

Free cash flow

Adjusted EBITDA less pre-opening costs, items affecting comparability, items not included in cash flow, paid tax, change of cash flow, interest paid to credit institutions and investments in fixed assets as well as net of acquisition/sale of business.

Interest-bearing net liabilities

Liabilities to credit institutions and commercial papers and other interest-bearing liabilities, excluding the convertible loan, less cash and cash equivalents.

Interest-bearing net liabilities	Dec 31, 2022	Dec 31, 2021
Liabilities to credit institutions	1,107	3,269
Liabilities, commercial papers	635	0
Cash and cash equivalents	-317	-216
Interest-bearing net liabilities	1,425	3,053

Justification: Interest-bearing net liabilities are used to calculate the company's indebtedness, which is one of Scandic's financial targets. The definition chosen corresponds to the definition used for the calculation of indebtedness according to Scandic's loan agreements.

Working capital

Total current assets, excluding derivative instruments and cash and cash equivalents, less total current liabilities, excluding derivative instruments, the current portion of lease liabilities and commercial papers.

Working capital	Dec 31, 2022	Dec 31, 2021
Current assets, excluding cash and cash equivalents	1,287	1,041
Current liabilities	-4,445	-3,665
Working capital, net	-3,157	-2,624

Justification: There is a need to optimize cash generation to create value for Scandic's shareholders. The management team therefore has a focus on working capital and on reducing lead times between income generation and payments received.

A more comprehensive list of definitions and alternative performance measures and related justifications is available at: Definitions | Scandic Hotels Group AB



Production: Scandic in cooperation with Hallvarsson & Halvarsson.
Printing: Larsson Offsettryck

INFORMATION TO THE SHAREHOLDERS

ANNUAL GENERAL MEETING

MAY 9, 2023

STOCKHOLM

2023 ANNUAL GENERAL MEETING

The AGM of the shareholders in Scandic Hotels Group AB (publ) will be held at 13:00 CEST on Tuesday, May 9, 2023 at Vasateatern (Scandic Grand Central), Vasagatan 19, Stockholm. Registration will begin at 12:00.

Notice and registration

Shareholders who wish to attend the meeting in person or by proxy (i) must be recorded in the share register kept by Euroclear Sweden AB on April 28, 2023 and (ii) by May 3 at the latest register in writing to Scandic Hotels Group AB (publ) c/o Euroclear Sweden AB, "Annual General Meeting 2023", Box 191, 101 23 Stockholm, by phone at +46 8 402 92 48 or on the company's website at www.scandichotelsgroup.com. Shareholders shall in their notice state their name, social insurance number or corporate identity number, address, phone number and the number of proxies, if any (maximum 2).

Shareholders represented by proxy shall provide a written and dated power of attorney.

A power of attorney template is available on Scandic's website at scandichotelsgroup.com. If the power of attorney is issued by a legal entity, a registration certificate or equivalent authorization document must be attached. In order to facilitate registration at the meeting, a power of attorney and registration certificate and any other authorization

documents shall be received by the company at the above address no later than May 8, 2023.

In order to have the right to participate in the AGM, a shareholder whose shares are nominee-registered must temporarily register the shares in their own name so that the shareholder will be recorded in the share register on April 28, 2023. Such registration may be temporary (so-called voting rights registration) and requests for registration should be made to the nominee according to the nominee's routines at such a time in advance determined by the nominee. Voting rights registrations made no later than the second banking day after April 28, 2023 will be taken into account when compiling the share register.

Advance voting

Shareholders wishing to participate in the AGM by advance voting must be recorded in the share register kept by Euroclear Sweden AB on April 28, 2023 and by May 3, 2023 at the latest notify the company of their intention to participate in the meeting by advance voting according to the instructions below such that their advance vote is received by Euroclear Sweden AB no later than on this date.

Shareholders who wish to participate in the meeting in person or by proxy must provide notice of such. This means that registration for advance voting alone will not suffice for any shareholder wishing to participate in person in the AGM.

For advance voting, a special form shall be used. The form is available on Scandic's website at scandichotels-group.com. The completed form must be received by Euroclear Sweden AB no later than May 3, 2023. The completed form can be emailed to: GeneralMeetingService@euroclear.com or by post to Scandic Hotels Group AB (publ), "Annual General Meeting 2023", c/o Euroclear Sweden, Box 191, 101 23 Stockholm. Shareholders may also cast advance votes using BankID verification on Scandic's website at scandichotelsgroup.com. Shareholders may not provide the advance vote with special instructions or conditions. If this occurs, the vote (i.e. the advance vote in its entirety) is invalid. Further instructions and conditions are provided in the advance voting form.

If a shareholder votes via advance voting by proxy, a power of attorney shall be attached to the form. A power of attorney template is available on Scandic's website at scandichotelsgroup.com.

If the shareholder is a legal entity, the certificate of registration or other authorization documents must be attached to the form. If a shareholder has voted in advance and thereafter participates in the AGM in person or by proxy, the advance vote will remain valid to the extent that the shareholder does not participate in a vote during the meeting or otherwise revokes the advance vote cast. If the shareholder during the meeting chooses to participate in a vote, the vote cast will replace the previously submitted advance vote on that particular item.

Notice convening the AGM

The AGM is convened through a notice on the company's website and an announcement in the Swedish Official Gazette (*Post- och Inrikes Tidning*). Any documents that are to be presented at the AGM will be made available on the company's website at least three weeks prior to the AGM.

FINANCIAL INFORMATION 2023

Interim Report January–June 2023

July 14, 2023

Interim Report January–September 2023

October 26, 2023

CONTACT DETAILS

Rasmus Blomqvist, Director Investor Relations
rasmus.blomqvist@scandichotels.com

Åsa Wirén, Chief Financial Officer
asa.wiren@scandichotels.com





Scandic