
Scandic
Your friend in town
ANNUAL & SUSTAINABILITY REPORT 2024

Scandic

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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 2023 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 67–116 of this document. The statutory sustainability report can be found on pages 32–66 in this document.

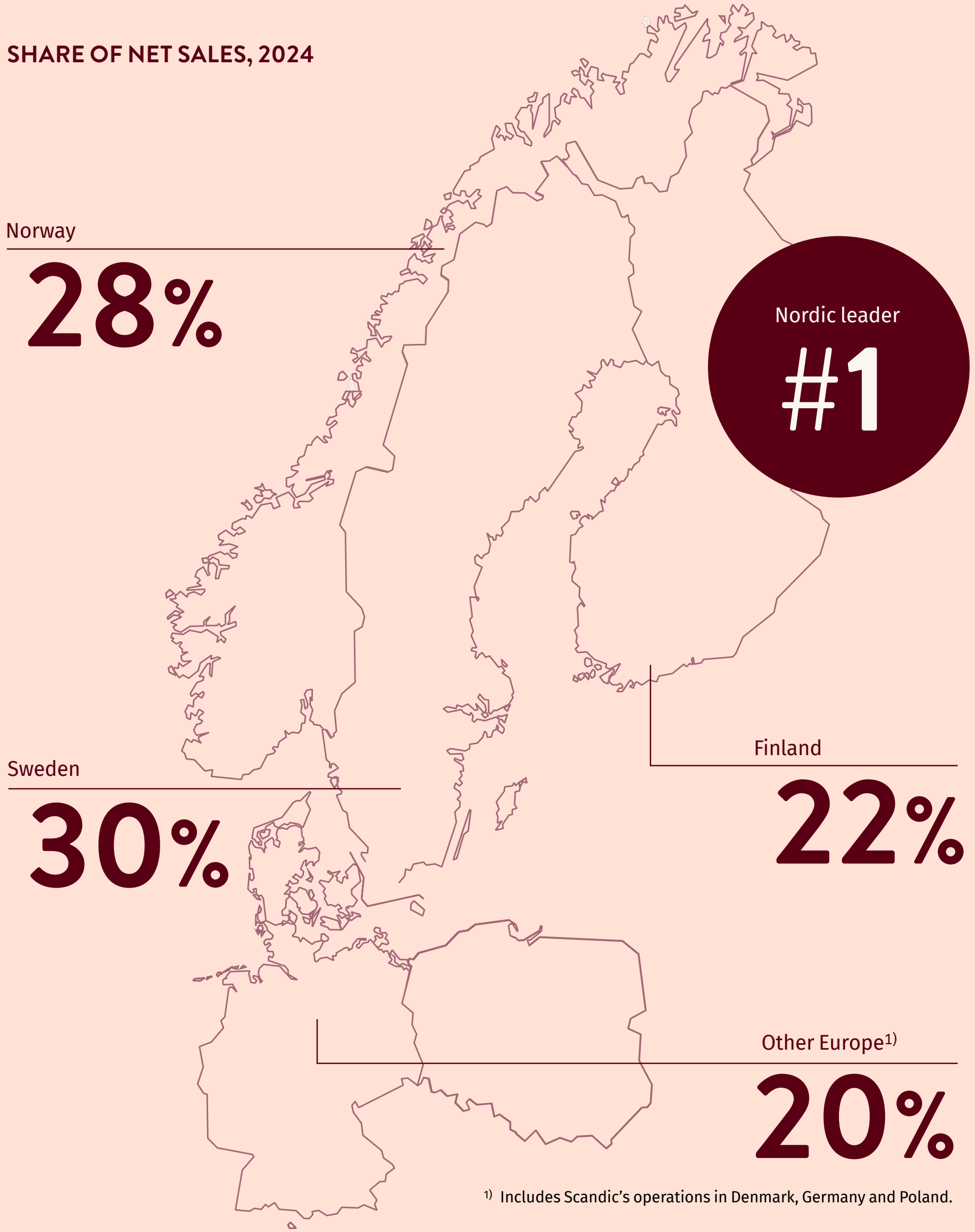
THE LEADING NORDIC HOTEL COMPANY

Scandic is the leading Nordic hotel company with a unique offering for leisure and business travelers. The company's successful concept is built on more than 60 years of innovation, development and drive to create exceptional guest experiences every day.

Scandic's history dates back to 1963, when the Esso Motorhotell opened in Laxå, Sweden. The idea of a nationwide chain of standardized roadside hotels was an innovative and successful concept. Until the early 1980s, Esso expanded in Northern Europe, with most of the hotels located in Sweden, Norway and Denmark. The concept was also launched successfully at central locations in larger cities.

When the company was sold in 1983, the name Scandic was born. In the 1990s, Scandic expanded through several acquisitions and was first listed on the Stockholm Stock Exchange. In the early 2000s, Scandic acquired Provobis Hotels, strengthening its portfolio of city hotels in Sweden. The company's growth journey gained momentum in 2014 when Scandic acquired the Rica hotel chain in Norway. In 2017, Scandic solidified its leading position in the Nordic region by acquiring Restel in Finland. In 2023, Scandic launched Scandic Go, a new brand that aims to gain a leading position in the rapidly growing economy segment. Today, Scandic is commercially and financially stronger than ever and well-positioned to cement its leading position in the Nordic countries while driving growth at select destinations in Germany.

SHARE OF NET SALES, 2024



[1)] Includes Scandic's operations in Denmark, Germany and Poland.

MORE THAN 60 YEARS OF INNOVATION AND DEVELOPMENT

For over six decades, Scandic has been a driving force for innovation and development in the hotel industry.

By the end of the year, the company's 263 hotels and 55,319 hotel rooms in operation across 130 destinations in Sweden, Norway, Finland, Denmark, Germany and Poland.

Scandic has a unique geographic reach across 130 destinations, catering to leisure and business guests in the economy, mid-market and premium segments. Most hotels operate under the Scandic brand, which primarily targets guests within the mid-market segment. With Scandic Go, the company has established a strong brand for a new generation of travel-savvy guests in the economy segment for whom visiting a destination is often about more than just the hotel experience. Scandic also operates an exclusive collection of hotels in the premium segment under the Signature Collection brand.

Sustainability is a core part of Scandic's strategy

Sustainability has been a central pillar of Scandic's strategy and a key success factor since the early 1990s. With its leading position, Scandic has the ability to drive transformation and inspire real change. Today, almost all of Scandic's hotels are environmentally certified under the Nordic Swan Ecolabel, the official third-party environmental certification with the most demanding requirements in the industry. The foundation of Scandic's culture was established more than 60 years ago. Today, this culture is expressed through the values: Be Caring, Be You, Be a Pro, and Be Bold. The primary goal remains to deliver exceptional hotel experiences every day.

Scandic Go caters to a new generation of travel-savvy guests in the economy segment for whom visiting a destination is often about more than just the hotel experience.

Number of hotels	Hotel rooms	Destinations
263	55,319	130

KEY RATIOS AND SELECTION OF EVENTS IN 2024

Net sales
22.0
Billion SEK (21.9)

Adjusted EBITDA
2.5
Billion SEK (2.6)

Occupancy
61.8
% (61.4)

ARR[1)]
1,294
SEK (1,272)

RevPAR[2)]
799
SEK (782)

1) Average room revenue per sold hotel room.
2) Average room revenue per available room.

A GROWING HOTEL PORTFOLIO

Scandic continued to strengthen its hotel portfolio with a strategic focus on the Nordic region and Germany. Interest in Scandic Go remains high, and during the year, agreements were signed for five new hotels in Sweden and Finland. Additionally, Scandic opened its second Scandic Go hotel in Stockholm. Furthermore, Scandic signed an agreement for a new hotel in Stuttgart and opened a new hotel in Nürnberg.

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NEW LOYALTY PROGRAM

With three million members, Scandic Friends is the largest loyalty program in the Nordic hotel industry. The program aims to strengthen customer loyalty, with a goal of doubling membership by 2030. Scandic Friends now features enhanced tiers and exclusive offers. Additionally, in the first half of 2025, a new website and app will be launched to further enhance the guest experience.

→ Read more on page 18

PARTNERSHIP WITH SAS

Scandic continuously expands its collaborations with relevant and attractive partners to strengthen its offering. During the year, a strategic partnership was established with Scandinavian Airlines (SAS), aiming to provide unique and exclusive benefits to over 11 million members of two leading loyalty programs in the hospitality industry.

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NEW FINANCIAL TARGETS & RETURN OF CAPITAL TO SHAREHOLDERS

Scandic maintains a strong financial position and is well-positioned for continued profitable growth, as reflected in the company's updated financial goals for 2025–2027. During the year, the convertible loan was converted, and Scandic announced its ambition to return capital to shareholders. As a first step, the company launched a share buyback program of 300 million SEK and distributed an extraordinary dividend of 550 million SEK in December. Additionally, Scandic fully repaid its 631 million SEK debt for deferred VAT and employer contributions related to the pandemic years to the Swedish Tax Agency.

Share buyback program of
300 million SEK

Extra dividend 2024
550 million SEK

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CEO STATEMENT

"SCANDIC STANDS STRONG WITH HIGH GUEST SATISFACTION, EFFICIENCY, AND ENGAGED TEAM MEMBERS. NOW, WE WILL BUILD ON THIS STRENGTH, FOCUS ON GROWTH AND GRADUALLY IMPROVE PROFITABILITY"

How would you summarize 2024?
The past year, Scandic maintained a fast-paced development while delivering strong results. We focused on growth and future investments to enhance our commercial and operational capabilities. Key milestones included the successful implementation of Oracle Opera Cloud, the launch of our new Scandic Friends loyalty program, and a strategic partnership with SAS. Additionally, I am proud of the strong start for Scandic Go, with agreements signed for five new hotels during the year.

How did the hotel market develop?
The Nordic hotel market continued to grow positively, with higher occupancy rates and price levels. Leisure travel remained stable, while business travel showed a positive trend, though its recovery has been somewhat slower. We also need to remember that the Nordic markets have had some economically challenging years. With this in mind, we see continued room for improvement.

At the Capital Markets Day in early 2025, the theme was "a clear plan for growth". Can you expand on this?
Scandic stands strong with high guest satisfaction, efficiency, and engaged employees. This is the result of years of dedicated efforts to optimize operations and invest in commercial and operational capabilities. Now is the time to build on this momentum and elevate Scandic to the next level. Moving forward, the company will maintain a sharp focus on growth while progressively strengthening profitability. Our ambition is to drive profitable expansion with balanced risk – a journey that will create value for our guests, team members and shareholders.

How would you summarize Scandic's growth strategy?
Scandic aims to expand its portfolio by signing agreements for approximately 10,000 new hotel rooms by 2030, equating to 8–10 new hotels per year. We focus on strengthening market leadership in the Nordic countries while selectively expanding in Germany, prioritizing key destinations in major cities. A key pillar of this growth is Scandic Go, which is expected to represent around 50 percent of the new rooms,

establishing a strong presence in the rapidly growing and profitable economy segment. Additionally, franchising will play a crucial role in low-risk, high-profit expansion across the Nordic region. Beyond geographical growth, Scandic's investments in commercial and operational improvements are expected to drive higher revenues and enhanced efficiency, ensuring long-term profitability.

What opportunities do you see within franchising?
In the past, Scandic's presence was primarily outside major cities. Today, the majority of our hotels are located in the larger cities. Naturally, we want to capitalize on growth opportunities at low risk in smaller destinations across the Nordics, where we currently have no presence. Today, we have 18 franchise hotels, and our goal is to add around 30–40 new hotels by 2030. With a strong commercial platform and an efficient operational model, we offer a highly competitive concept that will be attractive.

What is the view of growth opportunities in the Nordic countries and Germany?
We see good growth opportunities. By 2030, demand is expected to outpace capacity development in our markets, with stable growth anticipated in the mid-market and economy segments.

Our focus on Germany is long-term and strategically well-grounded. As Europe's largest economy, Germany offers significant opportunities, especially in key locations in the largest cities, which is where we're focusing our expansion.

We have a well-appreciated brand in Germany and our existing hotel portfolio of eight hotels is performing well, and we're running our hotel operations with high efficiency and good cost control. This will ensure that our German hotels contribute positively to our overall margins.

How is Scandic financially positioned to deliver on the growth strategy?
Scandic is financially stronger than ever and well-positioned to execute its strategy. In 2024, the company secured a new financing agreement aligned with its business plan, ensuring financial flexibility. By the end of the year, indebtedness was near zero, providing a solid foundation for the future.

Scandic is now returning to its dividend policy?
I am proud to return to our policy of distributing over 50 percent of net profit to shareholders. In addition to resuming dividend payments, we fully repaid the Swedish tax debt from the pandemic, launched a 300 million SEK share buyback program, and distributed an extraordinary dividend of 550 million SEK. Earlier this year, we also announced plans for a new share buyback program of approximately 500 million SEK. In total, between December 2024 and March 2026, we expect to distribute around 1,900 million SEK through dividends and share buybacks.

How is the work with sustainability developing?
Sustainability is a central part of our strategy that influences everything we do at Scandic – from procurement and the way we operate to our business decisions. We are deeply committed to driving positive change, both within the hotel industry and for our planet.

In 2024, we continued to reduce CO_2e emissions in line with our targets and increased the number of hotels certified by the Nordic Swan Ecolabel to 96 percent.

In 2025, we will launch a new sustainability strategy with ambitious goals to further strengthen our sustainable hotel operations. This includes committing to achieving science-based carbon reduction targets in accordance with the Science Based Targets Initiative.

What is your view for Scandic in 2025 and going forward?
We are optimistic about market development, and we expect to see gradual improvement during the year driven by a stabilized economy in the Nordic countries.

I'm proud of our continued progress in building an even stronger Scandic. We have a strong focus on key initiatives that will further strengthen our commercial and operational capabilities. With Oracle Opera Cloud now in place, the launch of our new Scandic Friends loyalty program and our strategic partnership with SAS, we are well equipped for the future.

Additionally, we are making significant strides in preparing to launch our new app and website, alongside a new staffing system for all hotels, which we expect to implement before the summer. These initiatives mark a shift towards a more commercial and competitive Scandic, with strong potential to attract more guests, increase loyalty, and improve efficiency. With a clear plan for growth, I am excited about the future. To conclude, I'd like to sincerely thank all our team members and guests!

Jens Mathiesen
President & CEO

BUSINESS MODEL

Scandic has established a leading position in the Nordic region and its successful concept is built on a proven business model with a focus on long-term, mainly revenue-based lease agreements.

As a hotel operator, Scandic is responsible for hotel operations as well as the brand and distribution. This allows Scandic to a large extent to ensure that its offering meets guests' expectations. By having responsibility for hotel operations and distribution, Scandic can also leverage economies of scale in areas such as purchasing, administration and investments. Scandic's ability to operate profitable hotels with high guest satisfaction, combined with an attractive business model, makes the company a preferred partner for property owners. Scandic and property owners have a shared incentive to increase revenue and efficiency, as higher sales also mean higher rental income and increased property values. Variable rents also mean that Scandic has a flexible cost structure, contributing to stable margins over time. Scandic's lease agreements regulate how investments are distributed, with the property owner responsible for the majority of investments. Scandic has a well-established commercial platform with a unique offering for leisure and business travelers alike. With the leading loyalty program in the Nordic region and a strong distribution capacity, the company also has a high proportion of returning guests and favorable conditions for optimizing the guest mix from a sales and profitability perspective. The ability to generate profitability is based on an efficient operating model focused on guests, team members and profitability. A sustainable approach and a strong culture with engaged and motivated team members are the foundation of Scandic's strategy. Sustainability is a central part of this strategy. The allocation of responsibilities for specific sustainability-related issues is regulated in the lease agreements to create shared incentives for competitive, responsible collaboration.

BENEFITS OF LEASING MODEL

- Control over value chain and offering
- Economies of scale in operations and distribution
- Incentives for property owners
- Flexible cost structure

FOCUS ON LEASE AGREEMENTS

Scandic's business model is built on turnover-based lease agreements. This is the predominant model in the Nordic region 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. Some hotel companies have a fully integrated model where the property owner is also responsible for operations as well as the offering and brand.

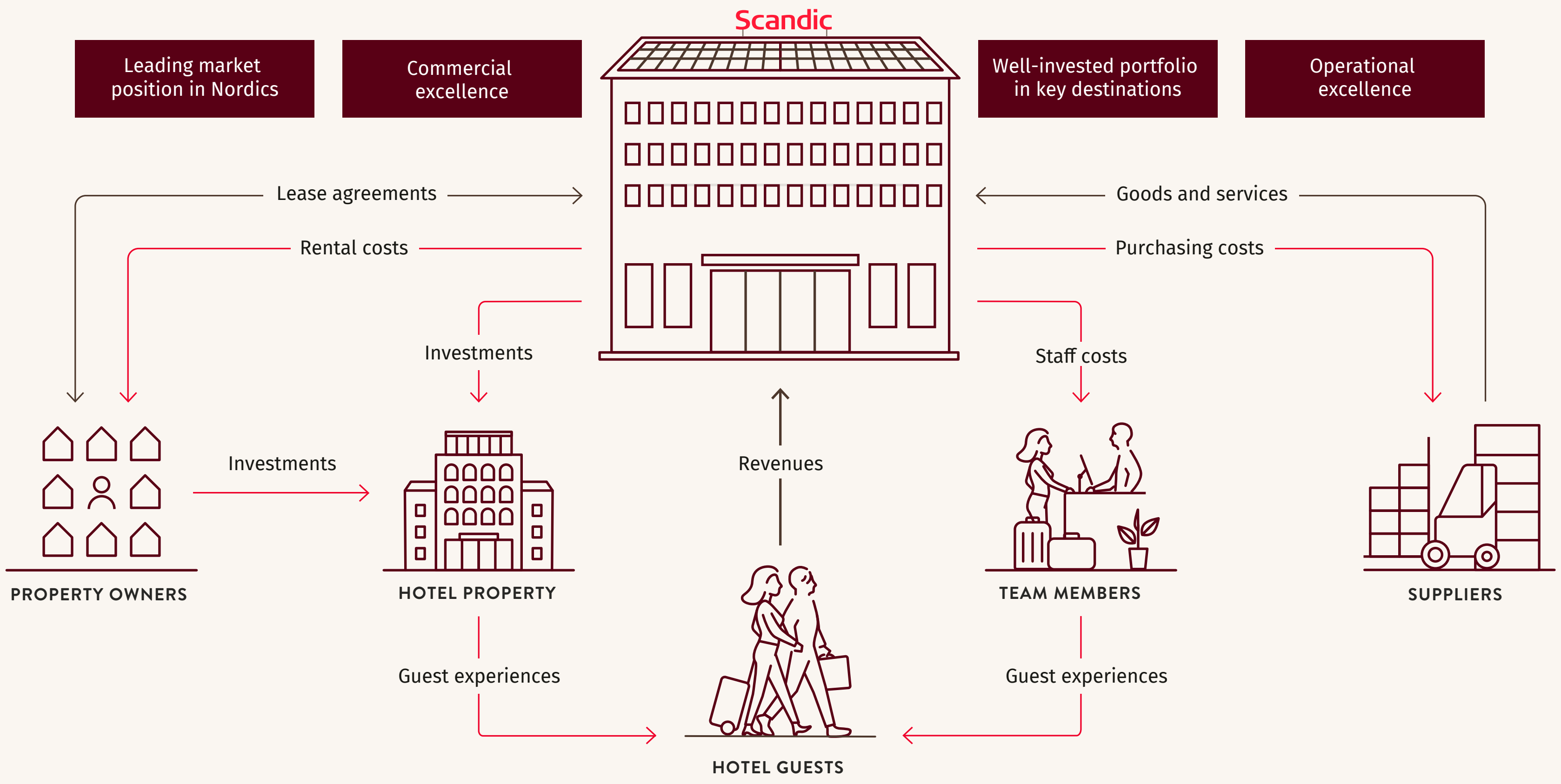
IMPACT OF IFRS 16 LEASES

Scandic has applied IFRS 16 Leases since January 1, 2019. This means that lease agreements with fixed or minimum rent are recognized in the balance sheet as right-of-use assets and lease liabilities. To help investors gain a good understanding of the company's position, Scandic presents financial results and key ratios including and excluding the effects of IFRS 16. Read more about how IFRS 16 impacts Scandic's financial statements on pages 124–127.

[1] On December 31, 2024, 92 percent of Scandic's hotels were operated under lease agreements.

BUSINESS MODEL

Scandic's ability to operate profitable hotels with high guest satisfaction, combined with an attractive business model, makes it a preferred partner for property owners. The business model is based on shared incentives between Scandic and property owners to deliver exceptional guest experiences.



VALUE CREATION

Scandic's ability to create value rests on four pillars.

1 GOOD SALES GROWTH

The Nordic hotel market is attractive and has grown steadily, driven by increased travel and tourism. Since 2010, Scandic has doubled its sales and established itself as a market leader. With three strong brands targeting the largest and fastest-growing segments of the market, Scandic is well-positioned for continued growth. The company benefits from rising demand from leisure travelers while maintaining a leading position in the business segment through framework agreements with companies, authorities, and organizations. Additionally, with the largest loyalty program in the Nordic countries and strong distribution capacity, Scandic enjoys a high proportion of returning guests and has favorable conditions for increasing bookings across both its direct and indirect sales channels.

2 FLEXIBLE COST STRUCTURE

With a focus on revenue-based lease agreements, Scandic maintains a high proportion of variable costs. Typically, around 25 percent of costs consist of consumables and sales-related expenses, such as rents and commissions. Under normal demand conditions, these costs fluctuate in line with sales volumes. Approximately half of Scandic's costs are classified as semi-flexible, including personnel expenses. Scandic continuously adjusts its costs based on business conditions and monitors expected occupancy daily to swiftly address any deviations.

3 STABLE PROFITABILITY

Scandic's operating model and flexible cost structure form the foundation of its ability to generate stable margins over time. Since its stock market listing in 2015, the company has gradually improved profitability by maintaining a consistent focus on efficiency gains. With responsibility for hotel operations, brand management, and distribution, Scandic controls and influences a significant portion of the value chain, ensuring profitability and economies of scale. Scandic prioritizes cost efficiency through careful staff planning and continuous monitoring.

4 STRONG CASH FLOW

With strong revenue growth, stable profitability and low capital tied up in working capital, Scandic has a great ability to generate solid cash flows. Investment needs are clearly defined through a structured division of responsibilities between Scandic and its property owners. Excluding the construction of new hotels, the company's reinvestment in maintenance typically accounts for 3 to 4 percent of net sales over time. Additionally, Scandic continues to invest in expansion, IT, and digitalization to drive long-term growth. Since the pandemic, Scandic has gradually reduced its debt, achieving historically low debt levels and high financial flexibility by the end of 2024.

FINANCIAL TARGETS AND OUTCOME

Scandic's financial targets aim to create shareholder value through a combination of growth, profitability and financial strength. During the year, the company set new financial targets for 2025 to 2027.

ORGANIC GROWTH

Organic net sales growth of at least 5 percent per year.

Outcome 2024: During the year, net sales increased by 0.1 percent to 22 billion SEK, which is equivalent to organic growth of 0.9 percent.

Previous target: The Group shall have organic growth, i.e. sales growth excluding acquisitions and adjusted for exchange rate fluctuations, of at least 5 percent per year on average over a complete business cycle.

PROFITABILITY

Adjusted EBITDA margin of at least 11 percent per year.

Outcome 2024: In 2024, the adjusted EBITDA margin was 11.4 percent compared with 11.7 percent in 2023.

Previous target: The adjusted EBITDA margin of the Group shall be at least 11 percent on average over a complete business cycle.

CAPITAL STRUCTURE

Scandic shall have net debt in relation to adjusted EBITDA of less than 1×.

Outcome 2024: At the end of 2024, Scandic's net debt was 128 million SEK while adjusted EBITDA amounted to 2,495 million SEK. Net debt in relation to adjusted EBITDA was 0.1x.

Previous target: The Group shall have net debt in relation to adjusted EBITDA of 2 to 3x.

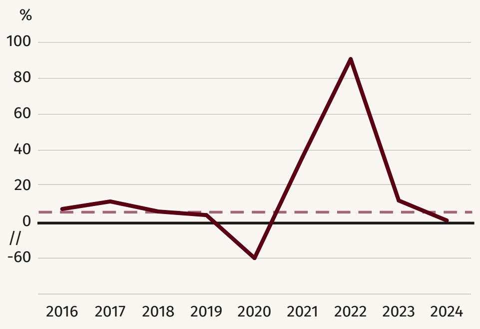
DIVIDENDS

The dividend policy is to distribute at least 50 percent of net profit for the year. Dividends are based on net profits excluding the effects of IFRS 16.

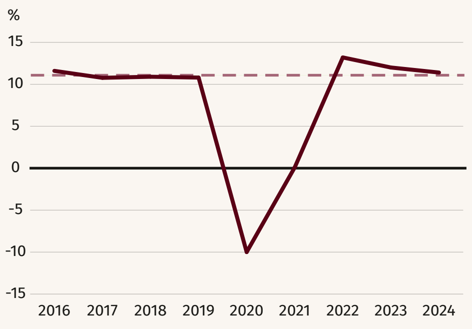
Outcome 2024: In 2024, Scandic distributed an extraordinary dividend of 550 million SEK, equivalent to approximately 2.50 SEK per share. Additionally, the Board of Directors has proposed that the Annual General Meeting approve an ordinary dividend of 2.60 SEK per share. In total, these dividends amount to approximately 103 percent of net profit.

Previous policy: The dividend policy is to distribute at least 50 percent of net profit for the year.

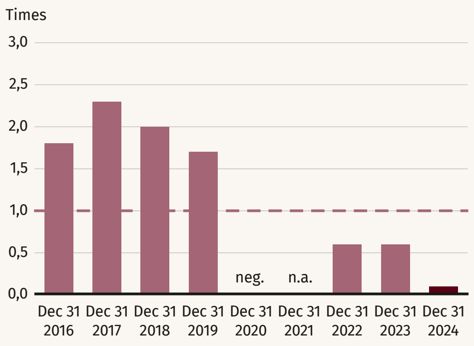
GROWTH TARGET: 5%



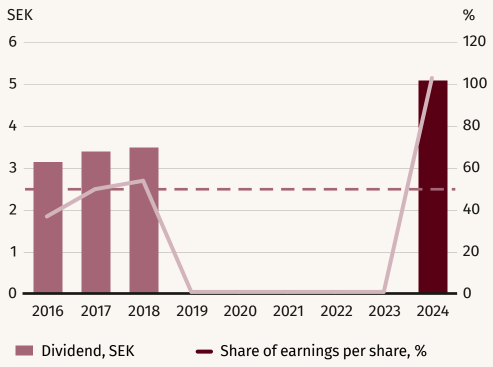
PROFITABILITY TARGET: 11%



CAPITAL STRUCTURE TARGET: <1×



DIVIDEND – TARGET: ≥ 50% TARGET: ≥ 50%



Scandic

MARKET AND STRATEGY

Scandic Nordkapp. Latitude: 71.164932, Longitude: 25.786972.
The perfect starting point for experiencing the breathtaking natural beauty of the North Cape and the many exciting activities it offers.

MARKET DEVELOPMENT

Increased occupancy and prices

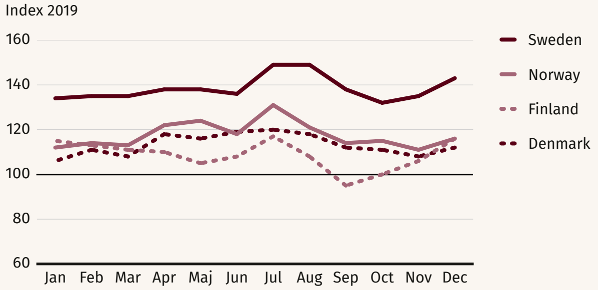
During the year, the Nordic hotel market grew steadily, with the average occupancy rate increasing to 62 percent (61) and the average room rate rising by 2.5 percent. This contributed to a 4.4 percent increase in revenue per available room (RevPAR). The hotel market continued its recovery, with higher occupancy rates and price levels across all Nordic countries. The strongest growth was seen in Sweden and Norway, while Finland's development remained relatively weaker. The Finnish market was primarily impacted by a challenging macroeconomic environment and the closure of Russian airspace, which dampened international travel. However, there is still room for recovery in certain segments. The share of international guests is gradually increasing but remains below pre-pandemic levels. In the business segment, the market for large conferences and trade fairs has also not yet fully recovered.

Favorable conditions for stable development

The Nordic hotel market has historically experienced stable growth, driven by increasing tourism and travel. Between 2010 and 2019, the number of hotel rooms sold in Scandic's markets grew by approximately 4 percent annually, while new hotel room capacity expanded at a rate of about 2 percent per year.

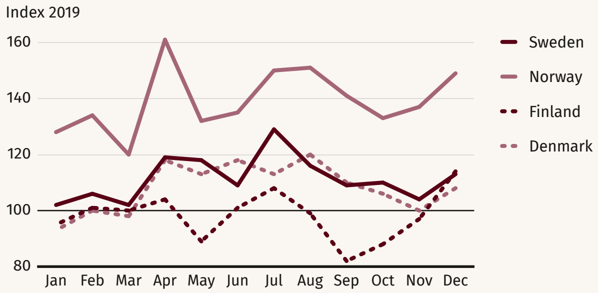
The market continues to recover, and between 2025 and 2030, demand for hotel rooms in the Nordic countries is expected to outpace capacity growth. During this period, the number of hotel rooms sold is projected to increase by about 3 percent per year, while new hotel room supply is forecast to grow at around 1 percent annually. Overall, these trends create favorable conditions for continued positive development in the hotel industry.

AVERAGE ROOM RATES 2024



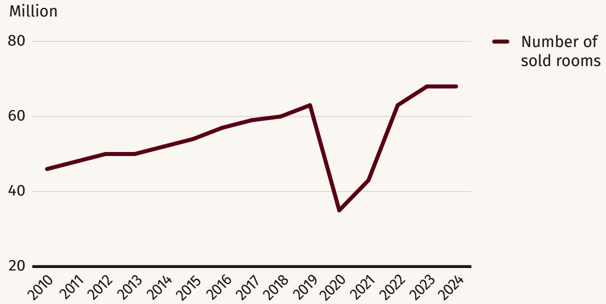
Source: Benchmarking Alliance.

REVENUE PER AVAILABLE ROOM (REVPAR) 2024



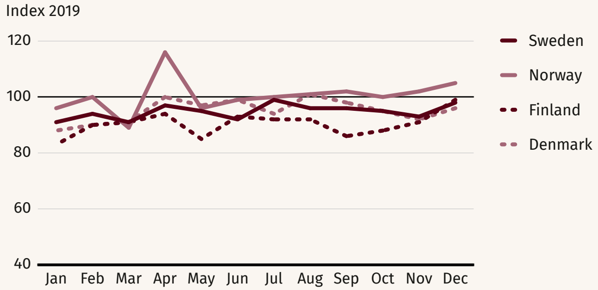
Source: Benchmarking Alliance.

NUMBER OF SOLD ROOMS IN NORDIC COUNTRIES 2010–2024



Source: SCB, SSB, Statistics Finland, DST.

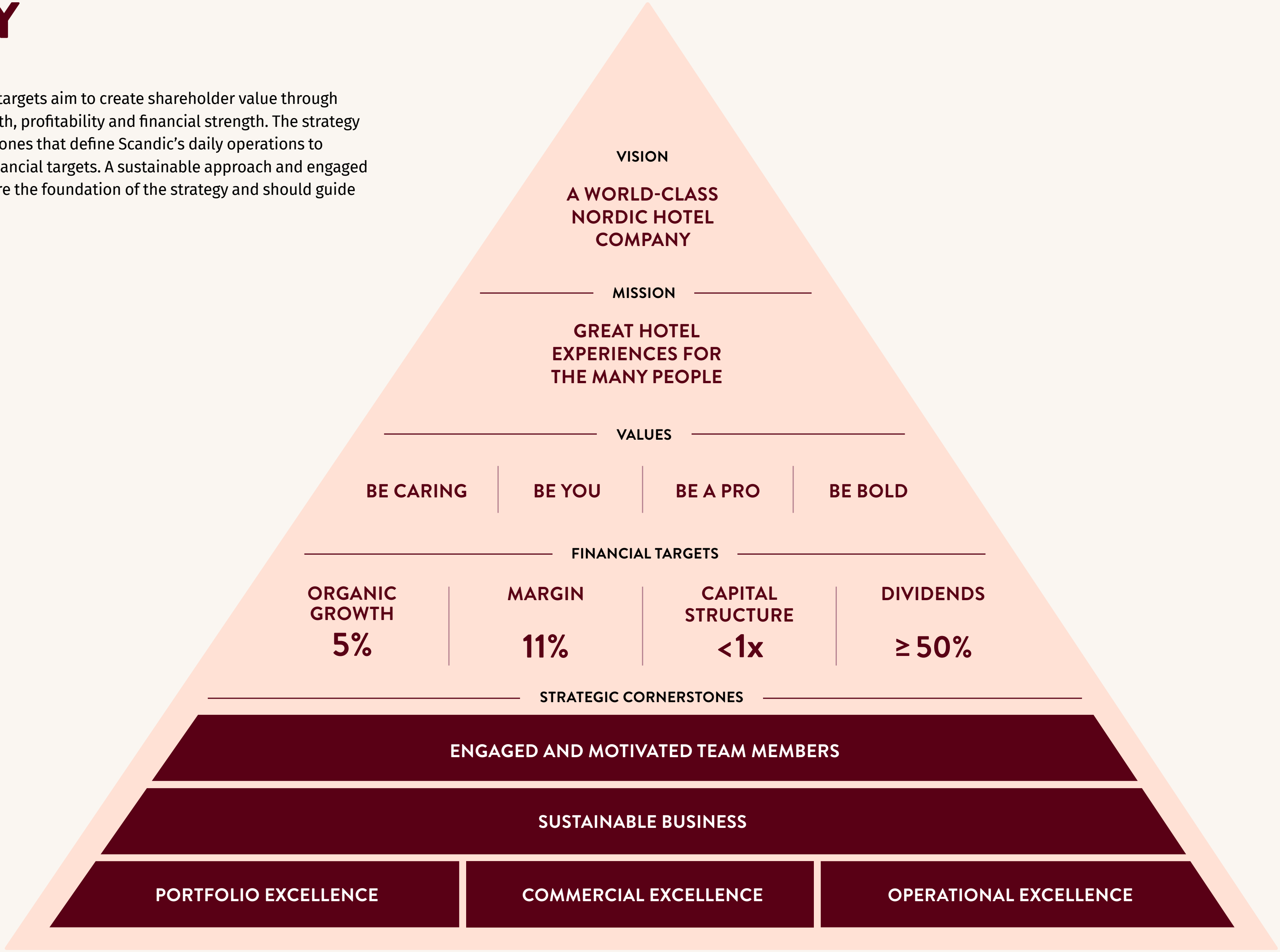
OCCUPANCY 2024



Source: Benchmarking Alliance.

STRATEGY

Scandic's strategy and financial targets aim to create shareholder value through a balanced combination of growth, profitability and financial strength. The strategy is built on five strategic cornerstones that define Scandic's daily operations to realize its vision, mission and financial targets. A sustainable approach and engaged and motivated team members are the foundation of the strategy and should guide all important decisions.



PORTFOLIO EXCELLENCE

Scandic's strategy focuses on strengthening its market-leading position in the Nordic countries, selectively expanding in Germany, and continuously optimizing its hotel portfolio to enhance its guest offering and profitability.

An attractive lease model
Scandic has a well-invested and attractive hotel portfolio and is the leading hotel operator in the Nordic region, with a market share of approximately 16 percent. With 263 hotels operating across 130 destinations, Scandic has a broad geographic reach. Scandic's business model is primarily based on long-term, revenue-based lease agreements that create shared incentives with property owners since higher revenues result in higher rental income and property values. Rents are based on revenues, with a certain percentage paid to the property owner. The majority of variable lease agreements have a guaranteed rent level (minimum rent) that assures the property owner of a certain rental income in the event that revenue-based rents drop below the minimum rent. Lease agreements are continuously optimized when they are extended to ensure more balanced terms, for example, including market collapse clauses to achieve more balanced risk levels for Scandic and property owners in the event of unexpected events that could have a significant impact on demand.

The lease agreements also regulate responsibility for investments
Scandic's responsibility: Maintaining and refurbishing inventory and equipment, as well as purchasing electricity, heating and water.

Property owners responsibility: Investments in properties and technical installations as well as maintenance, renovations and reconstructions.

PORTFOLIO OVERVIEW 2024

At the end of 2024, Scandic had a diversified portfolio of lease agreements:

20 percent were fully variable.

68 percent were variable with a guaranteed minimum rent.

12 percent were based on fixed rents.

About 92 percent of Scandic's hotels were operated with lease agreements.

In addition, about 7 percent of hotels were operated under franchise agreements.

About 1 percent were operated under management agreements.

Growing and optimizing investments

Scandic's strategy is to strengthen its leading position in the Nordics and selectively expand in Germany. This is made possible through the development and acquisition of hotels in destinations with growing demand.

During the year, Scandic signed agreements for six new hotels with a total of 793 rooms, including five Scandic Go hotels and a new Scandic hotel in Stuttgart. Additionally, Scandic opened two new hotels: a Scandic Go hotel in Stockholm with 234 rooms and a new hotel in Nürnberg with 311 rooms. By the end of the year, Scandic had a total of 11 new hotels and 2,119 rooms in the pipeline.

Approximately 737 million SEK was invested in renovations and maintenance during the year, equivalent to about 3.4 percent of net revenue. Over time, Scandic's renovation and maintenance investments are expected to amount to between three and four percent of net revenue.

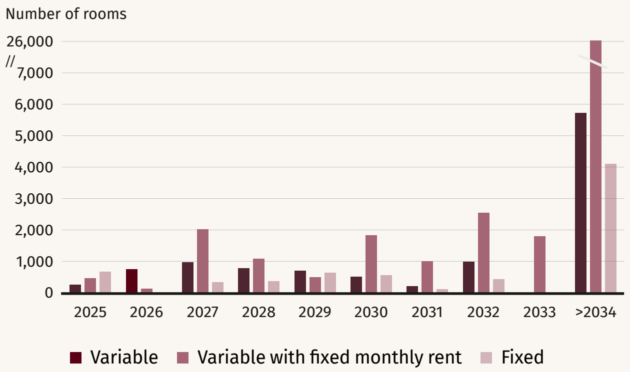
To optimize guest satisfaction, growth, and returns, investments in new and existing hotels, as well as opportunities to exit hotels with limited potential, are continuously evaluated. During the year, Scandic exited five hotels: Scandic Ringsaker, Norway (176 rooms), Scandic Havna Tjørne, Norway (73 rooms), Scandic Ermitage, Denmark (120 rooms), Scandic The Reef, Denmark (210 rooms) and Scandic Vejle, Denmark (129 rooms).

FUTURE HOTELS, EXTENSIONS AND EXITS AS AT DECEMBER 31, 2024

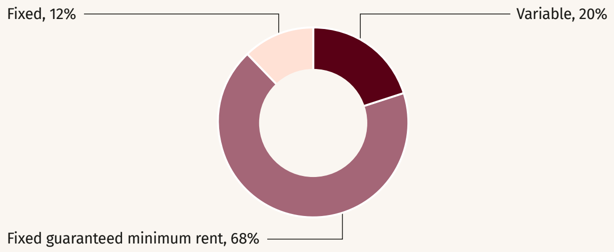
Pipeline, year	Hotel	Location	Type	No. rooms
2025	The Dock 69° 39 by Scandic	Tromsø, Norway	New	305
2025	Scandic Go, Oulu	Oulu, Finland	New	144
2025	Scandic Stuttgart	Stuttgart, Germany	New	174
2026	Scandic, Ski	Oslo, Norway	New	220
2026	Signature Collection, Aarhus	Aarhus, Denmark	New	342
2026	Scandic Go, Gothenburg	Göteborg, Sweden	New	176
2026	Scandic Go, Umeå	Umeå, Sweden	New	100
2026	Scandic Go, Helsingborg	Helsingborg, Sweden	New	96
2026	Scandic Go, Jönköping	Jönköping, Sweden	New	103
2028	Scandic, Garden Helsinki	Helsingfors, Finland	New	227
2028	Scandic Go, Garden Helsinki	Helsingfors, Finland	New	232
Total				**2,119**
Ongoing extensions				224
Closed for renovations [1]				629
Exits				0
Total pipeline, net				**2,972**

[1] Scandic Wallin, Atrium and HI City Centre closed for renovation.

REMAINING LEASE TERMS

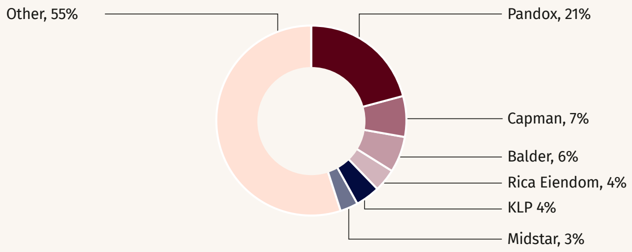


SHARE OF LEASE AGREEMENTS



At year-end, about 92 percent of Scandic's hotels were operated under lease agreements. Of all lease agreements, about 20 percent were variable, 68 percent were variable with a guaranteed minimum rent and 12 percent were fixed rental agreements.

LARGEST PROPERTY OWNERS



Scandic collaborates closely and has well-established relationships with leading property owners. Strong commercial capabilities and an attractive business model make Scandic a preferred partner.

OPERATIONAL EXCELLENCE

Scandic has a leading operational model that forms the basis for high guest and employee satisfaction as well as efficiency. Digitalization, standardization, and the continuous exchange of knowledge across markets further enhance performance and drive ongoing improvements.

Proven operating model
Scandic's ability to balance guest and employee satisfaction with profitability forms the foundation of its operating model. Economies of scale are achieved through standardized workflows and coordination in key areas such as procurement, administration, and investment. Scandic's strong market position also provides an advantage in negotiations with distribution partners, enabling lower costs. Additionally, the company has a proven ability to integrate its operating model into new hotels, which serves as a competitive advantage when negotiating with property owners for new hotel agreements.

Continued standardization, coordination and digitalization
Scandic is committed to continuous development in standardization, coordination, and digitalization to enhance both the guest and team member experience while increasing efficiency. A key element of this strategy is the Oracle Hospitality Opera Cloud, which was fully implemented across all hotels and central functions in 2024. The goal is to drive higher guest satisfaction, strong employee engagement, and increased operational efficiency. In 2025, Scandic plans to introduce a new resource and staff planning system to streamline hotel staffing and enable a more resource-efficient distribution of tasks. To further improve coordination and efficiency, Scandic regularly adjusts its organizational structure. These adjustments are designed to optimize collaboration across the organization and create the best conditions for successfully implementing the company's strategies.

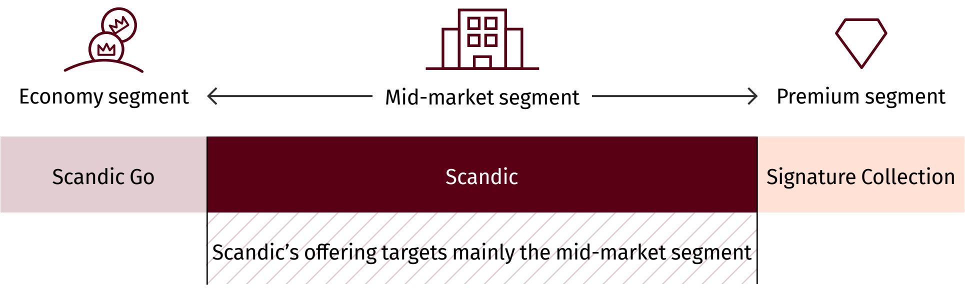
COMMERCIAL EXCELLENCE

Scandic has a leading brand in the Nordic region and a strong offering for leisure and business travelers, primarily in the economy and mid-market segments.

Leading brand with strong distribution capacity

Scandic has a diversified offering that targets three large and growing segments. Under the Scandic brand, the company holds a leading position among leisure and business travelers within the mid-market segment, while Scandic Go targets the rapidly growing economy segment. Scandic also operates hotels under the Signature Collection brand within the premium segment. Since acquiring Restel in 2017, Scandic also operates 10 hotels in Finland under the Holiday Inn, Crowne Plaza, Indigo and Hilton brands. Scandic's offering is characterized by affordability and a consistent customer experience that emphasizes a personal and seamless guest journey with high service levels. This is made possible thanks to, among other things, Scandic's business model where Scandic has full control and responsibility for hotel operations, distribution and the brand.

Scandic has a strong internal distribution channel, which accounted for approximately 66 percent of the number of rooms sold in 2024. The company's digital channels are continuing to grow, and increasing international and business travel is benefiting indirect channels. Scandic's website accounts for a significant share of total booking volumes. This high proportion of direct distribution gives Scandic a more cost-efficient direct relationship with guests as well as better understanding of their preferences and behavior from searching to booking and staying. Scandic's strong market position is a competitive advantage against smaller competitors who are more dependent on external distribution. Scandic's offering should be accessible in all distribution channels relevant to guests. This is why Scandic is constantly optimizing the share between distribution channels and customer segments to ensure profitability.



Established ecosystem for loyalty & partnerships

Scandic has an ambitious commercial agenda and took several steps forward during the year. Implementing Oracle Hospitality Opera Cloud means that Scandic now has the conditions required to drive a faster and more digitized transformation of the guest journey.

During the year, Scandic also launched a new, more attractive loyalty program to build stronger guest loyalty and offer more relevant experiences. Scandic Friends is the largest Nordic loyalty program in the hotel industry with three million members, and the program now offers a more advantageous personal digital experience for members. The goal is to double the number of members by 2030 and gradually increase both loyalty bookings and upselling. Scandic has a large base of returning and loyal guests who accounted for approximately 38 percent of total bookings in 2024. During the first half of 2025, Scandic will also launch a new website and app to enhance the guest experience and sales through its own channels.

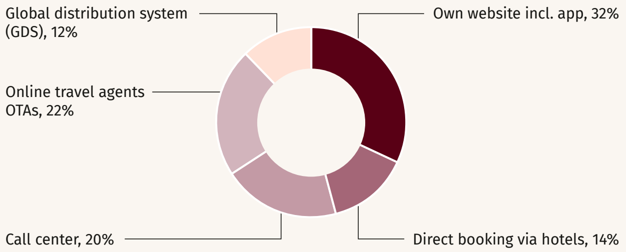
To further enhance the guest offering and strengthen loyalty, Scandic is focusing on attractive partnerships and collaborations. During 2024, the company initiated a commercial partnership with SAS to offer unique benefits to the more than 11 million members of two of the leading loyalty programs in the hospitality industry. The partnership creates strong incentives to choose both Scandic and SAS for hotel stays, flights and travel experiences.

To secure a market-leading offering, Scandic focuses on strengthening and clarifying its brands and creating more personalized, relevant guest experiences. The ambition is to be the first choice for both leisure and business travelers as well as loyalty members and partners.

DISTRIBUTION MIX 2020–2024

% of guest nights	2024	2023	2022	2021	2020
Own website incl. app	32	31	31	34	34
Direct booking via hotels	14	16	19	25	24
Call center	20	21	20	14	13
Direct	**66**	**68**	**70**	**74**	**71**
OTAs	22	20	19	17	17
GDS	12	12	11	9	12
Indirect	**34**	**32**	**30**	**26**	**29**

SALES BY DISTRIBUTION CHANNEL, %



Market share in Nordic countries

~16%

Share of sales in own channels

66%

Scandic Friends' share of sold rooms 2024

38%

ENGAGED AND MOTIVATED TEAM MEMBERS

High employee satisfaction and engagement are the foundation for creating guest satisfaction and strong results. Scandic's corporate culture is a competitive advantage and each team member is critical to the guest experience.

Scandic strives to be an attractive workplace characterized by engagement and motivation, as well as diversity and inclusion. The company's culture, which was established more than 60 years ago, is founded on the values Be Caring, Be You, Be a Pro and Be Bold. At year-end, Scandic had about 16,359 team members, of which 63 percent were women and 37 percent were men. The hotel industry is characterized by seasonal variations, which means that a large share of Scandic's staff have hourly employment contracts. At year-end, approximately 39 percent of team members had hourly employment contracts. Scandic is often a first employer for many young people and others who have not established themselves on the labor market. This helps them gain valuable work experience and develop in different positions within the Group.

Strengthening culture, leadership and engagement

Scandic regularly conducts employee surveys to measure and follow up on employee engagement[1)], well-being, feelings of inclusion and views on leadership. Scandic's strategic initiatives for health and well-being in 2023 and diversity and inclusion in 2024 are examples of how the surveys are used to develop the company's operations based on team member feedback. Scandic has three strategic focus areas:

1. Health and well-being

In 2023, Scandic focused on increasing knowledge about and dedication to health and well-being among team members by launching a Group-wide program. More than 300 health ambassadors from Scandic's hotels were tasked with ensuring health initiatives were implemented and inspiring fellow team members. In 2024, a process and structure were established to continuously drive these initiatives and engage team members in health and well-being. Among other things, a team member was designated to be responsible for health and well-being, and health ambassadors were engaged to support this work.

[1)] Read more about the results of Scandic's employee surveys on pages 55–58.

2. Scandic Academy

Learning and development are of significant strategic importance for Scandic, both to be well-equipped to meet the future needs of guests and to attract and retain team members. In 2023, Scandic established the foundation for Scandic Academy, a platform for learning and skills development. The focus is on creating a shared learning culture and offering relevant training and learning tools for both leaders and other team members. Scandic Academy aims to strengthen employee skills development to meet the needs of guests, both now and in the future.

3. Diversity and inclusion

Diversity and inclusion are one of Scandic's strategic focus areas and impact how team members, guests, suppliers and other stakeholders perceive Scandic. Results from employee surveys show that team members rank Scandic highly in this area. The company has a strong and well established culture and values program, Inspiring Culture, that play an important role in, for example, recruitment. The program defines Scandic's values and provides guidance for integrating these values in team members' daily work. In 2024, the company had a particular focus on diversity and inclusion to highlight good examples, build knowledge and strengthen structures and processes to promote it. Among other things, Scandic developed training for all leaders, ran workshops with management teams, mapped areas for process development, established networks and created structures that provide a solid foundation for continued diversity and inclusion initiatives.

SUSTAINABLE BUSINESS

Scandic Spectrum Latitude: 55.67016, Longitude: 12.57327. Central location with fabulous views and Copenhagen at your feet. A part of the only hotel company in Denmark that has been certified by the Nordic Swan Ecolabel.

HIGHLIGHTS 2024

During the year, Scandic made many strides in sustainability.

Scandic met the Swan's criteria for organic food, increased the proportion of plant-based food by 57 percent, and reduced food waste. Read more on page 28

Scandic Go's circular design concept was launched, setting the standard for the rapidly growing brand moving forward. Read more on page 29

Scandic partnered with and was certified by InClue Recruitment to strengthen diversity and inclusion in recruitment. Read more on page 27

Scandic secured sustainability-linked financing tied to its sustainability strategy and specific goals.

Scandic continued to build strong local communities through its "Scandic in Society" program, implementing more than 650 initiatives in 2024. Read more on page 31

30% lower emissions

Since 2019, CO_2e emissions per square meter have dropped by 30 percent for Scope 1 and 2. Scandic aims to continue reducing reliance on fossil energy sources for heating, electricity and cooling while increasing energy efficiency.
Read more on page 30

96% environmentally certified hotels

Scandic is the first hotel company in Germany and Poland to meet the criteria for Nordic Swan Ecolabel certification. To be certified, a hotel must meet ambitious environmental requirements for energy, water, food, waste, biodiversity and chemicals. By the end of 2024, 96 percent of our hotels were certified by the Nordic Swan Ecolabel. Read more on page 30

NORDIC SWAN ECOLABEL

PROUD HERITAGE

Scandic has a long history of spearheading sustainability initiatives in the hospitality industry and began reporting sustainability data as early as 1996. As the largest hotel company in the Nordic countries, Scandic has the power to drive transformation and inspire change on a large scale for a better, more sustainable tomorrow.

1993
The idea to reuse hotel towels is born

1996
Began phasing out plastic single-use disposables

1996
Started reporting sustainability data

2000
First 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
The "Breakfast for All" initiative was launched with allergy-friendly options

2016
Introduced policy to fight prostitution and human trafficking at all hotels

2023
Recertified 100 percent of previously certified hotels according to the Nordic Swan Ecolabel's new, stricter requirements and certified 50 hotels for the first time

2024
Sustainability-linked financing

STRATEGY FOR SUSTAINABLE BUSINESS

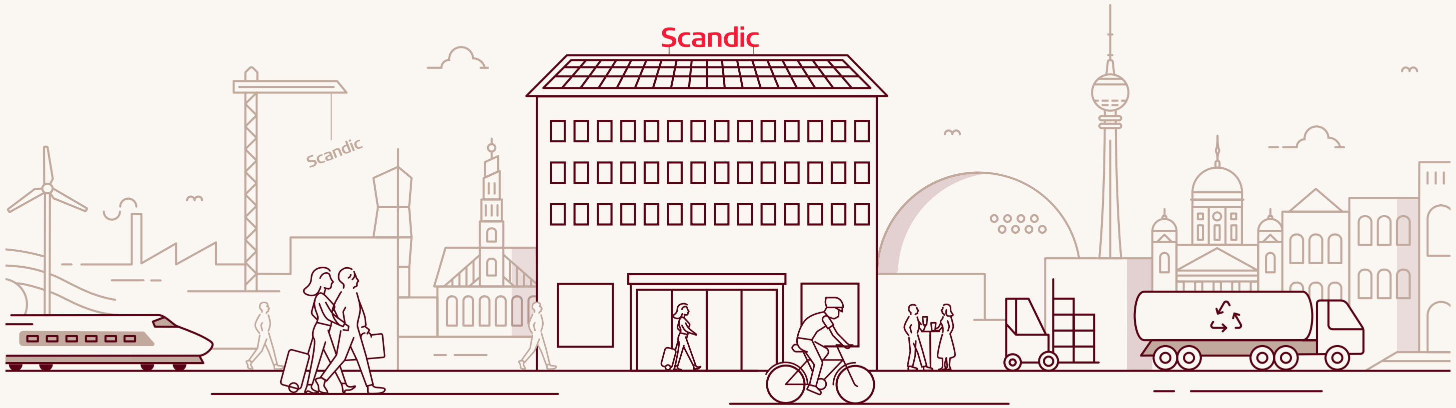
Sustainability is an important part of Scandic's business, and the company is continuing to maintain a long-term perspective in driving sustainable development.

Scandic's vision is to deliver world-class Nordic hotel experiences, with sustainable business practices integral to every aspect of its operations to achieve this goal. The strategy for Sustainable business has three focus areas:

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

To achieve the goals within each focus area, constantly improving the way Scandic operates hotels (Sustainable hotel operations) and being a responsible partner in society (Good corporate citizen) is extremely important. A key in continuing to drive positive change in the industry is for Scandic to succeed in engaging and motivating both team members and guests.

SCANDIC'S VALUE CHAIN



SCANDIC TAKES RESPONSIBILITY IN THE ENTIRE VALUE CHAIN

Through the double materiality analysis, Scandic's most important sustainability issues are identified:

Environmental: Climate change, water resources, biodiversity and resource use.

Societal: Well-being of Scandic's team members, its impact on the local community, well-being and safety of guests, as well as working conditions of suppliers.

Governance: Corporate governance, business ethics and anti-corruption.

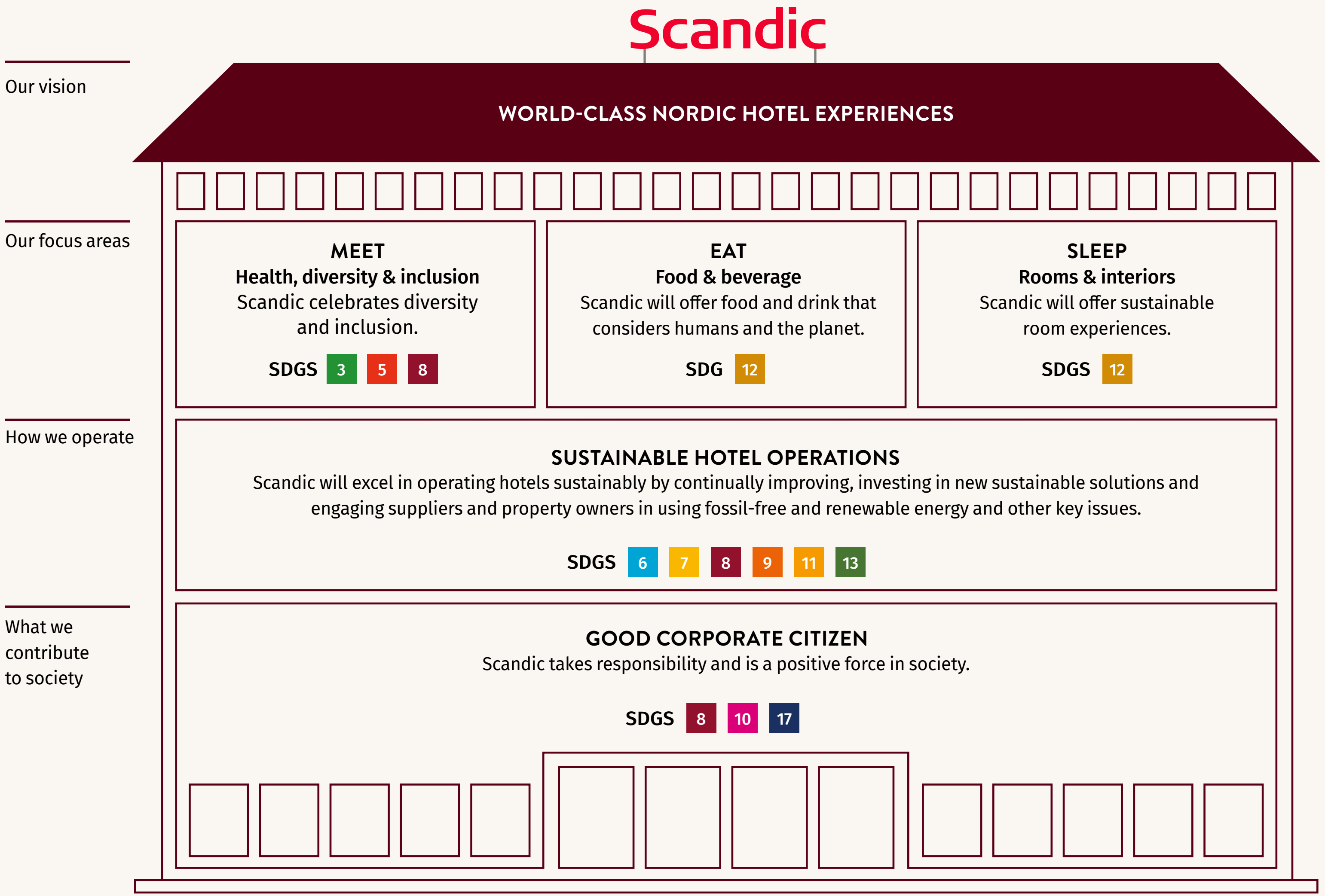
Scandic has an impact throughout the value chain, from the local community where hotels are established and operated to the way items are procured and how waste is managed and recycled. Goods and services are sourced from carefully selected external suppliers. Scandic rents properties and is responsible for the operations, energy consumption and interiors of hotels. By applying circular principles in, for example, choices for interiors, renovation, reuse, and waste management, Scandic can reduce its environmental impact.

As an employer and partner in the society, Scandic influences local communities, team members and guests.

Based on the material areas, activities and goals are established and regularly monitored. For more information, see pages 35–40.

SCANDIC'S SUSTAINABILITY STRATEGY

Sustainability is a natural part of Scandic's operations every day, at every hotel.



GOALS AND RESULTS

Scandic increased the number of Swan-certified hotels to 96 percent and has reduced its negative environmental impact by cutting CO_2e emissions and food waste, as well as increasing the share of plant-based and organic food. Employees continue to thrive at Scandic, as reflected in high scores on the health and well-being index, as well as the diversity and inclusion index. Scandic's community engagement through the "Scandic in Society" initiative has been greater than ever.

Focus areas	Goals	2024	2023	2022	2021	2020	2019
MEET	**Health and wellness** Health and wellness index of at least 8.0 of 10 or higher by 2025.	7.9	8.0	7.8	–	–	–
	Diversity and inclusion Diversity and inclusion index of at least 8.8 of 10 or higher by 2025.	8.6	8.8	8.8	–	–	–
EAT	**Food waste**[1] Reduce edible food waste by 25% per guest night by 2025 compared with the base year 2019.	-31%	-17%	-20%	-18%	3%	–
	Plant-based food[2] Serve 60% plant-based food by 2025 compared with the base year 2019.	57%	56%	52%	–	–	49%
	Organic food[3] Fulfill 100% of Nordic Swan Ecolabel's limit values for organic food and drinks for each country at all hotels by 2025.	100%	50%	–	–	–	–
SLEEP	Scandic aims to minimize the environmental footprint of its interiors by focusing on circular, recycled and environmentally certified materials.	No specific measurements					
SUSTAINABLE HOTEL OPERATIONS	**CO_2 emissions** Decrease CO_2e/m^2 by 50% by 2030 compared with the base year 2019 (Scope 1 and 2).	-30%	-9%	-29%[4]	-25%[4]	-32%[4]	–
	Environmental certification Scandic aims to certify all hotels according to the Nordic Swan Ecolabel. At the very least, all hotels must comply with the Nordic Swan Ecolabel's limit values for energy consumption per square meter, unsorted waste, water consumption and ecolabeled chemicals for cleaning, laundry and washing dishes.	96%	90%	76%	76%	77%	77%
GOOD CORPORATE CITIZEN	**Scandic in Society** All Scandic hotels shall organize two to three activities to benefit society per year.	674	463	–	357[4]	–	500

1) Partly effected by improved calculation method.
2) Excluding hotels outside the Nordic countries due to differences in measuring systems.
3) This indicator monitors the percentage of Scandic's markets that meet the organic food and beverage limit values set by the Nordic Swan Ecolabel for each country by 2025. Germany and Poland are not included for 2019–2023 as the Nordic Swan Ecolabel had not established limit values for these countries. For more information, see page 28.
4) The outcome for 2020–2022 has been affected by the COVID-19 pandemic.

MEET

HEALTH, DIVERSITY AND INCLUSION

Ambition

Scandic aims to be the healthiest and most inclusive company in the hospitality industry. This will be achieved by focusing on health, diversity and inclusion among other things through recruiting and developing team members. For more information, see pages 55–58.

Activities and initiatives

Good working conditions

High employee satisfaction and engagement are crucial to achieving guest satisfaction and results, as well as to continuing to be an employer that attracts and retains the best talents. Scandic regularly monitors physical and psychosocial work environments through safety inspections and dialogues with team members. In addition, team member well-being is regularly measured through employee surveys. For more information, see the health and wellness index below.

Equality, diversity and inclusion

Scandic is driven by the belief that equality, diversity and inclusion within its organization enhance the guest experience and strengthen team member engagement and well-being. At the same time, it facilitates recruiting skilled labor by attracting a broader talent pool.

In 2024, the focus has been on strengthening diversity and inclusion, including starting a collaboration with InClue Recruitment to ensure bias-free recruiting. Scandic plays an important role in offering new arrivals and young people their first job. Of Scandic's team members, in 2024, 39,7 percent were under 30 and more than 148 nationalities were represented. To ensure inclusion and diversity, work in this area is guided by a cultural platform and Scandic's Diversity and Inclusion Policy.

The results for the diversity and inclusion index for 2024 show a slight decline compared to 2023, see the graph below. Scandic hopes to improve the slightly lower result by continuing its activities in this area.

Accessibility

Everyone is welcome at Scandic. All hotels operate based on an accessibility standard that focuses on both the physical environment and creating an inclusive guest experience.

UN's Sustainable Development Goals

- 3 Good health and well-being
- 5 Gender equality
- 8 Decent work and economic growth

Team members under age 30

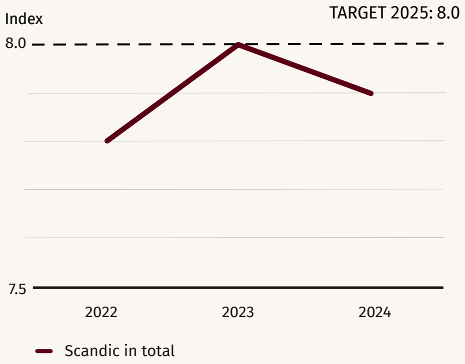
39.7%

Scandic's permanent employees

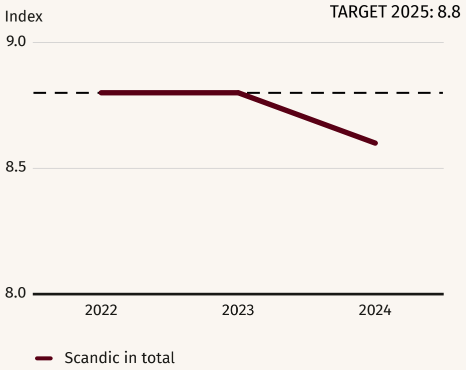
Nationalities among team members

148+

HEALTH AND WELL-BEING



DIVERSITY AND INCLUSION



EAT

FOOD AND BEVERAGE

Ambition

Scandic has high ambitions for the food and drinks served at its hotels. Nordic Swan Ecolabel certification ensures high standards in key areas that promote more sustainable production and consumption of food and beverages. During 2024 Scandic increased the share of plant-based and organic food it serves and reduced food waste.

Activities and initiatives

Plant-based food

Scandic's ambition is to increase the share of plant-based food it serves, both for the sake of guests and the environment. Food production is one of the biggest contributors to climate change, and plant-based foods generally have a lower impact. Scandic has gradually reduced the share of plant-based food it serves from 49 percent in 2019 to 57 percent in 2024. The increase is partly due to growing demand from guests and a greater range of plant-based options in Scandic's restaurants.

Organic food and drinks

In 2024, Scandic increased the share of organic food and beverages it serves and met the limit values for organic products set by the Nordic Swan Ecolabel for 2025. Scandic strives to ensure that the food it serves is produced in a sustainable way that considers people, animals and the environment. Promoting animal welfare is important to Scandic. Ensuring that suppliers comply with legislation is a minimum requirement, and Scandic constantly evaluates its operations to determine if requirements should be tightened.

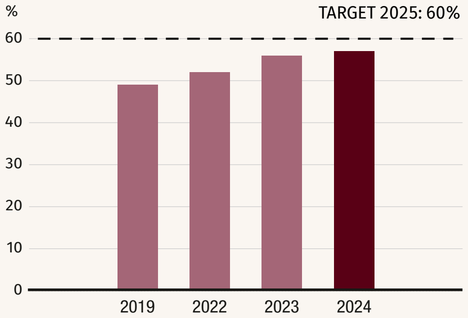
Food waste

The aim is to reduce edible food waste by 25 percent per guest night by 2025 compared with the base year 2019. To achieve this, it is important to raise awareness by weighing, measuring and analyzing food waste. In 2024, food waste decreased by 31 percent per guest night compared with the base year 2019. Scandic strives to promote a more sustainable food culture through behavior-changing measures, such as useing smaller plates and developing creative recipes that use food waste. Scandic also works with actors that reduce food waste by connecting with people who want to buy food that would otherwise be thrown out.

UN's Sustainable Development Goals

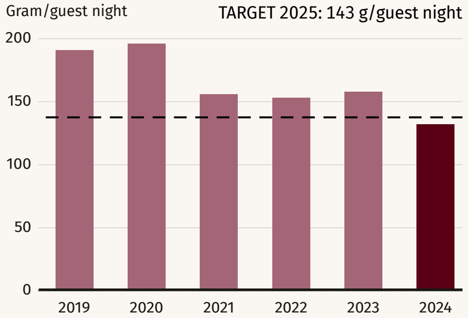
12 Responsible consumption and production

PLANT-BASED FOOD[1],%



[1] Excluding hotels outside the Nordic countries due to differences in measuring methods.

FOOD WASTE, GRAMS PER GUEST NIGHT



PURCHASES OF ORGANIC FOOD AND BEVERAGES[2], %

Country	Nordic Swan Ecolabel limit value: For purchases from 2024, which will be reported in annual follow-up per country in 2025	Purchases of organic food and beverages, 2024
Denmark	30	37
Sweden	10	14
Germany	15	22
Norway	5	6
Finland	19 products, or 7%	9

[2] Organic food and drink according to Nordic Swan Ecolabel's definition. For Sweden, Norway and Finland, this is the percentage of organic food and beverages based on total procurement costs (SEK), while for Denmark, it is the percentage of organic food and beverages based on the total weight (kg).

SLEEP

ROOMS AND INTERIORS

Ambition

To decrease its environmental impact, Scandic aims to increase the proportion of interior design elements that have a circular design, environmentally certified materials 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.

Activities and initiatives

In 2024, work continued to develop Scandic Go with a circular design concept to achieve more sustainable and climate-smart interiors. In connection with procuring furnishings, work began to measure the carbon emissions of surface materials and interior design elements.

Sustainable procurement is an important step for Scandic to reduce its emissions and minimize its climate impact. Sustainability requirements in Scandic's Procurement Policy are also regularly updated to comply with the Nordic Swan Ecolabel requirements. These are publicly available to inspire and drive change in the industry.

UN's Sustainable Development Goals

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 are used when Scandic builds a new hotel or renovates 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 and desktop made from recycled stone flour
5. Lighting, LED for all light sources
6. Closets, modular design for ease of recycling
7. Wood furniture, FSC certified
8. Curtains, OEKO-TEX certified
9. Upholstery, OEKO-TEX certified
10. Beds, certified by Nordic Swan Ecolabel
11. Wood parquet floor, certified by Nordic Swan Ecolabel

Scandic Go consists of furniture and interior design for guest rooms and public areas.

- Carpet for halls and shared spaces, made from recycled nylon fibers
- TV, certified by Nordic Swan Ecolabel
- Fixed furniture made from 95 percent recycled materials
- Lighting, LED for all light sources
- Fixed furniture, designed for easy separation of materials when recycling
- Wood furniture, FSC certified
- Curtains, Oeko-TEX certified
- Upholstery, Oeko-TEX certified
- Beds, certified by Nordic Swan Ecolabel
- Floors, recyclable and ISO certified
- Tabletops in shared spaces made from recycled pressed textiles
- Bedside table and stool made from polyethylene (PE) industrial waste
- Chair, seat and back made from coffee grounds
- Chair, seat made from hemp and seaweed

SUSTAINABLE HOTEL OPERATIONS

Ambition

Scandic's ambition is to be a leader in sustainable hotel operations by constantly minimizing its environmental and climate impact.

Activities and initiatives

Nordic Swan Ecolabel – for constant improvement

Scandic aims for all hotels to be certified by the Nordic Swan Ecolabel or at a minimum comply with the limit values for energy consumption, unsorted waste, water consumption and ecolabeled chemicals for cleaning, internal laundry and washing dishes. All team members at Scandic's hotels also undergo training on the criteria of the Nordic Swan Ecolabel.

At year-end, 96 percent of Scandic's hotels were certified. During the year, Scandic focused on ensuring that its hotels in Germany and Poland met with the strict environmental requirements, which makes Scandic the first hotel company in these countries with hotels certified by the Nordic Swan Ecolabel.

According to ISO 14024, the Nordic Swan Ecolabel is a Type 1 ecolabel and one of the world's most credible environmental certifications. It ensures that a product meets all of the environmental requirements of an independent third party, the Nordic Ecolabelling Board. Requirements are continually sharpened and developed from a life cycle perspective. These requirements help Scandic in its work to reduce its use of resources. The chart below illustrates how Scandic has reduced its environmental impact per guest night through constant improvements in hotel operations.

More information on how Scandic works to minimize the environmental impact of its hotel operations by using ecolabeled products that support biodiversity, responsible water consumption, circular economy practices and waste management can be found on pages 47–54.

Climate strategy

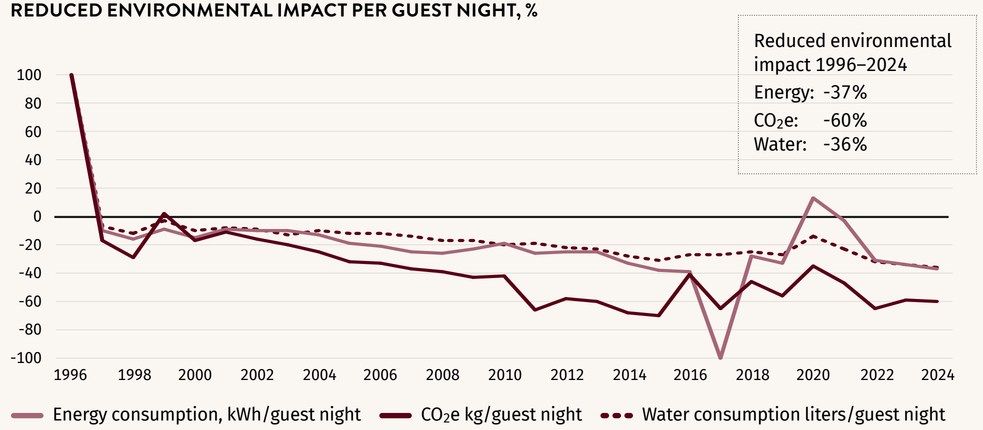
By 2030, Scandic aims to reduce CO_2e emissions by 50 percent, measured in carbon dioxide equivalents per square meter of surface compared with the base year 2019 (Scope 1 and 2). To achieve this goal, Scandic has clear action plans that primarily focus on energy efficiency and using green energy, such as fossil-free district heating and renewable electricity. Increasing awareness and changing behavior among team members, guests, partners and property owners can help Scandic reduce emissions further. As part of the effort to reduce climate emissions, Scandic also analyzes all indirect emissions in the value chain and has identified necessary measures to operate with the least environmental impact possible.

Emissions and energy

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 their use of fossil energy sources. This is because emissions from district heating account for the majority of Scandic's CO_2 emissions in Scope 1 and 2. To reduce energy consumption, Scandic is working to optimize operations and implement energy-saving measures, such as LED lighting and motion control solutions as well as energy-efficient kitchen installations and equipment.

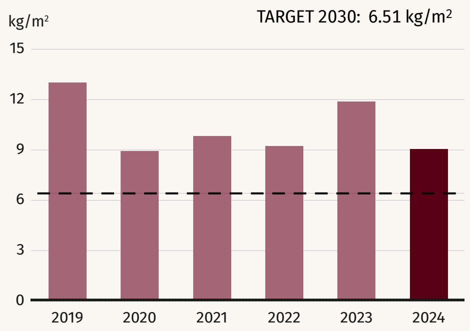
Energy consumption per square meter decreased by 3.9 percent between 2024 and the comparison year 2019, which can partly be explained by reduced water consumption, improved energy efficiency, and monitoring. This, together with a larger amount of fossil-free district heating and an increased share of renewable electricity, has led to reduced carbon dioxide emissions. Compared to the base year 2019, Scandic's carbon dioxide emissions per square meter were reduced by 30 percent. For more information about Scandic's environmental and climate efforts, see page 47.

REDUCED ENVIRONMENTAL IMPACT PER GUEST NIGHT, %



Deviations in data from 2020–2021 are due to the Covid-19 pandemic.

EMISSION INTENSITY (SCOPE 1+2), CO_2e, kg/m²



UN's Sustainable Development Goals

- 6 Clean water and sanitation
- 7 Affordable and clean energy
- 8 Decent work and economic growth
- 9 Industry, innovation and infrastructure
- 11 Sustainable cities and communities
- 13 Climate action

GOOD CORPORATE CITIZEN

Ambition

Scandic's overall ambition is to be a responsible partner in society. This includes initiatives in the areas of safety and security, purchasing and suppliers as well as ethical business practices and anti-corruption. It also includes Scandic in Society, the extensive community involvement initiatives that Scandic has been running at its hotels since 2001.

Activities and initiatives

Safety and security

Scandic prioritized continuously working to ensure safety and security for team members and guests. Staff training is a central part of this. Every year, Scandic carries out crisis management exercises to simulate relevant and possible scenarios, including extraordinary incidents such as terror attacks and lockdowns. These are led by Scandic's Central Crisis Unit, which follows up on the results. 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 ran by trained security staff. Crisis support can include contact with psychologists and crisis support staff.

Trafficking and prostitution

Scandic aims to prevent trafficking and prostitution, which may occur at hotels. For example, it is mandatory for team members who work in reception and housekeeping as well as General Managers to undergo training to identify signs of prostitution. An important aspect of combating human trafficking and prostitution is collaborating with the police and other experts to ensure relevant knowledge. For more information, see page 61.

Sustainable supply chain

Sustainability is one of Scandic's basic principles when purchasing. Scandic's procurement team collaborates closely with the sustainability unit to ensure that sustainability is taken into account during the procurement process. As assistance, they have Scandics 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.

In every purchasing project, basic sustainability screening is carried out including criteria for the environment, anti-corruption, human rights and working conditions. All suppliers that are approved in 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 its supplier base. Most of Scandic's bigger suppliers are in the Nordic region and are associated with low risk. For more information, see pages 59–60.

Corruption and bribery

Legal and appropriate behavior in all situations is fundamental to Scandic's relationships with stakeholders and to ensure people trust the company. For more information, see page 64.

Scandic in Society

Since 2001, the Scandic in Society initiative has ensured that each hotel organizes initiatives or activities every year to support the local community. Supporting the communities where Scandic operates is important. It instills pride in team members while nurturing important relationships with local residents and stakeholders. Activities are usually initiated by team members and involve local partners. Over the years, Scandic team members have run thousands of activities to benefit various organizations. During 2024, more than 650 Scandic in Society initiatives were carried out, marking the highest number of activities to date. Some of these initiatives are highlighted below.

UN's Sustainable Development Goals

- 8 Decent work and economic growth
- 10 Reduced inequalities
- 17 Partnerships for the goals

SCANDIC IN SOCIETY – FOR A BETTER TOMORROW

Initiatives that Scandic contributes to	Examples of how Scandic helps		
HEALTH AND WELLNESS	**Be a friend** – Support to people in need by donating clothes, blankets, pillows and food. Scandic has, for example, organized a Christmas tree decorating party for children of new arrivals and offers coffee and meeting spaces for volunteers of organizations that make streets and neighborhoods safer at night.	**Activities for all** – Scandic supports local sports clubs by providing meeting venues, food and accommodations.	**Be caring** – Scandic provides extra support to families dependent on healthcare by providing hotel experiences. Scandic also participates in galas and sporting events to raise money for organizations including the Swedish Cancer Society (Cancerfonden) and EMS services.
DIVERSITY AND INCLUSION	**A first job** – Scandic works to open doors to people who have not yet entered the labor market through internships, mentorships and summer jobs for youth, people with disabilities and new arrivals.	**Be you and be bold** – Scandic supports events that make everyone feel included and welcome in society, such as Pride events and activities to make asylum seekers feel welcome.	**Engage and inspire** – Scandic has participated in local job fairs and both visited and invited schools to its hotels to inspire students to pursue careers in the hospitality industry.

Scandic

SUSTAINABILITY STATEMENTS

Scandic Södra Kajen Latitude: 59.348749, longitude: 18.113945
An exciting and playful destination for adventurers of all ages.
Just as close to the hustle and bustle of the city as to the archipelago and green spaces.

GENERAL DISCLOSURES

Basis for preparation

General basis for preparation of the sustainability statements

Scandic's Sustainability Report for 2024 covers the period from January 1 to 31 December, 2024. The report is published annually and has been prepared in accordance with the Swedish Annual Accounts Act (ÅRL).

The sustainability report has been prepared at a consolidated level, and the scope is the same as for Scandic's financial reporting. In addition, certain reporting from Scandic's franchisees is also included (data on water, chemicals and waste, as well as statistics for Nordic Swan Ecolabel certification).

As part of adapting to the new requirements of the Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS), the structure and contents of this year's sustainability report have been updated.

In conducting the double materiality analysis, which forms the basis for the sustainability reporting, Scandic's upstream and downstream value chain was considered.

Disclosures in relation to specific circumstances

Value chain estimation and sources of estimation and outcome uncertainty

Emissions data is calculated in accordance with the Greenhouse Gas (GHG) Protocol, based on consumption data and supplier statistics. Scandic currently only reports parts of scope 3, but is constantly working to improve the quality of its carbon calculations. This work includes increased use of primary data, such as weight-based data, as well as an expansion of the categories reported within scope 3. The aim is to enhance the accuracy of Scandic's published emissions statistics and more effectively measure the impact of the implemented emission reduction measures.

Calculations of carbon dioxide emissions within scope 1, 2 and 3 are handled by Scandic's central procurement department and strategy and sustainability department. All environmental data has been verified through a third-party review by Ethos International in accordance with AA1000AS v3.

Changes in preparation or presentation of sustainability information

In 2024, Scandic began adapting to ESRS in preparation for reporting the 2025 financial year, aligning with the expanded requirements introduced by the implementation of CSRD and its associated reporting standards in the Swedish Annual Accounts Act. Previous reporting under the Global Reporting Initiative (GRI) standards contains similar information and is therefore excluded from this year's report. Consequently, certain information is presented using different metrics adapted to ESRS.

Reporting errors in prior periods

In 2024, Scandic made minor adjustments to its carbon emissions calculation methodology. In accordance with the GHG Protocol, emissions from franchisees are now reported under Scope 3 instead of Scope 1 and 2 as previously. Energy data has also been updated to now exclude franchisees. To ensure comparability, historical data has also been adjusted to reflect this change.

Governance

The role of administrative, management, and supervisory bodies, as well as the information and sustainability issues submitted to and addressed by these bodies

Sustainability management

Scandic's sustainability initiatives are based on the sustainability matters that are most material to its business in terms of its impacts, risks and opportunities. To ensure that sustainability matters are anchored and integrated across the entire company, Scandic has a cross-functional Sustainability Initiative Steering Committee (SISC). The SISC recommends prioritized actions, goal-setting and a budget for each year, which are approved by the Board and Executive Committee. In addition, the SISC also ensures the overall progress of Scandic's sustainability initiatives. Scandic's strategy and sustainability department prepares SISC meetings and supports sustainability initiatives across the entire organization. Responsibility for executing sustainability initiatives is delegated to the respective functions within the organization, and the effectiveness of governance is continuously evaluated through performance monitoring. The Executive Committee, the Audit Committee and the Board receive regular updates on key sustainability matters and achievement of goals.

Key principles for the overall governance of Scandic's sustainability initiatives are Scandic's Code of Conduct, Anti-Corruption Policy, Data Protection Policy, Diversity and Inclusion Policy, Environmental Policy, Supplier Code of Conduct and Scandic's Sustainable Procurement Guidelines.

Board and Executive Committee

Ultimately, Scandic's Board is responsible for its sustainability strategy. The Board's Audit Committee is further responsible for reviewing and ensuring, in accordance with its instructions, that there is sufficient and satisfactory internal control of sustainability reporting.

Follow-up of the most significant sustainability matters is vhandled by the Executive Committee. The SISC prepares sustainability matters and provides recommendations to the Executive Committee which in turn provides recommendations to the Board.

In 2024, the Board and Executive Committee addressed the following sustainability-related issues:

- Review and assurance of the implementation of the prioritized actions and goals for 2024.
- Decision on prioritized areas and goals for 2025.
- Updating and approving most of Scandic's policies.

When external expertise is needed, Scandic collaborates with relevant stakeholders to ensure knowledge and expertise on sustainability matters. The Board and Executive Committee have conducted CSRD training.

For more information, see pages 84–87.

Integration of sustainability-related performance in incentive schemes

Scandic has an incentive system consisting of a short-term incentive program (STIP) and a long-term incentive program (LTIP). Scandic is continuously evaluating the appropriateness of integrating additional sustainability targets into its incentive programs.

The STIP is based on Scandic's fulfillment of predefined financial and sustainability targets linked to Scandic's strategy, and the aim is to incentivize strategic goal achievement and thereby create long-term value.

From 2015–2019 and 2022–2024, Scandic also launched a share-based LTIP. This program allows participants to be granted performance shares free of charge, depending on the degree of fulfillment of performance criteria. These performance criteria are linked to Scandic's total shareholder return (TSR) on the company's shares. Currently, no part of the LTIP is directly linked to Scandic's sustainability goals.

For more information on the incentive schemes, see the corporate governance report on page 78.

Statement on due diligence

Due diligence involves identifying, preventing, mitigating and reporting how actual and potential negative impacts on people and the environment are addressed and remedied.

Scandic employs an integrated approach to due diligence, which is based on the company's risk management process, supplier risk management system, and sustainability strategy.

Risk management and internal controls over sustainability reporting

Regular monitoring of sustainability data is ensured by the person responsible for each sustainability area, which often includes both internal and external validation of the data. During 2025, Scandic will review the internal control system for sustainability data to further strengthen data quality and traceability in reporting.

Strategy

Strategy, business model and value chain

Scandic's vision is to deliver world-class Nordic hotel experiences, with sustainable business and engaged and motivated team members as fundamental prerequisites for realizing this vision.

Scandic's core business model is based on long-term lease agreements that are largely revenue-based. The allocation of responsibilities regarding sustainability matters is stipulated in the lease agreements, aiming to create shared incentives for competitive and responsible collaboration between the parties.

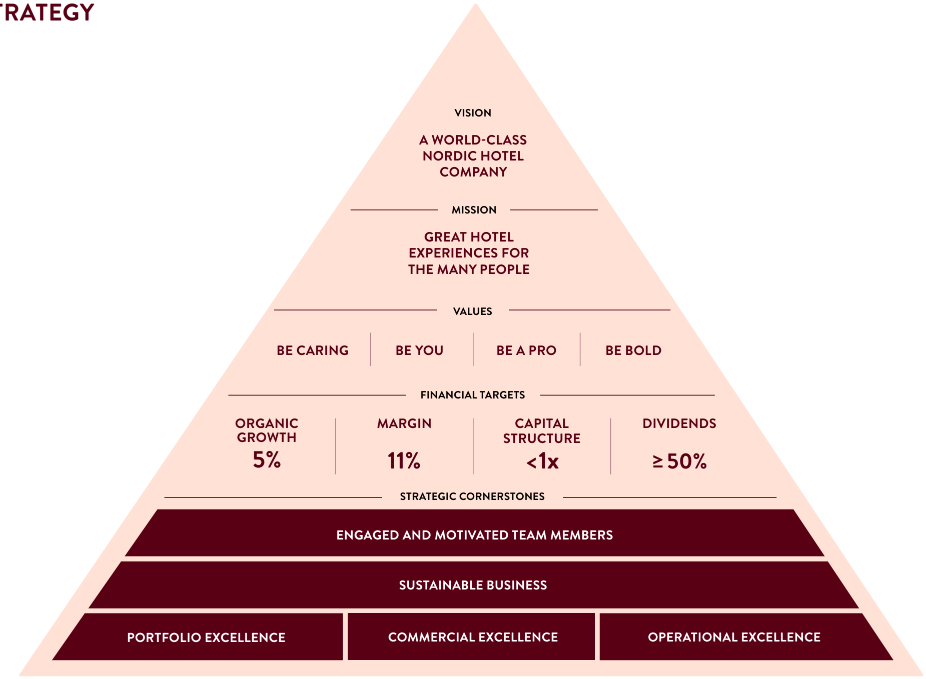
Scandic leverages economies of scale in areas such as purchasing, administration and investments. Long-term profitability is based on an efficient and sustainable operating model, where optimized processes and resource management ensure both business success and a reduced environmental impact.

Scandic's strategy for sustainable business is grounded in three focus areas:

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

To achieve the established goals within each focus area, continuous improvement in daily hotel operations is crucial. By ensuring sustainable hotel operations and actively taking responsibility as a societal actor, Scandic creates long-term value for guests, employees, and stakeholders. For an overview of Scandic's goals related to the sustainability strategy, see Sustainable Business on page 26. For more information on the number of employees per market, see page 57.

SCANDIC'S STRATEGY



SCANDIC'S VALUE CHAIN

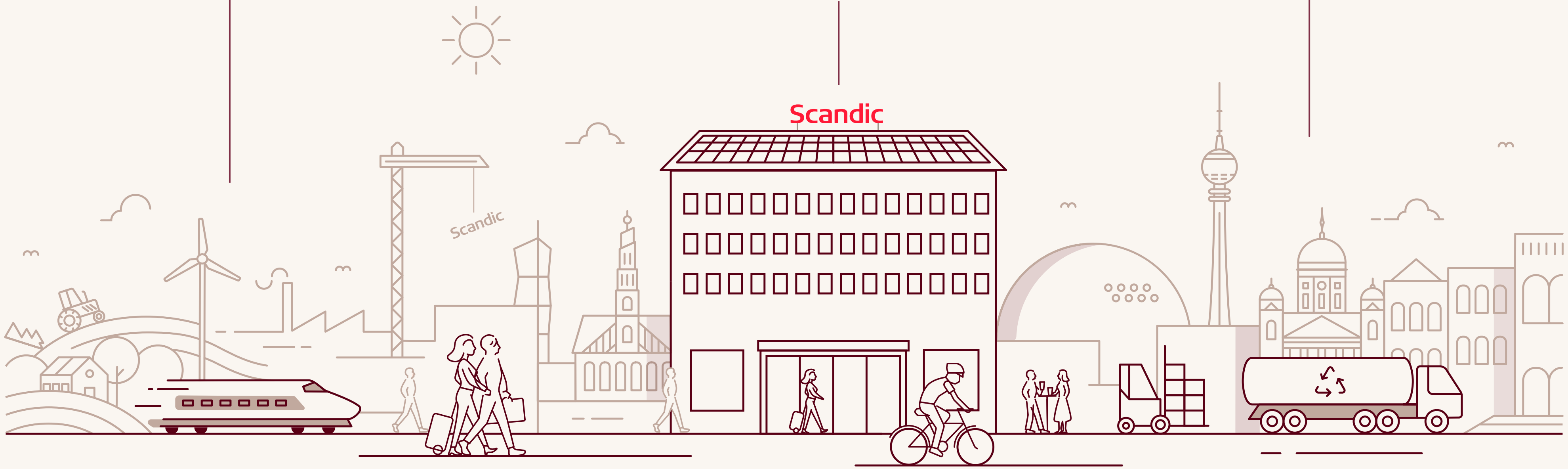
Scandic has an impact throughout the value chain, from the local community where hotels are established and operated to the way goods are procured and how waste is managed and recycled.

Goods and services are sourced from carefully selected suppliers.

Scandic rents properties and has responsibility for a hotel's operations, energy consumption and interiors.

As an employer and partner in society, Scandic influences local communities, team members and guests.

By actively applying circular principles in areas such as interior design, renovation, reuse and waste management Scandic reduces its environmental impact.



Cornerstones in value chain

1. ESTABLISHING HOTELS
2. INCOMING GOODS AND SERVICES
3. HOTEL OPERATIONS AND OFFERING
4. RECYCLING AND WASTE MANAGEMENT

Overview of impact in Scandic's value chain

	Part of the value chain	Impact	Management	Possibility to impact
① ESTABLISHING HOTELS	Scandic leases properties and is responsible for hotel operations and interior design, while the property owner is responsible for the maintenance and refurbishment of the building.	• Construction, renovation and property management impact the environment and society.	• Close cooperation with property owners. Sustainability-related issues areusually regulated in lease agreements. • Scandic has a positive impact by creating shared incentives to improve the environmental standards of properties.	◐
② INCOMING GOODS AND SERVICES	Scandic purchases a large quantity of goods and services, for example, food, beverages and interiors as well as cleaning, laundry and IT services, and transportation. The value chain extends all the way from agriculture and raw materials to reusing interior furnishings.	• Procuring goods and services is a significant part of Scandic's impact on the environment and society.	• Scandic's Supplier Code of Conduct and Sustainable Procurement Guidelines set social and environmental requirements on suppliers. • Goals to increase the share of plant-based, organic and locally sourced food and beverages based on the season. • Extending the lifespan of materials through maintenance and circular design.	◕
③ HOTEL OPERATIONS AND OFFERING	Scandic is a large employer in the Nordic region with operations in approximately 130 locations. In its daily hotel operations, Scandic is responsible for all energy and water consumption as well as fixtures and fittings.	• Partner in society with an impact on the local community. • Employer with an inpact on team members and guests' well-being and safety. • Employees' and guests' resource usage at the hotels (such as water and energy) has an impact on the environment.	• Annual employee surveys. Survey results are followed up on and measures are implemented if needed. • Targets within diversity and inclusion and action plan to ensure these are met. • Accessibility standard with high demands to guarantee inclusive guest experience for all. • Culture characterized by safety and security for data and physical security. All hotels have access to crisis support through Scandic's Crisis Call Center and undergo regular training in security procedures, including how to combat human trafficking and prostitution. • Proactive communication and information to guests, team members and suppliers to inspire better choices for society and the environment. • Action plans for energy efficiency and continuous monitoring of energy consumption. Scandic also buys renewable electricity to the greatest extent possible.	●
④ RECYCLING AND WASTE MANAGEMENT	Waste management and recycling in Scandic's hotel and restaurant operations.	• Environmental impact is influenced by waste generated from hotel operations.	• Increase recycling and reduce residual waste. • Food waste is reduced, for example, by raising awareness among guests and employees, reusing food, and collaborating with companies that sell leftover edible food. • When renovating, Scandic collaborates internally and with recycling partners to extend the lifespan of interior furnishings to the greatest extent possible. More information about Scandic's waste management can be found on page 54.	◕

◐ Partial control ● Full control

Stakeholders views and continuous dialogue

Scandic maintains an ongoing dialogue with its stakeholders. The frequency and format of these dialogues vary depending on the stakeholder groups and their needs. Scandic meets owners and investors, ESG analysts, corporate clients, partners, interest organizations and suppliers in formal and informal meetings several times a year. For other stakeholders, such as team members and guests, follow-up is mainly conducted through ongoing evaluations and dialogues.

A central part of the double materiality analysis is gaining a deeper understanding of how key stakeholders view Scandic's impacts, risks and opportunities. Stakeholder dialogues are crucial for Scandic to prioritize its sustainability initiatives and ensure relevant and transparent sustainability reporting.

As a basis for the double materiality analysis, an extensive data collection was conducted through surveys and interviews with key stakeholder groups. The purpose was to increase the understanding of key sustainability areas and to identify potential development opportunities within Scandic's sustainability efforts.

Based on insights from stakeholder dialogues and the double materiality analysis, Scandic will update its sustainability strategy in 2025. The updated sustainability strategy will address material areas with measures and defined targets for 2030.

Scandic's most important stakeholders

Stakeholder group	Important sustainability aspects
Guests	• Opportunity to make sustainable choices when they stay (food and beverages, cleaning, singel-used plastics etc.) • Reducing CO_2 emissions emissions and energy efficiency • An inclusive hotel experience
Corporate customers	• Reducing CO_2 emissions • Efficient use of resources (energy, water, etc.) • Responsible employer (fair labor practices, diversity and inclusion)
Team members and Executive Committee	• Responsible use of resources (minimize waste, recycling) • A safe and inclusive work environment with fair labor practices • Responsible use of guest data
Owners and investors	• Reducing CO_2 emissions (including mitigating climate-related risks) • Efficient use of resources (energy, water, food and beverages) • Responsible employer (fair labor practices, diversity and inclusion) • Clear governance model for sustainability (engagement of Executive Committee and Board, integrated across entire organization)
Business partners (suppliers and property owners)	• Responsible employer (diversity and inclusion, fair labor practices, recruiting, preventing harassment) • Close collaboration with suppliers and other business partners on sustainability issues • Reducing environmental impact (use of resources, CO_2 emissions)
Interest organizations	• Fair labor practices • Accessible hotels • Responsible partner in local communities and value chain

Stakeholder dialogues are important for Scandic to prioritize its sustainability efforts.

Material impacts, risks and opportunities and their interaction with strategy and business model

Through the double materiality analysis, Scandic has identified sustainability matters where its business, directly or through the value chain, has a significant impact on people and the environment, as well as where risks and opportunities can impact Scandic's financial position.

For information on how material sustainability matters are linked to Scandic's sustainability strategy and integrated into the business model, see page 34.

For a description of the materiality analysis process, see page 40.

				Impact in value chain				Financial impact	
Material sustainability matters		Description		Actual	Potential	Positive	Negative	Opportunity	Risk
Climate change	Climate change mitigation	Scandic has an environmental impact throughout its entire value chain. Changes in regulations regarding greenhouse gas emissions could potentially lead to increased operating costs. Financial opportunities include increased customer satisfaction and a stronger brand position due to Scandic's work to mitigate climate change.	Upstream and downstream	●		●	●	●	●
	Energy	High energy use has a negative impact on the environment. Energy efficiency measures can result in lower operating costs. At the same time, there is a risk of stricter energy efficiency regulations, which could result in higher operating costs and/or investments.	Upstream and in own operations	●			●	●	●
Water and marine resources	Water	Scandic's hotel and restaurant operations are dependent on water, which can negatively impact local water availability, especially in areas with high water stress. Water scarcity can lead to increased regulatory requirements and the need for investments in water-saving measures. Additionally, limited water availability can contribute to higher prices for food and beverages, which affects operating costs.	Upstream and in own operations	●			●		●
Biodiversity and ecosystems	Impact of procurement of goods and services on biodiversity	Scandic impacts biodiversity through its purchases, particularly in interiors, food and beverages.	Upstream	●			●		
Resource use and circular economy	Procurement of goods and services, including use of resources	Purchasing goods and services have an environmental impact. Increased regulations for materials can lead to higher costs.	Upstream and in own operations	●		●	●		●
	Waste	Scandic's hotel operations generate waste, which have impact on the environment. The risk of increasing regulation of waste management could lead to higher operating costs.	Own operations and downstream	●		●	●		●
Own workforce	Working conditions, health and safety	By offering good working conditions and actively promoting safety, health and well-being, Scandic contributes positively to employee satisfaction and development.	Own operations	●		●			
	Diversity and inclusion	Scandic values diversity and inclusion as it benefits team members and guests, and thus has a potential positive impact on Scandic's financial results. If Scandic fails in its diversity and inclusion efforts, it could lead to a negative impact on team members' health and well-being.	Own operations	●	●	●	●	●	

Material sustainability matters		Description		Impact in value chain				Financial impact	
				Actual	Potential	Positive	Negative	Opportunity	Risk
	Work-life balance	A good work-life balance improves team members' health, well-being and motivation, contributing to a positive corporate culture and a strong employer brand. A lack of balance, on the other hand, could negatively impact team members' health and motivation.	Own operations	●	●	●	●	●	
	Training and skills development	Learning and development are of significant strategic importance for Scandic, both to be well-equipped to meet the needs of guests and to attract and retain team members. There is also a potential financial risk that inexperienced and unqualified labor may lead to reduced revenue and a negative impact with low guest satisfaction.	Own operations	●	●	●	●		●
	Other work-related rights	Poor working conditions and exploitation of workers have a significant negative impact on affected individuals. This is considered as such a serious violation of human rights that Scandic views it as a material matter, even though the risk of it occurring is low.	Own operations		●		●		
Workers in value chain	Working conditions and work-related rights	Scandic is a significant purchaser of goods and services, which means that it has an indirect impact on the labor practices of its suppliers. For this reason, Scandic also has an indirect responsibility to ensure fair labor conditions and workers' rights among suppliers.	Downstream and upstream		●		●		
Impacted communities	Human trafficking	Scandic has zero tolerance of prostitution and trafficking. As instances of prostitution may occur in hotels, this is a material matter for Scandic.	Own operations		●		●		
Consumers and end-users	Data security and use of guest data	Guest privacy is a crucial factor for Scandic's success. Data security breaches, such as intrusions leading to the leakage of personal data, could not only negatively affect guests but also undermine their trust in Scandic, which in turn represents a financial risk.	Own operations	●		●	●		●
	Health, safety and security of guests	By creating a hotel experience that promotes health and well-being, Scandic strives to attract more guests while simultaneously increasing profitability. Failure to ensure guests' health, safety and security could have a negative impact on both guests and Scandic.	Own operations	●	●	●	●	●	
	Non-discrimination and accessibility	Scandic works to ensure that people with disabilities feel welcome and have their needs met, which strengthens Scandic's brand and competitiveness. Accessibility shortcomings, on the other hand, could have a potential negative impact, as they may lead to practical challenges and risk being perceived as discriminatory.	Own operations	●	●	●	●		
	Responsible marketing	Responsible and strategic marketing can strengthen Scandic's competitiveness. At the same time, it inspires guests to make more sustainable choices, which contributes to a positive impact.	Own operations	●		●		●	
Business conduct	Corporate culture	Scandic's strong corporate culture contributes to satisfied and engaged team members, which is the foundation for guest satisfaction and strong financial results.	Own operations	●		●		●	
	Corruption and bribery	Unethical business practices, such as corruption and bribery, could negatively impact Scandic's operations and society.	Upstream and downstream		●		●		
	Collaboration with subcontractors	Close and responsible collaboration with suppliers is crucial for competitive procurement.	Upstream, own operations and downstream	●				●	

Impact, risk and opportunity management

Description of the processes to identify and assess material impacts, risks and opportunities

The double materiality analysis was conducted in accordance with ESRS, with the support of external advisors with special expertise in the area. The analysis, which was reviewed and approved by Scandic's Executive Committee and Board, was carried out in four phases:

1. Context analysis and identification of possible sustainability areas for impacts, risks and opportunities.
2. Stakeholder dialogues conducted through surveys and interviews.
3. Evaluation of impacts, risks and opportunities
4. Execution and validation.

Context analysis and identification of sustainability impacts, risks and opportunities

Scandic identified potentially material sustainability matters based on previous materiality analyses, market and industry reports, societal sustainability trends and an overview of relevant legislation and sector-specific frameworks as well as the ESRS. The criteria for Nordic Swan Ecolabel certification, which maps hotel operations' impacts, risks and opportunities, were also used to identify relevant sustainability matters. These sustainability matters were validated with key personnel and external experts before being included in the continued analysis.

Stakeholder engagement

To gain a deeper understanding of key sustainability matters for Scandic, surveys and interviews were conducted. Two types of surveys were used: a shorter version for guests and a more comprehensive survey for other stakeholders. A total of 11 interviews were conducted to identify key sustainability matters, assess risks and opportunities, and evaluate current practices and communication.

The stakeholder groups were selected by Scandic based on their impact on the company. They included guests, team members, the Executive Committee, suppliers, property owners, corporate clients, analysts and owners.

Evaluation of impacts, risks and opportunities

The third phase of the analysis included a workshop with the SISC and other key personnel from Scandic. The purpose of the workshop was to evaluate and assess Scandic's sustainability impact, as well as the financial effects of risks and opportunities. The assessment of impacts, financial risks and opportunities was based on severity, scope and likelihood. For negative impacts, the extent to which damage could be remedied was taken into consideration.

Probability was assessed on a five-point scale, where actual or highly likely effects were rated as "5 = very likely." In assessing the severity and financial impact, gross risk was used, meaning an evaluation without considering the actions already taken.

To determine material sustainability matters, the median scores of all evaluated sustainability matters were set as a threshold value. Generally, sustainability matters above the median were considered material, with two exceptions. The matters "Workers in the value chain – Working conditions, workers' rights and equal treatment" and "Affected communities – (human trafficking)" fell below the threshold but were still included due to their potential negative impact on human rights and the significance of individual cases for Scandic.

Execution and validation

External advisors conducted a final validation of the results. A final validation workshop was then held with SISC. The double materiality analysis was approved by the Board and Executive Committee.

Learning and development are of significant strategic importance for Scandic, both to be well-equipped to meet the needs of guests and to attract and retain team members.

ENVIRONMENTAL DISCLOSURES

TAXONOMY REPORT

Pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)

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.

Accounting principles

Scandic has been covered by the EU directive from the financial year 2021 since the company is classified as a large group according to the taxonomy, has shares listed on a regulated market and has more than 500 employees on average.

In 2022, Scandic's turnover was not included in the delegated acts of the EU Taxonomy Regulation, environmental objectives 1 and 2 (Annex 1 and 2), related to applicable economic activities. For this reason, Scandic's applicable turnover for these years amounted to 0.

In June 2023, however, the list of applicable activities was expanded. The delegated acts of the EU Taxonomy Regulation, along with additional annexes for environmental objectives 3–6. Environmental objective 6, Biodiversity, includes activity "2 Accommodation activities" and more specifically "2.1 Hotels, holiday, camping grounds and similar accommodation", in which Scandic's turnover is included.

The above category has been assessed to cover Scandic's entire net turnover, except for franchise and management fees, as this revenue stream is currently not included in the taxonomy's list of applicable activities. Apart from franchise and management fees, the category includes Scandic's entire revenue, such as room revenue, conference revenue and revenue from the sale of food and beverages at hotels. Scandic's policy is that the assessment of CapEx and OpEx follows the same evaluation as turnover, as the investments are made to support the activities that generate turnover.

In order for a hotel to be assessed as environmentally sustainable, or aligned with the environmental goals set by the taxonomy and to be considered an applicable activity in the taxonomy reporting, the original assessment of how the taxonomy works included the requirement that the business must meet all five technical screening criteria for contributing substantially to the specific economic activity. For activity 2.1, technical screening criteria 1 and 2 focus solely on criteria that can be met by hotels located in or near protected areas.

In 2024, Scandic therefore investigated whether its hotels are located in or near any protected areas. Based on the Natura 2000 tools and the WWF Biodiversity Risk Filter, Scandic identified that only five hotels, less than 2 percent of Scandic's total portfolio, are located near such risk areas.

Less than 2 percent of Scandic's total portfolio is located in or near a protected area.

Economic activities that are taxonomy eligible

million SEK	Total	Share of economic activities that are taxonomy eligible, %	Share of economic activities that are taxonomy non-eligible, %	Share of taxonomy-eligible activities that are environmentally sustainable, %	Share of taxonomy-eligible activities that are not environmentally sustainable, %[1)]
Turnover	21,927	99.9 (100.0)	0.1 (0.0)	Under investigation	Under investigation
CapEx	3,606	100.0 (100.0)	0.0 (0.0)	Under investigation	Under investigation
OpEx	266	100.0 (100.0)	0.0 (0.0)	Under investigation	Under investigation

1) For 2024, Scandic has reported its activities as applicable but not fully aligned, as the interpretation of how the regulations should be applied and assessed for compliance has been discussed with the EU Commission. FAQs from the Commission on this matter were published in late 2024, and then only in draft form. When the European Commission's interpretations are finalized in 2025, Scandic's assessments of the level of compliance may therefore change.

Given this, it could be argued that the majority of Scandic's hotel portfolio is not included in the economic activity, as Scandic's hotels do not have the opportunity to contribute to the environmental goal according to the established criteria. However, according to the FAQs published in draft form by the European Commission in November 2024, it was clarified that hotels included in activity 2.1 can be tested for taxonomy alignment regardless of their location. Based on this clarification, it was assessed that all of Scandic's hotels should still be covered by the economic activity and considered eligible, but that the majority are exempt from the investigation of technical screening criteria 1 and 2 regarding compliance with the taxonomy's environmental goals. For the majority of Scandic's hotel portfolio, the testing of taxonomy alignment was therefore conducted based on substantial contribution solely according to technical screening criteria 3-5, as well as all technical screening criteria to ensure no significant harm to other environmental goals.

As the investigation, taking the FAQs into account, resulted in the assessment that all of Scandic's hotels should be included as eligible, the categorization of applicable hotels does not differ from the reference year 2023.

Since the FAQs from the European Commission were published late in the 2024 financial year and are still in draft form, the investigation into taxonomy alignment has not been fully completed for the year. Scandic has assessed that the draft guidance confirms that the hotels are eligible according to the taxonomy system, but testing for alignment according to the draft has not been completed due to the late publication in which this was clarified. How alignment should be tested may also change in 2025 before the FAQs are finalized. The Group will therefore take into account the final guidance on how testing should be conducted to assess alignment in next year's reporting.

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. The assessment of eligible activities has been based on what is described below. Delimitations regarding Scandic's assessment of alignment are presented under each area below.

Turnover

According to the taxonomy, total turnover is the same as net sales according to the consolidated income statement, see page 89. The Group's net sales consist of the value of goods and services generated in hotels under lease agreements as well as management and franchise fees. Franchise and management fees have been excluded from applicable revenue, as this revenue stream is not covered by the taxonomy's applicable economic activities.

Capital expenditures (CapEx)

Total CapEx refers to investments in tangible and intangible assets excluding goodwill and right-of-use assets. Investments during the year can be found in Notes 12 and 13 on pages 105 and 106. CapEx related to right-of-use assets in accordance with IFRS 16 for the financial year amounts to approximately 3.6 billion SEK (6.1) and consists mainly of extensions of existing leases and new leases for hotel properties. These investments can be found in Note 13 on page 106. Total CapEx for the year amounted to 3.7 billion SEK (6.6).

According to the taxonomy, applicable CapEx refers to investments related to an identified sales activity (2.1 Hotels, holiday, camping grounds and similar accommodation). Since all CapEx was intended to benefit Scandic's economic activities, 100 percent of CapEx for the year is considered applicable for the current financial year.

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 direct expenses related to maintenance of property, plant and equipment carried out by the Group or third parties that is necessary to ensure the smooth and efficient functioning of the assets, including renovation expenses related to property, plant and equipment and short-term leases. These costs are not specified in the consolidated income statement, but are included in Other external costs on page 89. Eligible OpEx is the part of the total OpEx that relates to identified sales activities (2.1 Hotels, holiday, camping grounds and similar accommodation), which for 2023 is considered to be 100 percent.

Next steps

The next step in Scandic's work related to the taxonomy is to determine and work toward taxonomy alignment for turnover, CapEx and OpEx in accordance with the taxonomy's criteria for the biodiversity environmental objective. When the final guidance based on the FAQs, which are currently in draft form, is published, the Group will consider this in its ongoing work to assess compliance for the 2025 reporting.

EU TAXONOMY – TURNOVER

Proportion of turnover from products or services associated with taxonomy-aligned economic activities – information covering the year 2024

				Substantial contribution criteria						DNSH criteria (Do No Significant Harm)									
Economic activities	Code	Turnover	Proportion of turnover, year 2024	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2024	Category enabling activity	Category transitional activity
		million SEK	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	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)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–		
Of which enabling		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Of which transitional		–	–	–						–	–	–	–	–	–	–	–		–
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Hotels, holiday, camping grounds and similar accommodation	BIO 2.1	21,927	99.9%	N/EL	N/EL	N/EL	N/EL	N/EL	EL								100%		
Turnover of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		**21,927**	**99.9%**	**0%**	**0%**	**0%**	**0%**	**0%**	**100%**								**100%**		
A. Turnover of taxonomy eligible activities (A1+A2)		**21,927**	**99.9%**	**0%**	**0%**	**0%**	**0%**	**0%**	**100%**								**100%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of taxonomy-non-eligible activities		32	0.1%																
TOTAL		21,927	99.9%																

Y – Yes, taxonomy-eligible and taxonomy-aligned activity with the relevant environmental objective.
N - No, taxonomy-eligible but not taxonomy-aligned activity with the relevant environmental objective.
N/EL – Not eligible, taxonomy non-eligible activity for the relevant environmental objective.

EU TAXONOMY – CAPITAL EXPENDITURES (CAPEX)

Proportion of capital expenditures from products or services associated with taxonomy-aligned economic activities – information covering the year 2024

				Substantial contribution criteria						DNSH criteria (Do No Significant Harm)									
Economic activities	Code	CapEx	Proportion of CapEx, year 2024	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year 2024	Category enabling activity	Category transitional activity
		million SEK	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	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)																			
CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–		
Of which enabling	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Of which transitional	–	–	–	–						–	–	–	–	–	–	–	–		–
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Hotels, holiday, camping grounds and similar accommodation	BIO 2.1	3,606	100%	N/EL	N/EL	N/EL	N/EL	N/EL	EL								100%		
CapEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		**3,606**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**	**100%**								**100%**		
A. CapEx of taxonomy eligible activities (A1+A2)		**3,606**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**	**100%**								**100%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of taxonomy-non-eligible activities		0	0%																
TOTAL		3,606	100%																

Y – Yes, taxonomy-eligible and taxonomy-aligned activity with the relevant environmental objective.
N - No, taxonomy-eligible but not taxonomy-aligned activity with the relevant environmental objective.
N/EL – Not eligible, taxonomy non-eligible activity for the relevant environmental objective.

EU TAXONOMY – OPERATING EXPENSES (OPEX)

Proportion of operational expenditures from products or services associated with taxonomy-aligned economic activities – information covering the year 2024

				Substantial contribution criteria						DNSH criteria (Do No Significant Harm)									
Economic activities	Code	OpEx	Proportion of OpEx, year 2024	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year 2024	Category enabling activity	Category transitional activity
		million SEK	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	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)																			
OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–		
Of which enabling		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Of which transitional		–	–	–						–	–	–	–	–	–	–	–		–
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Hotels, holiday, camping grounds and similar accommodation	BIO 2.1	266	100%	N/EL	N/EL	N/EL	N/EL	N/EL	EL								100%		
OpEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		**266**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**	**100%**								**100%**		
A. OpEx of taxonomy eligible activities (A1+A2)		**266**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**	**100%**								**100%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of taxonomy-non-eligible activities		0	0%																
TOTAL		266	100%																

Y – Yes, taxonomy-eligible and taxonomy-aligned activity with the relevant environmental objective.
N - No, taxonomy-eligible but not taxonomy-aligned activity with the relevant environmental objective.
N/EL – Not eligible, taxonomy non-eligible activity for the relevant environmental objective.

EU TAXONOMY – NUCLEAR ENERGY AND FOSSIL FUEL-RELATED ACTIVITIES

NUCLEAR ENERGY-RELATED ACTIVITIES	
The company conducts, finances or is exposed to research, development, demonstration and expansion of innovative power generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
The company conducts, finances or is exposed to the construction and safe operation of new nuclear facilities for electricity or process heat production, including for district heating or industrial processes such as hydrogen production, as well as for safety upgrades of these facilities using the best available technology.	NO
The company conducts, finances or is exposed to the safe operation of existing nuclear facilities that produce electricity or process heat, including for district heating or industrial processes, such as hydrogen production from nuclear energy, as well as safety upgrades of these fossil gas-related activities.	NO

FOSSIL GAS-RELATED ACTIVITIES	
The company conducts, finances or is exposed to the construction or operation of power generation facilities that produce electricity using fossil gaseous fuels.	NO
The company conducts, finances or is exposed to the construction, renovation and operation of facilities for combined heat/cooling and power generation using fossil gaseous fuels.	NO
The company conducts, finances or is exposed to the construction, renovation, and operation of heat production facilities that generate heat/cooling using fossil gaseous fuels.	NO

Scandic takes great environmental responsibility for all of its hotel operations by adhering to strict limits and requirements for energy, water, chemicals, waste and organic purchases. These measures aim to reduce negative environmental impact and promote biodiversity.

CLIMATE CHANGE

		Impact in value chain				Financial impact	
Material sustainability matters		Actual	Potential	Positive	Negative	Opportunity	Risk
Climate change mitigation	Upstream and downstream	●		●	●	●	●
Energy	Own operations	●			●	●	●

Governance

Integration of sustainability-related performance in incentive schemes

For more information on the integration of sustainability-related results into Scandic's incentive systems, see page 34.

Strategy

Transition plan for climate change mitigation

Climate change poses potential risks for Scandic's operations, including increased energy costs, carbon taxes, new regulatory requirements, water restrictions, changing customer behaviors, and supply chain disruptions.

Scandic has an established goal to reduce carbon dioxide emissions (measured in CO_2 equivalents) by 50 percent per square meter of space by 2030 compared with 2019. This target includes emissions in Scopes 1 and 2. In 2024, Scandic achieved a 30 percent reduction in CO_2 emissions per square meter of space compared to 2019.

To achieve this goal, Scandic follows a clear transition plan focused on mitigating climate change through energy efficiency and increased use of renewable energy, including fossil-free district heating and renewable electricity. Energy efficiency contributes to reduced resource consumption and cost savings. Scandic systematically works through an environmental management system, where the criteria for Nordic Swan Ecolabel certification set limits for energy and water usage, as well as requirements for sustainable procurement for all hotels. This holistic approach strengthens Scandic's competitiveness while also reducing its climate impact.

Within Scandic's transition plan, targets for indirect carbon emissions (Scope 3) are also being established, in line with the Paris Agreement and with the approval of the Science Based Targets initiative (SBTi).

Scandic typically leases hotel properties through long-term lease agreements. If a property has poor energy efficiency or a suboptimal electricity supply, this can result in "locked-in" emissions throughout the entire lease period. As a hotel operator, Scandic has limited opportunities to influence a property's fundamental construction and technical systems, which creates challenges in efforts to reduce climate impact. To manage this challenge, Scandic creates shared incentives and strives to establish a competitive, sustainable and responsible collaboration with property owners.

Scandic's transition plan to limit climate change is an integral part of its sustainability strategy. The plan is updated regularly in collaboration with relevant parts of Scandic's operations and the SISC, and it is established through approval by both the Executive Committee and the Board.

Material impacts, risks and opportunities and their interaction with strategy and business model

Mitigation of climate change and energy

Scandic's hotel operations and value chain have a climate impact. To minimize this impact, Scandic actively follows a transition plan that includes measures for energy efficiency and increasing the use of renewable energy.

The financial risks associated with climate change and energy use include stricter regulations on greenhouse gas emissions and energy consumption, which could result in higher operating costs. Changes in weather patterns could also disrupt supply chains, potentially driving up costs. At the same time, increased demand for sustainable solutions may lead to higher procurement costs as guests and partners place greater demands related to environmental issues.

Financial opportunities include increased customer satisfaction and a stronger brand position due to Scandic's work to mitigate climate change. Moreover, investments in energy efficiency can contribute to long-term reductions in operating costs and improved profitability.

Impact, risk and opportunity management

Description of the processes to identify and assess material climate-related impacts, risks and opportunities

For more information on the double materiality analysis and the identification of significant climate-related impacts, risks and opportunities, see page 40.

Policies related to climate change mitigation and adaptation

Scandic's Code of Conduct, Environmental Policy, Supplier Code of Conduct and Guidelines for Sustainable Procurement together serve as guiding policies to reduce the company's negative environmental impact.

Code of Conduct

The Code of Conduct includes a commitment to minimizing environmental impact, continuously reducing greenhouse gas emissions and decreasing energy consumption. For more information, see page 55.

Environmental Policy

Scandic's Environmental Policy sets out the commitment to operating environmentally sustainable hotels by systematically working to minimize greenhouse gas emissions. By incorporating the environmental principles of the UN Global Compact into the policy, Scandic commits to supporting the precautionary approach to environmental risks, enhancing environmental awareness and encouraging the development of environmentally friendly technology. The ambition is for all hotels that operate under the Scandic brand to be certified by the Nordic Swan Ecolabel. The Nordic Swan Ecolabel, which is a type 1 environmental label according to the ISO 14024 standard, means that Scandic meets the high environmental requirements set by an independent third party, the Nordic Ecolabelling Board.

Action plans and goals for significant environmental issues are monitored and followed up to ensure compliance with Scandic's Environmental Policy. The policy is binding for all team members and operations. It has been adopted by Scandic's Board and the Executive Committee is responsible for implementing it in their respective areas of responsibility. The policy is managed by the Head of Strategy and Sustainability and is communicated both internally and externally through Scandic's website.

Supplier Code of Conduct

Scandic sets requirements for its suppliers through its Supplier Code of Conduct, which stipulates that they must have an environmental program with measurable targets for improved environmental performance as well as general health and safety standards. The program must include the management of chemicals and hazardous materials, waste management, energy consumption, water usage, transportation and travel, as well as emissions to air, water and soil. For more information on the supplier Code of Conduct, see page 59.

Sustainable Procurement Guidelines

Scandic's Sustainable Procurement Guidelines are the theoretical framework that underpins all decisions regarding sustainable procurement within the company. The guidelines also provide detailed information on production conditions with specific requirements for energy-efficient production and low carbon emissions. For more information on sustainable procurement, see page 53.

Actions in relation to climate change mitigation and energy

Scandic is actively working according to a transition plan focused on energy efficiency and the shift to green renewable energy. During 2024, the company focused on the following actions:

Scope 1 and 2

- **Compliance with sustainability requirements of the Nordic Swan Ecolabel:** Scandic has ensured that its operations comply with the Nordic Swan Ecolabel's requirements for sustainable hotel operations, including targets for energy efficiency and sustainable procurement.
- **Increased purchases of fossil-free district heating and renewable electricity:** To reduce emissions within scope 1 and 2, a larger share of the company's energy consumption was shifted to renewable energy sources.
- **Development of a new 5-year plan for energy efficiency:** A sustainability fund was established to finance energy efficiency measures. At the same time, property management and work routines related to energy consumption are being strengthened. During 2025, the company will evaluate two different energy management models to identify the most effective strategy for optimizing energy use at its hotels.
- Overview of climate targets: Scandic has begun work to revise scope 1 and 2 targets in line with the latest climate science.

Scope 3

- **Improved metrics:** Scandic has further developed its methods for mapping and analyzing emissions related to purchases, enabling more detailed and accurate tracking of scope 3 emissions.
- **Identification of high-priority measures:** The most effective measures for reducing scope 3 emissions have been mapped to enable targeted improvements.
- **Mapping of emissions from forests, land and agriculture:** As a major purchaser of food, Scandic is working to gain a deeper understanding of and manage emissions associated with raw material production and the supply chain.
- **Science-based targets for scope 3:** During 2025, Scandic will focus on establishing science-based targets for scope 3.

Metrics and targets

Targets related to climate change mitigation and adaptation

Scandic has set a clear goal to reduce its scope 1 and scope 2 carbon emissions by 50 percent per square meter (CO_2e/m^2) by 2030, compared with the base year 2019. This means that emissions per square meter must be decreased from 13.02 kg CO_2e/m^2 in 2019 to 6.51 kg CO_2e/m^2 by 2030. During 2024, Scandic reduced emissions by 30 percent compared with 2019.

The decrease can be partly explained by the increased use of renewable electricity and district heating compared with the base year 2019. Together with reduced energy and water consumption, this has led to lower carbon emissions. See the table below. For more information on gross greenhouse gas emissions within scope 1, 2 and 3, as well as total greenhouse gas emissions, see page 49.

Targets related to climate change mitigation and adaptation

	2024	2023
CO_2 emissions Decrease CO_2e/m^2 by 50% by 2030 compared with the base year 2019 (scope 1 and 2)	-30%	-9%

Scandic involves relevant stakeholders including team members, guests and suppliers in its work to define and implement its climate targets. Through continuous dialogue and collection of feedback, the company ensures that its targets are both achievable and responsible.

To ensure that the climate goals remain relevant and effective, Scandic adjusts its goals and methods as needed, in line with the latest scientific research and changes in legislation. This flexible and proactive strategy enables long-term and sustainable initiatives to reduce the company's climate impact.

Energy consumption and mix, MWh

	2024	2019
1 Fuel consumption from coal and coal products	0	0
2 Fuel consumption from crude oil and petroleum products	106.6	404.2
3 Fuel consumption from natural gas	3,580.8	6,477.9
4 Fuel consumption from other fossil sources	387.1	786.1
5 Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources	278,057.6	289,736.3
6 Total fossil energy consumption (sum of rows 1–5)	**282,132.1**	**297,404.6**
Share of fossil sources in total energy consumption	45.7%	46.3%
Share of nuclear energy sources in total energy consumption	0	0
8 Fuel consumption from renewable energy sources, including biomass (including indus-trial and municipal waste of biological origin, biofuel, renewable hydrogen, etc.).	366.0	27.2
9 Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources	334,636.1	344,974.2
10 Consumption of self-produced renewable non-fuel energy	362.9	–
11 Total consumption of renewable energy (sum of rows 8–10)	**335,364.9**	**345,001.4**
Share of renewable sources in total energy consumption	54.3%	53.7%
Total energy consumption (sum of rows 6, 7 and 11)	**617,497.1**	**642,406.0**

Energy usage per square meter decreased by 3.9 percent between 2024 and the base year 2019, which can be partly explained by reduced water consumption, better energy efficiency and improved monitoring. Scandic increased the share of renewable energy from 53.7 percent in 2019 to 54.3 percent in 2024.

Gross greenhouse gas emissions within scope 1, 2 and 3 and total greenhouse gas emissions, tonnes

	2024	2023	2022	2021	2020	2019
SCOPE 1						
Propane	205.5	210.9	214.4	175.5	169.4	282.2
Gas for heating	341.2	314.3	679.6	1,102.1	1,319.2	654.5
Natural gas	138.2	154.1	137.6	101.9	112.9	406.6
Biofuel	15.4	24.4	28.6	19.4	17.0	54.6
Gasoline	25.8	29.4	25.2	–	–	–
Heating oil	–	–	–	–	–	110.3
Refriger-ants	2865.1	1805.8	1893.7	1097.0	–	393.8
Total	**3,591.1**	**2,538.8**	**2,979.1**	**2,495.9**	**1,618.4**	**1,901.9**
SCOPE 2						
Electricity	1476.8	4174.8	–	–	279.8	911.5
District heating	20,698.4	27,484.0	24,373.6	25,143.3	22,852.2	33,060.9
District cooling	107.2	109.8	145.1	101.0	156.4	617.9
Total	**22,282.4**	**31,768.6**	**24,518.7**	**25,244.3**	**23,288.4**	**34,590.4**

	2024	2023	2022	2021	2020	2019
SCOPE 3						
Business travel						
Air	416.3	450.4	302.5	83.4	143.7	666.6
Train	140.5	3.0	0.4	0.0	0.0	0.0
Car	317.7	–	–	–	–	–
Taxi	78.7	–	–	–	–	–
Bus	169.6	–	–	–	–	–
Total	**1,122.9**	**453.4**	**302.9**	**83.4**	**143.7**	**666.6**
Franchise hotels						
Propane	50.3	42.6	24.2	36.2	32.4	54.0
Gas for heating	–	–	–	–	–	–
Natural gas	–	–	–	54.2	140.7	245.3
Biofuel	–	–	–	–	–	–
Gasoline	7.7	6.4	6.7	–	–	–
Heating oil	0.0	0.0	0.0	–	–	–
Refrigerants	44.3	67.2	119.8	17.3	–	–
Total	**102.3**	**116.2**	**150.7**	**107.7**	**173.0**	**299.4**
Franchise hotels						
Electricity	6,588.7	–	–	–	–	–
District heating	110.8	115.0	156.1	243.3	248.4	364.7
District cooling	–	–	–	–	–	–
Total	**6,699.5**	**115.0**	**156.1**	**243.3**	**248.4**	**364.7**

WATER AND MARINE RESOURCES

		Impact in value chain				Financial impact	
Material sustainability matter		Actual	Potential	Positive	Negative	Opportunity	Risk
Water	Upstream and in own operations	●			●		●

Material impacts, risks and opportunities and their interaction with strategy and business model

Scandic's hotel and restaurant operations are dependent on water, which can have a negative impact on local water availability, especially in areas with high water stress. Water scarcity can also have negative economic consequences for Scandic, including increased regulatory requirements and the need for investments in water-saving measures. Additionally, limited water availability can result in higher procurement costs, for example, for purchasing food and beverages, which could further affect Scandic's profitability.

Impact, risk and opportunity management

Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities

For more information on the double materiality analysis and the identification of significant impacts, risks and opportunities related to water resources, see page 40.

Policies related to water and marine resources

Scandic's Code of Conduct, Environmental Policy and Supplier Code of Conduct together serve as guiding policies to protect and contribute to sustainable management of water resources.

Code of Conduct

Scandic's Code of Conduct includes requirements in key areas such as water consumption and responsible use of chemicals. For more information on the Code of Conduct, see page 55.

Environmental Policy

Scandic's Environmental Policy sets out principles for responsible water consumption within its hotel operations. The policy establishes requirements to ensure efficient and responsible water consumption in accordance with the Nordic Swan Ecolabel's limit values at all hotels. In addition, an annual analysis of water availability in the regions where Scandic's hotels are located is required to identify potential risks and ensure sustainable water consumption. For more information, see page 47.

Supplier Code of Conduct

Scandic sets requirements on its suppliers through its Supplier Code of Conduct, which stipulates that subcontractors must actively work toward sustainable water consumption. For more information, see page 59.

Actions related to water and marine resources

Scandic continuously works to promote sustainable water consumption and reduce water usage at its hotels. During 2024, the company focused on the following actions:

Continuous monitoring of water consumption and compliance with limit value requirements

Scandic conducts systematic monitoring of water usage to ensure sustainable consumption and quickly identify any deviations.

Reduced water consumption through towel change and cleaning on demand

Since 1993, Scandic has changed towels in guests' hotel rooms only upon request from the guest. This initiative has led to a significant reduction in laundry volumes, which, combined with using laundry suppliers certified by the Nordic Swan Ecolabel contributes to a reduced impact on water resources.

Installation of resource-efficient and energy-efficient kitchen equipment

To further optimize water consumption, Scandic has invested in energy-efficient and water-saving appliances in its hotels.

Water efficiency in bathroom renovations

When renovating bathrooms, Scandic requires property owners to use fixtures that meet the Nordic Swan Ecolabel's water efficiency requirements. This means that:

- Water faucets and showers with a maximum flow rate of 5 and 9.5 liters per minute respectively are installed.
- According to the Nordic Swan Ecolabel requirements, flushing of toilets should be dual: 2/4 or 3/6 liters.

Behavior to reduce water consumption

Scandic has taken steps to raise awareness and influence water consumption among both hotel staff and guests, for example, by encouraging guests to turn off the tap while brushing their teeth.

Metrics and targets

Targets related to water and marine resources

When updating Scandic's sustainability strategy in 2025, introducing a company-wide water reduction target for 2030 is being considered.

Scandic has established water consumption limits for each hotel that are aligned with the environmental requirements of the Nordic Swan Ecolabel.

These limit values are outlined in the table below. At the end of 2024, 96 percent of Scandic's hotels fulfilled these requirements.

Targets related to water and marine resources

Operations	Limit values
Hotels	150 liters/guest
Hotels with pools	200 liters/guest
Restaurants	30 liters/guest
Catering/takeout	20 liters/guest
Conferences	15 liters/guest
External pool guests	50 liters/guest

For hotels with different combinations of operations, water consumption is calculated using the following formula: Limit value for the entire operation = (150 liters/hotel guest x number of hotel guests) + (30 liters/restaurant guest x number of restaurant guests) + (20 liters/catering or takeout portion x number of portions) + (15 liters/conference guest x number of conference guests) + (50 liters/pool guest x number of external pool guests).

Water consumption

During 2024, Scandic reduced water consumption by 13 percent compared with the base year 2019. Scandic's total water consumption was 3,047,123.6 m³, and the total water consumption in areas with water risk, including areas with high water stress, was 148 000.8 m³.

All hotels report their water consumption to a central internal system on a monthly basis. For some hotels that share a building with other properties, Scandic receives water consumption data from the property owners. This reporting includes both hotels operated by Scandic and franchises.

Targets related to water and marine resources

Water consumption, m³	2024	2019
Total water consumption	3,047,123.6	3,471,041.8
Total water consumption in areas of water risk, including areas with high water stress	148,000.8	141,031.0
Total amount of water that is recycled and reused	-	-
Total amount of water stored and changes in storage	-	-
Water intensity (total water consumption in own operations/million SEK net revenues)	138.8	183.2

BIODIVERSITY AND ECOSYSTEMS

		Impact in value chain				Financial impact	
Material sustainability matter		Actual	Potential	Positive	Negative	Opportunity	Risk
Impact of procurement of goods and services on biodiversity	Upstream	●			●		

Strategy

Transition plan and consideration of biodiversity and ecosystems in strategy and business plan

Scandic has not yet developed a transition plan regarding biodiversity and ecosystems.

Material impacts, risks and opportunities and their interaction with strategy and business model

Impact of procurement of goods and services on biodiversity

Scandic impacts biodiversity through its purchases, particularly in interiors, food, and beverages. To minimize this impact, Scandic applies strict requirements in its procurement and supplier selection processes. Sustainability takes precedence over other commercial interests in Scandic's procurement priorities. Additionally, there is a ban on purchasing any endangered species or products that could contribute to the extinction of endangered species.

Scandic does not operate in areas that are classified as nature reserves or biodiversity sensitive; however, an analysis based on the WWF Biodiversity Risk Filter and Natura 2000 has identified that five of Scandic's hotels are located near areas that are biodiversity sensitive. These areas are:

- Rautas, Kiruna, Sweden
- Gammelstadsviken, Luleå, Sweden
- Zatoka Pucka, Gdansk, Poland
- Øvre Pasvik Nationalpark, Kirkenes, Norway
- Valtavaara – Pyhävaara, Rukahovi, Finland

Scandic has not yet conducted a full assessment of its impact on biodiversity at these hotels and therefore cannot determine in more detail its exact impact. Since hotel operations fall under the EU Taxonomy, Environmental Goal 6, Biodiversity, work on taxonomy alignment and Scandic's contribution to biodiversity will be reported in line with the EU taxonomy requirements, see pages 41–46.

Impact, risk and opportunity management

Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities

For more information on the double materiality analysis and the identification of significant impacts, risks and opportunities, see page 40.

Policies related to biodiversity and ecosystems

Scandic's Code of Conduct, Environmental Policy, Supplier Code of Conduct and Guidelines for Sustainable Procurement together serve as guiding policies to reduce the company's negative impact on biodiversity and ecosystems.

Code of Conduct

The Code of Conduct sets out fundamental values and the commitment to conducting business in an ethical, sustainable and legally compliant manner. The Code of Conduct includes requirements in key areas such as biodiversity and resource flows. For more information, see page 55.

Environmental Policy
Scandic sets high standards for its purchases to ensure that products do not contain materials from endangered species or materials whose production negatively impacts endangered species and ecosystems. To minimize the environmental impact of its purchases, Scandic's policy requires adherence to the Sustainable Procurement Guidelines, developed in accordance with Nordic Swan Ecolabel's environmental requirements.

Scandic's Environmental Policy covers all hotels, including those located within or near biodiversity-sensitive areas, where special consideration is given to local ecosystems and biodiversity. For more information on the environmental policy, see page 47.

Supplier Code of Conduct
Scandic sets requirements for its suppliers through its Supplier Code of Conduct, which stipulates that all suppliers must have an environmental program with measurable goals to improve environmental performance as well as general health and safety standards. For more information on the supplier Code of Conduct, see page 59.

Sustainable Procurement Guidelines
Scandic's Sustainable Procurement Guidelines emphasize the importance of preserving biodiversity by setting requirements for suppliers and procurement processes. Scandic supports and follows international standards and certifications that promote biodiversity, such as the Forest Stewardship Council (FSC) for sustainable forestry. For more information on the sustainable procurement guidelines, see page 53.

Actions related to biodiversity and ecosystems
Scandic continuously works to operate a sustainable hotel business that takes biodiversity into account. During 2024, the company focused on the following actions:

Sustainable hotel operations
Scandic conducts thorough assessments to determine whether its hotels are located within or near nature reserves, particularly areas that are biodiversity-sensitive. The ambition is for all hotels operated under the Scandic brand to be certified by the Nordic Swan Ecolabel. As a minimum requirement, all hotels must meet the Nordic Swan Ecolabel's limit values for:

- Energy consumption per m²
- Unsorted waste
- Water consumption
- The use of environmentally certified chemicals for internal laundry, cleaning and washing dishes

Through these measures, Scandic actively works to consider the environment and biodiversity in its operations.

Sustainable procurement
Scandic's purchases, particularly within food and beverages, have been assessed to have an impact on biodiversity. For this reason, Scandic strives to ensure that all purchases benefit the environment, people and animals. During 2024, the company focused on the following actions:

- Increased purchases of organic food and beverages to reduce the company's negative environmental impact and support sustainable farming practices.
- Compliance with Scandic's Sustainable Procurement Guidelines, which for examples means no products were purchased that contain materials from endangered species or whose production directly impacts endangered species.

The Nordic Swan Ecolabel bases its criteria on the MECO (material, energy, chemicals, other) life cycle analysis tool. The "other" category includes biodiversity. To identify the most central of these factors, RPS (risk, potential and control) methodology is used, ensuring that only the most essential factors are prioritized.

Metrics and targets

Targets related to biodiversity and ecosystems
During the year, Scandic increased its procurement of organic food and beverages in each market as follows. See the table below. All markets already meet the Nordic Swan Ecolabel's limit value criteria for 2025.

Scandic conducts follow-up on the purchasing of organic food and beverages twice a year to ensure that its targets are met. Targets for sustainable hotel operations and organic purchases are set at the hotel level, with each hotel manager responsible for ensuring they are met within their respective hotel.

Scandic does not use biodiversity offsets as part of its strategy. The Nordic Swan Ecolabel requirements that Scandic adheres to contribute to supporting the Kunming-Montreal Framework (KM Framework) as well as the EU Biodiversity Strategy by:
1. Reducing the number of invasive species.
2. Reducing the use of chemical pesticides.

Impact metrics related to biodiversity and ecosystems change
In the development of Nordic Swan Ecolabel requirements for certification, biodiversity and ecosystems are considered. The most significant part of Scandic's impact on biodiversity is assessed to be within the procurement of goods and services. Scandic has not yet conducted any further assessment of biodiversity impact related to procurement or hotels located near biodiversity-sensitive areas.

Purchases of organic food and beverages[1], %

Country	Nordic Swan Ecolabel limit values that will be reported in annual follow-up in 2025, by country	Purchases of organic food and beverages, 2024	Purchases of organic food and beverages, 2023
Denmark	30	37	36
Sweden	10	14	12
Germany	15	22	–
Norway	5	6	4
Finland	7	9	7

1) Organic food and drink according to definition of Nordic Swan Ecolabel. In Sweden, Norway, Finland and Germany, the share of organic food and beverages is measured as part of total purchases in terms of costs (SEK), while in Denmark, it is measured as a share of the total weight in kilograms.

RESOURCE USE AND CIRCULAR ECONOMY

		Impact in value chain				Financial impact	
Material sustainability matters		Actual	Potential	Positive	Negative	Opportunity	Risk
Procurement of goods and services, including use of resources	Upstream and in own operations	●		●	●		●
Waste	Own operations and downstream	●		●	●		●

Material impacts, risks and opportunities and their interaction with strategy and business model

Purchasing goods and services as well as the waste generated within Scandic's operations has a negative environmental impact.

To reduce this impact, Scandic works based on circular principles in purchasing and interior design. Through measures such as sorting waste, managing residual waste and minimizing food waste, Scandic strives to optimize resource use and reduce its environmental impact.

Impact, risk and opportunity management

Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities

For more information on the double materiality analysis and the identification of significant impacts, risks and opportunities, see page 40.

Policies related to resource use and circular economy

Scandic's Code of Conduct, Environmental Policy, Code of Conduct for Suppliers, Guidelines for Sustainable Procurement and Food Waste Policy serve as guiding policies for resource use and circular economy.

Code of Conduct

Scandic's Code of Conduct promotes environmentally friendly purchasing and circular principles. For more information on the Code of Conduct, see page 55.

Environmental Policy

Scandic's Environmental Policy establishes its commitment to running an environmentally sustainable hotel business, where sustainable resource consumption and waste management are central principles.

When evaluating products, the entire life cycle is considered, with a focus on renewable and recycled materials. Resource and energy consumption in production must be minimized, and the product's lifespan ensured. Scandic continuously measures and monitors waste quantities and takes action to minimize waste. For more information on the environmental policy, see page 47.

Supplier Code of Conduct

Scandic sets requirements for its suppliers through its Supplier Code of Conduct, which stipulates that all suppliers must have an environmental program with measurable goals to continually improve their environmental standards. The environmental program must include defined measures in relevant areas, including waste management. For more information on the supplier Code of Conduct, see page 59.

Sustainable Procurement Guidelines

Scandic's Sustainable Procurement Guidelines aim to promote circular principles and waste management by prioritizing sustainable materials with a long lifespan. The guidelines emphasize the importance of maximizing reuse and recycling of materials while minimizing waste. By applying these guidelines, Scandic strives to contribute to the UN's Sustainable Development Goals, with a particular focus on the goal of responsible consumption and production.

The guidelines apply to all operations within Scandic, including the supply chain both upstream and downstream. The Director Group Procurement manages the guidelines and is responsible for implementing them in close collaboration with the Head of Strategy and Sustainability.

Food Waste Policy

Scandic's Food Waste Policy aims to reduce food waste by providing clear guidelines and measures to prevent, reduce, repurpose and manage food waste sustainably.

The policy is designed to support the UN's Sustainable Development Goals, with a particular focus on the goal of reducing waste and halving food waste by 2030. To achieve this goal, food waste data is reported and analyzed daily, enabling identification of areas for improvement and continuous measures to optimize resource use.

Scandic's Food Waste Policy is binding for all team members and operations. The overall responsibility for the policy lies with the Head of Strategy and Sustainability, while operational responsibility for its implementation rests with each country's Food and Beverage Director or the equivalent.

Actions related to resource use and circular economy

To reduce its environmental impact, Scandic works based on circular principles in purchasing, interior design and waste management. During 2024, the company focused on the following actions:

Procurement of goods and services, including use of resources

- In 2024, Scandic took significant steps to increase the share of furnishings with circular design and a long lifespan. One example of this is the development of a circular concept for Scandic Go, see page 29.

Waste management and recycling in Scandic's hotel and restaurant operations

- In 2024, Scandic focused on reducing food waste through measures such as repurposing surplus food and collaborating with companies that sell edible leftover food. Scandic also further improved procedures for monitoring food waste within the Group-wide system implemented in 2023.

- During renovations, Scandic's hotels collaborate internally to enable reuse of furniture within the Group. Additionally, the company collaborates with external partners to maximize the lifespan of existing furniture and thereby reduce waste.

Metrics and targets

Targets related to resource use and circular economy

Scandic aims to reduce edible food waste by 25 percent per guest night by 2025 compared with the base year 2019. This involves decreasing food waste from 191 grams per guest night in 2019 to 143 grams per guest night in 2025. Already in 2024, Scandic reached the target by reducing food waste by 31 percent. See the table below for more information.

Targets	2024	2023
Reduce edible food waste by 25% per guest night (compared with base year 2019) by 2025	-31%	-17%

Beyond the goal to reduce food waste, Scandic has still not developed additional measurable goals for sustainable resource use or waste management. Scandic, however, monitors and applies limit values for recycling and sustainable procurement at all hotels certified by the Nordic Swan Ecolabel.

Resource inflows

Scandic currently lacks information on the weight of all purchases.

Resource outflows

The total amount of waste decreased by 21 percent in 2024 compared to 2019. Scandic collects monthly waste data, categorized by waste type, including hazardous waste, recyclable materials, household/residual waste, and landfill.

Waste data is gathered through regular weighing by Scandic's waste service providers. Each month, data is sent directly to Scandic's internal systems for most hotels, while hotels with individual suppliers conduct manual reporting. An exception is in Sweden, where municipalities cannot provide Scandic with the actual weight of household waste, classified as non-hazardous waste. Instead, reporting is based on estimates. Waste reporting encompasses both Scandic-operated hotels and franchise-operated hotels. Food waste is weighed daily, and the data is analyzed monthly.

Waste, tonnes	2024	2019
Total amount of waste	15,701.8	19,924.3
Total weight diverted from disposal:		
Hazardous waste	151.9	87.5
Non-hazardous waste	15,549.9	19,836.8
Breakdown of recycling operations:		
Preparation for recycling	2.0	0
Recycling	8,606.6	11,315.2
Other recycling operations	7,000.0	8,562.9
Total amount of waste sent to landfill through:		
Combustion	–	–
Landfill	93.2	46.2
Other landfill methods	–	–
Total:		
Total amount of non-recycled waste	7,093.3	8,609.03
Percentage of non-recycled waste	45.2%	43.2%

Already in 2024, Scandic achieved the goal by reducing food waste by 31 percent.

SOCIAL DISCLOSURES

OWN WORKFORCE

		Impact in value chain				Financial impact	
Material sustainability matters		Actual	Potential	Positive	Negative	Opportunity	Risk
Working conditions: health and safety	Own operations	●		●			
Diversity & inclusion	Own operations	●	●	●	●	●	
Work-life balance	Own operations	●	●	●	●	●	
Training and skills development	Own operations	●		●	●		●
Other work-related rights	Own operations		●		●		

Strategy

Interests and views of stakeholders

Scandic maintains an ongoing dialogue with its team members to ensure that their interests, opinions and rights are safeguarded. For more information on how stakeholders' interests and feedback are taken into account, see page 37.

Material impacts, risks and opportunities and their interaction with strategy and business model

Working conditions, health and safety

By offering good working conditions and actively promoting safety, health and well-being, Scandic contributes positively to employee satisfaction and development.

Diversity & inclusion

Scandic believes that a diverse workforce consisting of individuals with different backgrounds, skills, talents and experiences provides valuable perspectives that foster innovation and creativity. These factors are crucial for ensuring high guest satisfaction and strong financial performance. Therefore, Scandic is committed to creating a culture that values diversity and inclusion at all levels, providing equal opportunities for all team members. Failing to build an inclusive work environment could negatively impact the health and well-being of Scandic's team members.

Work-life balance

A good work-life balance promotes team members' health, well-being and motivation, contributing to a positive corporate culture and a strong employer brand, which leads to lower personnel expenses. A lack of balance, on the other hand, could negatively impact team members' health and motivation.

Training and skills development

Learning and development are of significant strategic importance for Scandic, both to meet the needs of guests and to attract and retain team members. There is also a potential financial risk that inexperienced and unqualified labor may lead to reduced revenue and a negative impact with low guest satisfaction.

Other work-related rights

Scandic has zero tolerance for all forms of forced labor and child labor. Poor working conditions and exploitation of workers, as is the case with child labor and forced labor, have a significant negative impact on the individuals affected. This is considered such a serious violation of human rights that Scandic views it as a material matter, even though the risk of it occurring is low.

Impact, risk and opportunity management

Policies related to own workforce

Scandic's most important asset is the corporate culture and shared ethical foundation that its team members create together. To ensure a consistent and sustainable work environment, all team members must comply with Scandic's Code of Conduct, Diversity & Inclusion Policy and Whistleblowing Policy.

Code of Conduct

Scandic's Code of Conduct outlines guidelines to ensure that the company operates with respect for human rights and fair labor practices. The code addresses areas such as diversity and inclusion, discrimination and harassment, fair employment conditions, health and safety, confidentiality and privacy, as well as an explicit prohibition of child labor, forced labor and human trafficking.

Scandic's Code of Conduct is based on the ten principles of the UN Global Compact, as well as its underlying conventions and declarations covering human rights, labor rights (ILO), environmental protection and anti-corruption.

Team members seeking more information about Scandic's Code of Conduct or wishing to report suspected misconduct are encouraged to first contact their immediate manager, another management-level person, or Scandic's HR department. Alternatively, both internal and external parties can report incidents and deviations through Scandic's whistleblowing function.

Scandic's Code of Conduct is publicly available on the company's website and is binding for all team members and operations. Additionally, Scandic expects guests to respect the fundamental principles and values outlined in the Code of Conduct. Scandic's Code of Conduct has been adopted by the Board, and the Executive Committee is responsible for implementing it in their respective units. Scandic's Code of Conduct is managed by the CEO and is updated annually.

Diversity and Inclusion Policy

Along with the Code of Conduct, Scandic's Diversity & Inclusion Policy clearly sets out the company's commitment to ensuring equal opportunities for team members. Scandic's Code of Conduct and Diversity & Inclusion Policy cover the following grounds for discrimination:

- Gender
- Gender identity or expression
- Sexuality
- Ethnicity
- Religion or other belief system
- Disability
- Trade union engagement
- Family situation
- Age

Misconduct can be reported anonymously through Scandic's whistleblowing service.

The Diversity & Inclusion Policy is binding for all team members (regardless of employment type) and operations. The policy has been adopted by the Board, and the Executive Committee is responsible for implementing it in their respective areas of responsibility. The policy is managed by the Chief Human Resources Officer at group level and is updated annually. The policy is communicated both internally and externally via Scandic's website.

Processes for engaging with own workers and workers' representatives about impacts

Scandic regularly conducts employee surveys to maintain an open dialogue about team members' work situations. In countries where Scandic operates under collective agreements, ongoing consultations with trade union representatives are held. Additionally, there is a central consultation forum, the Workers' Council, for comprehensive dialogue with union representatives.

Besides the biannual employee surveys and structured consultations with union representatives, each manager is responsible for holding regular one-on-one meetings with their employees. It is recommended that these meetings occur four times a year, with one session designated as a mandatory annual performance review. Further discussions are held as needed and in accordance with local regulations. The Chief Human Resources Officer, who is part of the Executive Committee at the Group level, ultimately holds responsibility for labor union cooperation.

Processes to remediate negative impacts and channels for own workers to raise concerns

Team members who wish to report suspected misconduct are encouraged to first contact their immediate manager, another person in a management position or Scandic's HR department.

Alternatively, Scandic has a whistleblowing service for anonymous reporting of misconduct. A link to the service is available on Scandic's website and intranet to ensure accessibility for all team members.

Reports submitted to the whistleblowing service are handled by a dedicated whistleblowing group consisting of Scandic's Legal Councel and representatives from the Executive Committee. The Group is responsible for evaluating the reports, determining necessary actions and ensuring that these are implemented and followed up in a structured manner.

The CEO and the Board, through the Audit Committee, receive regular information about submitted reports and the actions taken.

In accordance with Scandic's Whistleblowing Policy and guidelines, it is explicitly prohibited to take reprisals against individuals who, in good faith, report misconduct through the whistleblowing service.

Actions related to employees

Scandic works continuously and systematically to ensure team member health and well-being, provide a safe workplace and offer both necessary and professional development training. Systematic work environment management enable proactive handling of incidents related to work environment and ensure that necessary actions are taken in each individual case.

Through employee surveys, Scandic has identified areas where targeted initiatives can be implemented to have a positive impact on team members. One example is the Group-wide focus on health and well-being during 2023, an initiative aimed at strengthening team members' knowledge and engagement in this area. During 2024, Scandic further developed and improved the reporting procedures for incidents at its hotels, in accordance with its systematic work environment management. This work is continuing and will be further developed in 2025.

In 2024, diversity and inclusion were prioritized focus areas, and the results from employee surveys show that team members rate Scandic highly. To further strengthen these efforts, a Group-wide training initiative was launched to raise awareness of and reduce the risk of unconscious bias in the workplace.

The effects of the initiatives implemented both locally and at the Group level are monitored through various methods, including ongoing conversations with employees, consultations with union representatives and regular employee surveys. Additionally, employee turnover is monitored over time, as well as the strength of Scandic's employer brand, which is assessed based on the influx of candidates applying for open positions.

Scandic has identified potential for improvement in the staffing process for its hotels, with the goal of simplifying and streamlining operations. In 2025, the company plans to implement a new staffing tool that will give team members greater transparency and flexibility in planning work hours while also assisting managers in creating and adjusting schedules with the support of modern technology.

Scandic has a strong focus on simplifying internal routines for all team members with the aim of reducing workload.

Metrics and targets

Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities

Scandic's overall targets for team members in 2025 are to promote health and well-being and to ensure a continued high level of diversity and inclusion.

Targets	2024	2023	2022
Health and well-being index of at least 8.0 out of 10 in 2025.	7.9	8.0	7.8
Diversity & inclusion index of at least 8.8 out of 10 in 2025.	8.6	8.8	8.8

For health and well-being, the result for 2024 was slightly lower than in 2023. Team members have suggested that better scheduling practices would contribute to a better work environment, which aligns with Scandic's plan to implement a new scheduling system in 2025.

Scandic hopes to improve the slightly lower result for diversity and inclusion by continuing and further developing its initiatives in this area. For more information see Diversity metrics, page 57. These goals apply to Scandic's team members and cover all types of employment, unless otherwise specified. The measurements are based on data from Scandic's employee surveys and are updated with the final measurement of each calendar year.

Characteristics of Scandic's employees

2024	Sweden	Norway	Denmark	Finland	Other	Total
Number of employees	6,473	4,959	2,565	1,775	586	16,358
Number of permanent employees	3,538	2,883	1,390	1,652	540	10,003
Number of temporary employees	212	170	40	123	38	583
Number of contracted workers	2,723	1,906	1,135	0	8	5,772

In 2024, 1,911 permanent employees ended their employment with Scandic, which corresponds to an employee turnover rate of 18 percent based on the figures at the end of the year.

The number of employees in the company varies throughout the year due to seasonal fluctuations, which primarily affect temporary employees in the countries where this type of employment is used.

For more information, see page 103.

Characteristics of non-employee workers in Scandic's own workforce

In 2024, a total of 1,796 people employed by external companies contributed to Scandic's operations. The use of non-employee workers is mainly concentrated in Finland, where the company collaborates extensively with external service providers, primarily within cleaning services, but also in other areas. In other countries, the extent of external labor is significantly more limited.

Collective bargaining coverage and social dialogue

A total of 84 percent of Scandic's team members are covered by collective agreements. In countries where the share of team members amounts to at least 10 percent of the total workforce, all team members (100 percent) are covered by collective agreements. In these countries, there are also employee representatives who participate in the company's Works' Council, ensuring a structured dialogue between employer and employees. Scandic has had an established Works Council and agreement with EFFAT-IUL since 2008.

Collective bargaining

Coverage rate	Employed in EEA[1]	Employed outside of EEA[2]	Workplace representatives, EEA only[1]
0–19%			
20–39%			
40–59%			
60–79%			
80–100%	Denmark, Finland, Norway, Sweden		Denmark, Finland, Norway, Sweden

1) For countries with more than 50 employees representing >10 percent of the total number of employees).

2) Employees – estimate for regions with >50 employees representing >10 percent of the total number of employees).

Diversity metrics

Diversity and inclusion was a strategic priority area for Scandic in 2024, and the company consistently receives high scores on these matters in employee surveys. Scandic's ambition is to maintain and additionally strengthen this position by highlighting diversity matters, spreading knowledge and engagement through training and conducting annual surveys, for example on age and gender distribution in management teams.

Scandic has strong representation of women in leadership positions. Among General Managers, 55 percent are women, and at the management level, women make up 56 percent of the total number of managers. In the Executive Committee, 22 percent are women, and the Board consists of 43 percent women. See the table below.

Diversity indicator – gender distribution

	Executive Committee	Board of Directors
Total	9	7
Share of women, %	22	43
Share of men, %	78	57

Diversity indicator – age distribution

	%
Share up to age 30	39.7
Share between ages 30-50	43.3
Share over age 50	17.0

Adequate wages

Scandic ensures that team members in all operating countries receive market-competitive and fair compensation. In countries where collective agreements are not directly applied, the company follows relevant local and regional collective agreements as benchmarks to maintain competitive and fair compensation levels. This approach ensures that Scandic's compensation principles align with current labor market standards and contribute to a sustainable and fair work environment.

Social protection

All of Scandic's team members are covered by the social protection provided through their respective country's welfare system, which includes sickness benefits, unemployment benefits, work injury compensation, state pension and parental leave.

Training and skills development metrics

Induction of new employees

Scandic has a structured and tailored onboarding process aimed at providing new team members with a quick and effective introduction to the company's ways of working and corporate culture. The process includes both formal training and practical on-the-job learning in the workplace, ensuring a smooth integration into the business.

In 2024, over 4,000 team members completed the digital onboarding training Welcome to Scandic, which is a central part of the onboarding process. In addition to this, ongoing training sessions are conducted for various target groups within Scandic.

In connection with the launch of the new Scandic Friends loyalty program in 2024, training was carried out for team members in reception, housekeeping and food & beverage. A total of over 7,300 team members participated in the training, ensuring that the staff was well-prepared to implement and work with the new program.

In addition, in collaboration with the European Social Fund (ESF), Scandic carried out an extensive development program within its Swedish hotel operations in 2023 and 2024. One of the main goals was to raise awareness of the importance of continuous learning and skill development within the hotels. As part of this program, more than 30,000 training hours were conducted, which contributed to developing team members' skills and strengthening the company's long-term competitiveness.

Constant focus on development

Long-term, sustainable development for team members at Scandic requires continuous and structured dialogue between team members and their managers. To ensure this, at least four check-in conversations are expected to be held annually for each team member. These conversations aim to provide the right support in daily work, create opportunities for mutual feedback and identify and discuss future development opportunities.

One of these conversations serves as a formal development talk focusing on career development and long-term goals. In 2024, just over 70 percent of Scandic's permanent employees completed a documented development talk.

Work environment

In 2024, Scandic recorded a total of 311 work-related accidents. This corresponds to an accident frequency of 19, calculated by dividing the number of incidents by the total number of hours worked by employees, multiplied by 1,000,000.

Work-life balance

All team members at Scandic are entitled to take parental leave in accordance with the statutory provisions and collective agreements applicable in their respective country of operation.

Compensation metrics (pay gap and total compensation)

At the end of 2024, the median salary for women at Scandic was 91 percent of the median salary for men.

The above data was calculated based on gross hourly wages at the end of the year, excluding any possible additional compensation.

Incidents, complaints and severe human rights impacts

In 2024, Scandic registered three cases related to harassment or discrimination.

These matters are handled through the Scandic's HR function, the regular VOICE employee survey and the whistleblowing service. Currently, there are no consolidated statistics on these matters other than the cases reported through the whistleblowing service.

In addition to the above-mentioned cases, Scandic registered 18 cases related to complaints or misconduct through the whistleblowing service.

Scandic did not receive any fines, sanction fees or similar penalties in 2024. Furthermore, the company did not identify any cases of serious human rights violations affecting team members during the year.

Engaged and motivated team members are key to Scandic's success.

WORKERS IN THE VALUE CHAIN

		Impact in value chain				Financial impact	
Material sustainability matter		Actual	Potential	Positive	Negative	Opportunity	Risk
Working conditions and work-related rights	Upstream and downstream		●		●		

Strategy

Interests and views of stakeholders

Scandic maintains an ongoing dialogue with suppliers to ensure that their employees' interests, opinions and rights are considered and safeguarded. For more information on how stakeholders' interests and feedback are taken into account, see page 37.

Material impacts, risks and opportunities and their interaction with strategy and business model

Working conditions and work-related rights

Through its procurement, Scandic indirectly impacts suppliers' employees, making their working conditions and rights an important concern for the company. Scandic's largest purchasing categories include:

- Food & beverage
- Services
- Materials for renovations and maintenance
- Contracted workers
- Laundry services

Among the professional groups working at Scandic's hotels that are not part of Scandic's staff, outsourced cleaning staff and workers within construction and renovations constitute the largest group.

Additionally, workers at the beginning of the value chain including those involved in cultivating and processing raw materials such as grains, dairy products, coffee and proteins may be impacted by Scandic's operations. Other professional groups significantly impacted by Scandic's operations include workers in the manufacturing of fixed and loose furnishings, as well as staff at external laundry suppliers.

Scandic is aware of its responsibility throughout the entire value chain and actively works to ensure that suppliers' labor practices and ethical guidelines align with the company's sustainability requirements and principles.

In its domestic markets, Scandic has identified the risk of exploitation of migrant workers among subcontractors in the cleaning and construction sectors. Outside Scandic's domestic markets, the main risks have been assessed to be linked to workers on coffee plantations in Africa, Asia and South America, as well as workers in the textile production industry in Asia.

Identified risks, both within and outside of Scandic's domestic market, have been assessed to be systemic and industry-specific, meaning they are structurally linked to the sectors in which the suppliers operate. For this reason, Scandic is particularly vigilant when making purchases in these sectors and has a reinforced focus on responsible supplier relationships. However, Scandic has not identified any reported cases of negative impact related to these risks.

Impact, risk and opportunity management

Policies related to value chain workers

Supplier Code of Conduct

All suppliers approved within Scandic's selection process commit to complying with Scandic's Supplier Code of Conduct. The code sets out requirements in key areas such as human rights, labor rights, the environment, bribery and corruption, forced labor and child labor. It is based on the ten principles of the UN Global Compact, which in turn are founded on the UN Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Sustainable Development and the UN Convention Against Corruption. The ten principles govern issues related to human rights, working conditions, the environment and anti-corruption and form the basis for Scandic's expectations of suppliers.

Although the Supplier Code of Conduct does not specifically address prostitution or human trafficking, Scandic is aware of these risks within global supply chains and works proactively to ensure responsible and ethical business relationships. In the case of significant deviations from the Code of Conduct, the supplier is required to implement a corrective action plan that must be agreed upon with Scandic. All supplier agreements include a clause that gives Scandic the right to terminate the partnership if identified deviations are not corrected in a satisfactory manner.

The Supplier Code of Conduct applies to suppliers, subcontractors and other business partners, including both permanent and temporary employees within their organizations. The code is available on Scandic's website and is attached to all procurement documents.

Scandic's Supplier Code of Conduct has been adopted by the Board and is managed by the Chief Financial Officer. The operational responsibility for implementation lies with the director of Group procurement in collaboration with the managing directors in each respective country of operations.

Processes for engaging with value chain workers about impacts

Dialogues are primarily held with official representatives of suppliers rather than directly with workers in the value chain unless a physical audit is carried out at the supplier's premises. Regular dialogue with official representatives primarily takes place with Scandic's most significant suppliers to ensure compliance with sustainability requirements and business ethics guidelines.

Processes to remediate negative impacts and channels for value chain workers to raise concerns

If it has been established that Scandic has caused a negative impact on workers in the value chain, the company fully cooperates with relevant parties and authorities to address and remedy the situation responsibly.

Scandic provides a whistleblowing service available to team members, external stakeholders and suppliers. To ensure high availability and transparency, links to the whistleblowing service are published on Scandic's website and intranet.

Scandic lacks an established process to systematically evaluate and ensure that workers in the value chain are aware of these reporting channels.

Actions related to workers in the value chain: working conditions and work-related rights

Scandic is well aware of the challenges involved in ensuring sustainable working conditions throughout the value chain, especially when sourcing products that are grown or manufactured in geographically distant regions. To address these challenges, Scandic prioritizes collaborating with local producers with the aim of ensuring fair labor practices and at the same time reducing environmental impact.

For products that cannot be produced locally, such as cotton, coffee, tea, spices and exotic fruits, Scandic primarily prioritizes certified options such as Fairtrade or UTZ. These certifications ensure that products are produced under fair labor practices and with high environmental protection standards.

In cases where certified alternatives are not available, Scandic requires suppliers to ensure that raw materials do not originate from areas with a high risk of exploitation. If the company cannot verify compliance with its Code of Conduct, Scandic refrains from purchasing products from these regions.

Scandic is continuously developing tools and methods to enhance transparency and influence within the value chain, aiming to ensure ethically responsible and sustainable sourcing.

As part of taking responsibility, Scandic conducts supplier visits to gain clearer insight into working conditions in doing so directly contribute to improvements within the value chain. These efforts are part of the company's long-term strategy to ensure a sustainable and ethically responsible supplier structure.

Scandic also conducts an annual risk assessment of its largest suppliers, where risks are evaluated based on several parameters. These include financial, operational, brand-related and ESG-related risks.

The sustainability-related assessment is based on both the country of origin of the product or service and the supplier's domicile. Risk classification is based on internationally recognized indexes including:

- Human Development Index
- Global Rights Index
- Transparency International' s Corruption Perception Index

The risk assessment results in a classification of suppliers into three risk levels:

- High risk
- Medium risk
- Low risk

For all suppliers assessed to have a high or medium risk, additional measures are taken. Part of this work involves a more in-depth evaluation, where the supplier is asked to verify how they comply with Scandic's Code of Conduct and provide relevant documentation. This evaluation covers areas such as labor practices, health and safety, and integrity.

If discrepancies are identified, an action plan is developed in collaboration with the supplier, and follow-up occurs continuously until the discrepancies are addressed in accordance with Scandic's requirements.

During the year, no serious human rights issues or incidents related to the company's upstream or downstream value chain were reported.

Metrics and targets

Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities

Currently, Scandic has no time-bound or result-oriented goals related to workers in the value chain. However, the development of new goals aimed at enhancing transparency and improving labor practices within the value chain is underway as part of the company's sustainability strategy for 2030.

AFFECTED COMMUNITIES

		Impact in value chain				Financial impact	
Material sustainability matter		Actual	Potential	Positive	Negative	Opportunity	Risk
Human trafficking	Own operations		●		●		

Strategy

Interests and views of stakeholders

Scandic maintains an ongoing dialogue with stakeholders to ensure that their interests, opinions and rights are considered and safeguarded. For more information on how stakeholders' interests and feedback are taken into account, see page 37.

Material impacts, risks and opportunities and their interaction with strategy and business model

Human trafficking

Prostitution and human trafficking are prevalent societal issues, and hotels can serve as places where these crimes occur. Scandic has a zero-tolerance policy toward human trafficking and prostitution and works actively to prevent and combat these issues.

Although it is rare for Scandic to observe cases of human trafficking and prostitution at its hotels, each incident is considered to be serious and to have a significant negative impact on the affected individuals. For this reason, human trafficking and prostitution are a prioritized issue within Scandic's initiatives for social sustainability.

Migrants, asylum seekers, women and girls, minors and individuals in socially or economically vulnerable situations are particularly susceptible to human trafficking and prostitution. If there is an ongoing conflict in the surrounding area, the risk increases further, requiring a high level of preparedness and vigilance from society.

Impact, risk and opportunity management

Policies related to affected communities

Code of Conduct

Scandic's Code of Conduct specifically emphasizes prostitution and human trafficking as a key issue within the hotel industry and underscores the importance of preventive measures. For more information on the Code of Conduct, see page 55.

Processes for engaging with affected communities about impacts

Scandic has established procedures for incident reporting and conducts regular follow-ups on all security-related incidents to ensure a safe and secure workplace.

In addition, Scandic has a whistleblowing function available to team members and external parties. The service ensures anonymity for the reporter and is managed by Scandic's Legal Counsel Officer and representatives from the Executive Committee.

Processes to remediate negative impacts and channels for affected communities to raise concerns

To help victims out of prostitution and human trafficking, Scandic collaborates with various local support organizations. These organizations possess expertise in the field and work to help and protect vulnerable individuals, as well as to prevent more people from becoming victims of these crimes.

Scandic does not conduct structured follow-ups on individual victims of crime but relies on collaboration with local support organizations that have the specialized expertise required to handle these issues in an effective and sustainable manner. Through these partnerships, Scandic contributes to preventing exploitation and supporting rehabilitation efforts for vulnerable individuals.

Activities related to affected communities

Human trafficking

Scandic has a systematic approach in its work to combat prostitution and human trafficking, with a clear focus on preventive measures. A key part of this work is training team members to identify and take action in suspected cases of prostitution and human trafficking.

As part of this strategy, it is mandatory for team members in reception and housekeeping as well as General Managers to undergo specialized training to identify signs of prostitution and human trafficking and to act in accordance with Scandic's guidelines.

An important component of Scandic's work in this area is ongoing collaboration with the police and other experts. This collaboration ensures that Scandic's knowledge and methods are continuously updated, which enhances team members' ability to act proactively and contribute to efforts to combat prostitution and human trafficking within the hotel industry.

Metrics and targets

Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities

Scandic monitors the frequency of cases through its incident reporting and enforces a strict zero-tolerance policy against human trafficking and prostitution.

CONSUMERS AND END-USERS

		Impact in value chain				Financial impact	
Material sustainability matters		Actual	Potential	Positive	Negative	Opportunity	Risk
Data security and use of guest data	Own operations	●		●	●		●
Health, safety and security of guests	Own operations	●	●	●	●	●	
Non-discrimination and accessibility	Own operations	●	●	●	●		
Responsible marketing	Own operations	●		●		●	

Strategy

Interests and views of stakeholders

Scandic maintains an ongoing dialogue with guests to take into account their interests, feedback and rights. For more information on how stakeholders' interests and feedback are taken into account, see page 37.

Material impacts, risks and opportunities and their interaction with strategy and business model

Data security and use of guest data
Guest privacy is a crucial factor for Scandic's success. Data security breaches, such as intrusions leading to the leakage of personal data, could not only negatively affect guests but also undermine their trust in Scandic, which in turn represents a financial risk. For this reason, strong protection of guest privacy is a prioritized issue.

Health, safety and security of guests
By creating a hotel experience that promotes health and well-being, Scandic strives to attract more guests while simultaneously increasing profitability. Failure to ensure guests' health, safety and security could have a negative impact on both guests and Scandic.

Non-discrimination and accessibility
Accessibility is a central part of Scandic's offering. By actively working to ensure that people of all abilities feel welcome and have their needs met, Scandic strengthens its brand and competitiveness in the market. Accessibility shortcomings, on the other hand, could have a potential negative impact, as they may lead to practical challenges and be perceived as discriminatory.

Responsible marketing
The hotel market is constantly evolving in terms of customer preferences and behaviors. Taking care of the Scandic brand and actively influencing guests' perception of Scandic's offerings is critical for maintaining competitiveness. By implementing responsible and strategic marketing, the company can not only strengthen customer satisfaction and loyalty but also inspire guests to make more sustainable choices, contributing to a positive impact.

Impact, risk and opportunity management

Policies related to consumers and end-users

Scandic's Code of Conduct, Accessibility Standard, Data Protection Policy, Privacy Policy and Marketing Policy function together as guiding policies to minimize risks and ensure a positive guest experience.

Code of Conduct
Scandic's Code of Conduct sets out the fundamental values that guide the company's business and serves as a framework for ethical and responsible behavior. The code specifically emphasizes the importance of protecting guests' health, safety and privacy, ensuring that Scandic's operations are conducted in accordance with high ethical and legal standards. For more information on the Code of Conduct, see page 55.

Data Protection Policy
Scandic's Data Protection Policy aims to regulate data protection and information security within Scandic. The policy sets out requirements in key areas such as the protection of business-critical information, the lawful and responsible processing of personal data, and the promotion of a security-conscious organization.

Compliance with the policy is ensured through a structured monitoring process that includes annual audits, gap analyses and risk management, with regular follow-up through reporting to the Audit Committee.

Scandic's Data Protection Policy ensures Scandic's commitment to comply with applicable data protection legislation in all markets, including GDPR. The policy has been adopted by the CEO and is managed by the Chief Financial Officer. The operational responsibility for implementation lies with the director of information security on the Group level in close collaboration with local data protection officers.

Privacy Policy
Scandic's Privacy Policy aims to clearly inform guests about how their personal data is collected, used and protected by Scandic. The policy covers all of Scandic's operations and also applies to franchisees, who are required to process personal data in accordance with the Privacy Policy unless otherwise specified.

The Privacy Policy regulates the transfer of personal data and identifies the recipients with whom Scandic shares information. Personal data may be shared with third parties and transferred to companies within and outside the EU/EEA that operate Scandic hotels or to subcontractors. To ensure that all personal data processing is carried out in accordance with Scandic's guidelines and applicable legislation, Scandic always enters into the necessary agreements with its data processors. These agreements guarantee that personal data is processed according to Scandic's instructions and with an adequate level of protection.

Scandic's Privacy Policy has been adopted by the Board and is managed by the Chief Financial Officer. The operational responsibility for implementation lies with the Group's director of information security who works with local data protection officers.

Marketing Policy
To promote responsible communication, Scandic has implemented a Marketing Policy that ensures that all marketing communication reflects Scandic's sustainability commitments, promotes environ-

mental and social responsibility in line with the 10 principles of the UN Global Compact and encourages sustainable behavior among guests.

The policy emphasizes the importance of transparency and accountability in marketing practices. To ensure compliance, a continuous review and update of marketing practices is conducted, guaranteeing that all communication aligns with applicable legislation.

Scandic's Marketing Policy covers all of Scandic's operations. The overall responsibility for implementing the policy lies with the Group's Chief Commercial Officer, while operational responsibility for its implementation is managed by the marketing manager in close collaboration with the communications department and the strategy and sustainability department.

Accessibility Standard

Scandic's Accessibility Standard aims to ensure inclusive and accessible service, where all guests, regardless of ability, feel welcome. The standard sets requirements for the physical layout of hotels and guidelines for how services should be adapted to meet the needs of guests with various needs, such as allergies, visual impairments and wheelchair use.

Scandic regards having a high accessibility standard as a natural part of respecting human rights, in line with the UN Global Compact. To ensure compliance, internal audits are conducted and action lists for continuous improvements are created when necessary.

Scandic's Accessibility Standard covers all of Scandic's operations. The overall responsibility for implementation lies with the head of strategy and sustainability at the Group level, while operational responsibility is handled by the strategy and sustainability department and the technical services department in close collaboration with all hotels.

Processes for engaging with consumers and end-users about impacts

Scandic is the leading hotel brand in the Nordic region. By owning the Scandic brand, Scandic can guarantee the consistency and quality of its offerings and services and adapt them to the demands and preferences of existing and new customers alike.

Scandic conducts regular follow-up of guest insights through its guest satisfaction survey. Guests can get answers to frequently asked questions, report issues and contact responsible parties 24/7. Reports of issues or complaints can be made both by phone and on Scandic's website. Contact information for responsible parties is available at the hotels and on the company's website.

Guests have the opportunity to provide feedback after each stay through Scandic's guest satisfaction survey. To further ensure transparency and accountability, Scandic also has a whistleblowing service. This service allows team members, guests and other stakeholders to report incidents anonymously.

Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

Each case is assessed individually, and reasonable actions are determined based on the circumstances.

Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users and effectiveness of those actions

To create a world-class hotel experience, Scandic took the following actions in each material area during the year:

Ensured data protection

Scandic established a robust data protection unit with a dedicated information security team, data owners and ambassadors within the organization to ensure that data within the company is handled with care. Control activities for managing and maintaining data protection were carried out according to the set annual schedule.

Mandatory data protection training was updated to ensure that all team members are aware of the latest security procedures. Internal communication was improved through defined channels and a specific Community for data protection, which enhances awareness and collaboration within the organization.

Scandic also conducted an internal audit of critical IT systems and services, marking the first measurement in an ongoing effort to improve data security.

Promote health and well-being of all guests

Scandic works to create a guest experience that enables healthy and sustainable choices. Most Scandic hotels offer gyms, and in its restaurants, the company aims to increase the availability of healthy options. During the year, Scandic also focused on the importance of recovery and a good night's sleep. In Sweden, Scandic initiated a competition to name Sweden's Best Sleeper. The competition was the first nationwide sleep championship in Sweden and took place at selected hotels.

Maintaining high security standard at hotels

Scandic prioritizes the safety of team members and guests through continuous training. Every year, Scandic carries out crisis management exercises to simulate different scenarios including fire and illness as well as terror attacks and lockdowns, led by the central crisis management team. Additionally, local crisis exercises are carried out. Mandatory fire and evacuation training as well as first aid courses are also conducted. All hotels have access to emergency help from the 24-hour Scandic Crisis Call Center. During the year, Scandic developed a common safety handbook for the entire Group, as well as a unified incident reporting system.

Ensure welcoming and accessible services for all guests

All hotels operate based on an accessibility standard that focuses on both the physical environment and creating an inclusive guest experience. During the year, Scandic also reviewed its accessibility standards.

Ensure responsible marketing practices

At the beginning of the year, Scandic developed a new Marketing Policy, and relevant stakeholders underwent training to ensure compliance and the correct application of the guidelines.

Metrics and targets

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Scandic conducts a guest satisfaction survey after each stay to follow up and evaluate the guest experience. As part of Scandic's sustainability strategy for 2030, the company is also developing measurable and result-oriented goals.

GOVERNANCE DISCLOSURES

BUSINESS CONDUCT

Material sustainability matters		Impact in value chain: Actual	Potential	Positive	Negative	Financial impact: Opportunity	Risk
Corporate culture	Own operations	●		●		●	
Corruption & bribery	Upstream and downstream		●		●		
Collaboration with subcontractors	Upstream, own operations and downstream	●				●	

Material impacts, risks and opportunities and their interaction with strategy and business model

High employee satisfaction and engagement are the foundation for creating guest satisfaction and strong financial results. Scandic's strong corporate culture is a competitive advantage that also reduces employee turnover.

Unethical business practices, such as corruption and bribery, could have a negative impact on Scandic's operations.

Close and responsible collaboration with suppliers is crucial for competitive purchasing. Legal and appropriate behavior in all situations is fundamental to Scandic's relationships with stakeholders and to maintain trust in the company.

Governance

The role of the administrative, supervisory and management bodies

The Board reviews and approves Scandic's Code of Conduct and other policies related to business ethics on an annual basis. Together with all managers at Scandic, the CEO and the Executive Committee ensure that the content and key messages of Scandic's Code of Conduct and other policies related to business ethics are communicated to, understood by and complied with by all team members at Scandic. Both the members of the Board and the Executive Committee have extensive experience in the hospitality industry and business in general, which includes an understanding of its role in society and matters related to business ethics.

Impact, risk and opportunity management

Description of the processes to identify and assess material impacts, risks and opportunities

For more information on the double materiality analysis and the identification of significant impacts, risks and opportunities, see page 40.

Business conduct policies and corporate culture

Scandic's most important asset is the corporate culture and shared values that team members create together. To ensure a strong corporate culture and high business ethics standards, Scandic has established a framework of guiding policies. These include the Code of Conduct, Anti-Corruption Policy, Whistleblowing Policy, Internal Investigation Policy and the Code of Conduct for Suppliers. Together, these guidelines form the foundation for responsible and ethical business conduct within Scandic.

Code of Conduct

Scandic's Code of Conduct sets out the company's core values and is essential for building strong partnerships with suppliers, creating a robust corporate culture and preventing corruption and bribery. The Code of Conduct stipulates that Scandic must adhere to both national laws and international regulations in line with the UN Global Compact to prevent, detect and manage corruption and bribery. For more information on the Code of Conduct, see page 55.

Anti-Corruption Policy

Scandic works to eliminate all forms of corruption and maintain a high standard of business ethics. The Anti-Corruption Policy is binding for all team members and operations, including franchises, and sets out requirements in key areas such as gifts and hospitality, bribery, nepotism, fraud, extortion and money laundering.

Any violations of the Anti-Corruption Policy must be reported immediately to the nearest manager. Scandic also has a whistleblowing service that allows all team members and external stakeholders to anonymously report serious irregularities.

The policy has been adopted by Scandic's Board, and the Executive Committee is responsible for implementing it in their respective areas of responsibility. The policy is managed by the Chief Financial Officer and is updated annually. The policy is communicated both internally and externally via Scandic's website.

Whistleblowing Policy

Scandic's whistleblowing policy aims to encourage and enable team members and external stakeholders to anonymously report suspected violations. This includes violations of the Code of Conduct, criminal offenses and human rights violations as well as risks related to health, safety and the environment within Scandic's operations. The policy ensures that all reports are handled confidentially and that no reprisals are taken against individuals who, in good faith, report suspected irregularities.

Internal Investigation Policy

Scandic's Internal Investigation Policy is aimed at ensuring that incidents related to business ethics, including corruption and bribery are investigated quickly, independently and objectively. Internal investigations are initiated at the Group level by the CEO, the CFO or the legal department. The policy includes provisions on confidentiality, management of conflicts of interest and actions that may be taken during or after an investigation. The responsibility for Scandic's Internal Investigation Policy lies with the legal department, which reports to the CFO.

Supplier Code of Conduct
The central policy to promote good relationships with Scandic's suppliers is the Supplier Code of Conduct, which sets out clear requirements and guidelines for ethical and responsible business behavior. The code strictly prohibits all forms of corruption and bribery and aims to ensure a sustainable and transparent supply chain in line with the UN Convention against Corruption. For more information on the supplier Code of Conduct, see page 59.

Management of relationships with suppliers

Scandic values its relationships with suppliers and always strives to fulfill the agreements made, including the agreed payment terms. According to Scandic's general procurement agreements, payment terms are 30 days.

Scandic conducts an annual risk assessment of its largest suppliers, where risks are evaluated based on several parameters. These include financial, operational, brand-related and sustainability-related risks.

The sustainability-related assessment is based on both the country of origin of the product or service and the supplier's domicile. Countries are risk-classified according to established indexes such as the Human Development Index, the Global Rights Index and Transparency International's Corruption Perception Index. Most of Scandic's bigger suppliers are based in the Nordic region and have been assessed to have a low risk.

For larger suppliers or in cases where there is uncertainty about a supplier, a thorough evaluation is conducted during which the supplier must complete a self-assessment. If necessary, a more comprehensive audit or a physical inspection may be carried out onsite.

Any identified deviations must be addressed in the manner described in a corrective action plan that the supplier must implement and that must be approved by Scandic. Deviations must be addressed within the agreed time frame for the cooperation to continue. Scandic maintains an ongoing dialogue with its suppliers to support their development and ensure compliance with business ethics and sustainability-related requirements.

Sustainability is one of Scandic's basic principles within procurement. In every purchasing project, basic sustainability screening is carried out where the supplier is evaluated based on criteria including the environment, anti-corruption, human rights and working conditions.

All suppliers that are approved in the selection process undertake to adhere to the principles in Scandic's supplier Code of Conduct. Given Scandic's size, there is an opportunity to set high standards, which in some cases results in suppliers making extensive changes to meet Scandic's sustainability requirements.

Being a responsible and positive force in society is important to Scandic, and the company's strong corporate culture helps prevent corruption and bribery.

Prevention and detection of corruption and bribery

Any cases of bribery and corruption shall be reported to the immediate supervisor or through Scandic's whistleblowing function, which allows both team members and external stakeholders to report serious misconduct anonymously. In cases of identified bribery and corruption, Scandic's Internal Investigation Policy must be followed. Scandic's Internal Investigation Policy, as well as its Whistleblowing Policy and guidelines, include provisions on conflicts of interest, which ensure that those responsible for investigating misconduct can act independently.

Through the Audit Committee, the Board and the CEO receive regular information about reports received via the whistleblowing service as well as other legal matters of significant importance to Scandic. Scandic's team members are informed at least once a year about the company's business ethics policies, including the Anti-Corruption Policy, to ensure awareness and compliance. The Board conducts an annual review of the company's business ethics policies to ensure that they are up to date and in line with current regulations and business ethics requirements.

Metrics and targets

Confirmed incidents of corruption or bribery

In 2024, Scandic was not convicted or required to pay any fines for violations of anti-corruption or bribery laws.

Payment practices

Considering the importance of responsible collaboration with suppliers, Scandic applies a payment term of 30 days. Contracted payments are regularly monitored to ensure compliance.

AUDITOR'S OPINION 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 division of responsibilities
It is the Board of Directors who is responsible for the statutory sustainability report for the year 2024 (the financial year 2024) on pages 32–66 and that it has been prepared in accordance with the Annual Accounts Act according to the prior wording that was in effect before 1 July 2024.

The focus and scope of the audit
Our examination has been conducted in accordance with FAR's standard RevR 12 The auditor´s opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report has a different focus and a substantially lesser scope than the focus and scope of 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 sustainability report has been prepared.

Stockholm as per the date stated on the electronic signature
Öhrlings PricewaterhouseCoopers AB

Sofia Götmar Blomstedt
Authorized Public Accountant

This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.

GOVERNANCE AND ADMINISTRATION

Scandic Hamar Latitude: 60.796662, Longitude: 11.086535.
We are one of Norway's largest conference hotels, perfect for everything from small meetings to large conferences and events. Close to spectacular nature and outdoor activities.

ADMINISTRATION REPORT

2024 in summary

- Net sales grew by 0.1 percent to 21,959 million SEK (21,935) and the operating profit totaled 2,836 million SEK (2,785).
- Average occupancy in 2024 was 61.8 percent (61.4) while RevPAR was 799 SEK (782).
- Adjusted EBITDA was 2,495 million SEK (2,566). Excluding direct state aid and non-recurring items, the adjusted EBITDA margin was 11.2 percent (11.4).
- Earnings per share amounted to 3.19 SEK (2.86). Excluding IFRS 16, earnings per share totaled 5.23 SEK (5.09).
- Free cash flow was 910 million SEK (1,754).
- For 2024, the Board proposes that the AGM resolve on a dividend of 2.60 SEK per share.

Scandic Hotels Group AB (publ)
org nr 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 2024 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 55,319 (55,642) rooms in operation at 263 (267) hotels, of which 243 (246) had lease agreements. The address of the head office is Sveavägen 167, Stockholm, Sweden.

Nordic hotel market development

During the year, the market in the Nordic region had a solid development, with the average occupancy rate increasing to 62 percent (61), and the average room rate increasing by 2.5 percent. This contributed to a 4.4 percent increase in revenue per available room (RevPAR).

The hotel market continued to recover, with increased occupancy rates and price levels in all Nordic countries. Sweden and Norway accounted for the largest increase, while Finland showed weaker relative development. The Finnish market was mainly affected by a challenging macroeconomic situation and the closed airspace over Russia, which dampened international travel. There is continued potential for recovery in some segments. The share of international guests is gradually increasing, but is still at a lower level than before the pandemic. In the business segment, the market for large conferences and exhibitions has not yet fully recovered.

Seasonal variations

Scandic operates in a sector affected by seasonal variations. The first quarter and other periods with low levels of business travel such as Easter and Christmas/New Year's are generally the weakest periods. Easter falls either during the first or second quarter, which should be taken into consideration when making comparisons between years. In 2024, the Easter holiday fell during the first quarter, while during 2023, 2022 and 2019, it fell in the second quarter.

Group key ratios, million SEK	2024	2023	Change, %
Financial key ratios, reported			
Net sales	21,959	21,935	0.1
Operating profit/loss	2,836	2,785	
Profit/loss for year	652	569	
Earnings per share, SEK	3.19	2.86	
Alternative performance measures			
Adjusted EBITDA	2,495	2,566	
Adjusted EBITDA, margin %	11.40	11.70	
Profit/loss for year excl. IFRS 16	1,098	1,083	
Earnings per share, SEK, excl. IFRS 16	5.23	5.09	
Interest-bearing net liabilities	128	1,503	
Interest-bearing net liabilities/adjusted EBITDA, LTM	0.1	0.6	
Hotel-related key ratios			
RevPAR (Revenue Per Available Room), SEK	799	782	2.1
ARR (Average Room Rate), SEK	1,294	1,272	1.7
OCC (Occupancy), %	61.8	61.4	
Total number of rooms at end of period	55,319	55,642	-0.6

Group development

IFRS 16 Leases has a significant impact on Scandic's income statement and balance sheet, as Scandic has a business model with long-term lease agreements. To help investors gain a good understanding of the company's position, Scandic presents the company's financial results and financial key ratios both including and excluding the effects of IFRS 16.

Scandic's financial targets for profitability, capital structure and dividends exclude the effect of IFRS 16. The results for each segment (i.e. country or group of countries) are presented excluding the effects of IFRS 16 in accordance with the way the Executive Committee and Board of Directors follow up on the company's results. For more information on IFRS 16 and its effects on financial reporting, see pages 124–127.

Net sales rose by 0.1 percent to 21,959 million SEK (21,935). Exchange rate effects had a negative impact of 172 million SEK or -0.8 percent on net sales. The number of available rooms at the end of the year was marginally lower compared with the previous year. Organic growth excluding exchange rate effects and acquisitions was 0.9 percent. Sales for comparable units grew by 2.3 percent.

Average revenue per available room (RevPAR) rose by 2.1 percent to 799 SEK compared with 683 SEK during the previous year. RevPAR improved in all markets except Sweden compared with last year. The average room rate continued to rise and amounted to 1,294 SEK, an increase of 1.7 percent compared with the corresponding period last year. Revenue from restaurant and conference operations decreased by 2.9 percent.

Reported results

The operating profit was 2,836 million SEK (2,785), including pre-opening costs for new hotels of -28 million SEK (-17). Items affecting comparability amounted to -18 million SEK (-14) related to costs associated with organizational changes in Finland. Depreciation and amortization totaled -3,884 million SEK (-3,812). This increase was impacted by additional depreciation and amortization of 85 million SEK due to IFRS 16. The Group's net financial expense was -1,975 million SEK (-2,064).

The profit before tax was 861 million SEK (721) and reported tax amounted to -209 million SEK (-152). Net profit was 652 million SEK (569).

Earnings per share after dilution totaled 3.19 SEK per share (2.86). The calculation of earnings per share includes the full dilutive effect, as the profit for the year attributable to the Parent Company's shareholders was positive. When calculating earnings per share, treasury shares were excluded from the total average number of shares.

Excluding effects of IFRS 16

Rental costs increased to 6,427 million SEK (6,272). Rental costs relative to net sales amounted to 29.3 percent (28.6). The increase compared with last year is mainly attributable to the indexing of fixed lease costs and new hotels with a higher proportion of fixed lease costs. Amortization and depreciation amounted to -832 million SEK (-844). Adjusted EBITDA amounted to 2,495 million SEK (2,566), corresponding to a margin of 11.4 percent (11.7).

Excluding non-recurring items, adjusted EBITDA amounted to 2,451 million SEK (2,492), with an adjusted EBITDA margin of 11.2 percent (11.4). Non-recurring items amounted to 44 million SEK (74). Compensation received for unused hotel rooms for refugee operations in Norway corresponded to -1 million SEK due to additional costs relating to previous years refugee operations. Compensation of 23 million SEK was received in connection with exiting hotels as well as retroactive compensation amounting to 22 million SEK in connection with opening of the hotel. The Group's net financial expense was -204 million SEK (-330). Interest expenses totaled -231 million SEK (-288) and were impacted positively by lower debt, including the conversion of the convertible loan and lower interest margins in new external financing. The profit before tax was 1,414 million SEK (1,361) and the net profit was 1,097 million SEK (1,083). Earnings per share after dilution totaled 5.23 SEK (5.09) per share.

Growth in RevPAR and net sales compared with 2023

Jan–Dec 2024	RevPAR, SEK	RevPAR, %	Net sales, million SEK	Net sales, %
Exchange rate effects	-6	-0.8	-172	-0.8
Organic growth	23	3.0	196	0.9
– New hotels	0	0.0	263	1.2
– Exited hotels	1	0.1	-571	-2.6
– LFL	23	2.9	505	2.3
Reported growth	17	2.1	24	0.1

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

Financial targets

In October 2024, Scandic adopted the following financial targets for 2025–2027:

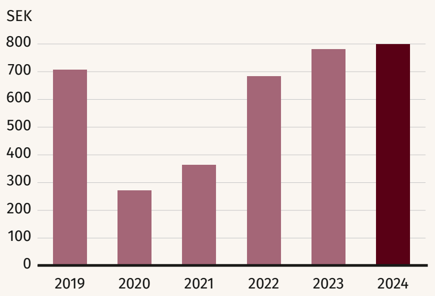
- Organic growth in net sales of at least 5 percent per year.
- Adjusted EBITDA margin of at least 11 percent per year.
- Net debt in relation to adjusted EBITDA of less than 1x.
- The dividend policy is to distribute at least 50 percent of net profit for the year. Dividends are based on net profits excluding the effects of IFRS 16.

SEGMENT
Sweden

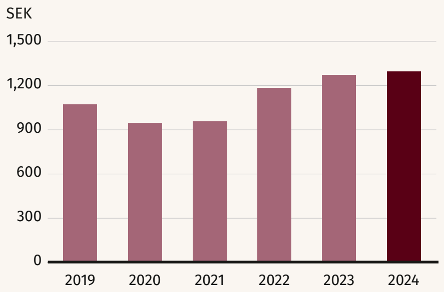
Net sales decreased by 0.5 percent to 6,608 million SEK (6,644). For comparable units, a decrease in net sales of 0.6 percent was reported. Changes in the hotel portfolio contributed 7 million SEK net. Scandic Södra Kajen, which reopened in June 2024, had the greatest positive impact. Scandic Foresta and Scandic Skogshöjd, which were exited at the end of 2023, had the greatest negative impact. Average revenue per available room (RevPAR) was 768 SEK, 0.5 percent higher than during the corresponding quarter in 2023. Adjusted EBITDA was 980 million SEK (995).

Million SEK	2024	2023	Change, %
Net sales	6,608	6,644	-0.5
Net sales growth, %	-0.5	9.7	
Organic growth, %	-0.5	9.7	
Net sales growth LFL, %	-0.6	9.4	
Adjusted EBITDA	980	995	-1.5
Adjusted EBITDA margin, %	14.8	15.0	
RevPAR, SEK	768	764	0.5
ARR, SEK	1,234	1,219	1.2
OCC, %	62.2	62.7	

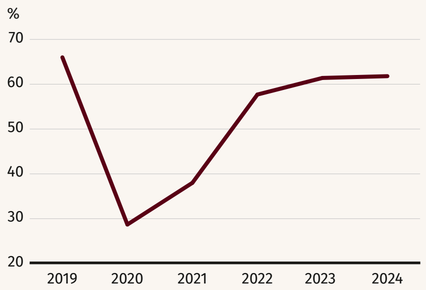
RevPAR, SCANDIC



AVERAGE ROOM RATES, SCANDIC



OCCUPANCY, SCANDIC



Norway

Net sales declined by 0.9 percent to 6,128 million SEK (6,180). Net sales for comparable units grew by 4.9 percent. Changes in the hotel portfolio contributed -214 million SEK net. The greatest negative impact was from Scandic Gardemoen, which closed for renovations in July 2024. Average revenue per available room (RevPAR) was 798 SEK, 4.5 percent higher than in 2023. Adjusted EBITDA was 909 million SEK (1,011). During the year, operations related to unused hotel rooms for refugees had no effect on adjusted EBITDA (60) with the exception of additional costs of approximately -1 million SEK related to previous years.

Million SEK	2024	2023	Change, %
Net sales	6,128	6,180	-0.9
Net sales growth, %	-0.9	2.3	
Organic growth, %	1.4	7.1	
Net sales growth LFL, %	4.9	6.6	
Adjusted EBITDA	909	1,011	-10.1
Adjusted EBITDA margin, %	14.8	16.4	
RevPAR, SEK	798	764	4.5
ARR, SEK	1,298	1,269	2.3
OCC, %	61.5	60.2	

Finland

Net sales declined by 2.3 percent to 4,884 million SEK (4,998). Net sales for comparable units grew by 0.2 percent. Finland was negatively impacted by lower demand and new capacity in Helsinki and Vantaa. Demand was also impacted by lower numbers of international guests due to the country's proximity to Russia.

During the beginning of April, there were union strikes which had a negative effect on demand. Changes in the hotel portfolio contributed -104 million SEK net. Scandic Lahti City, which closed for renovations in the spring 2024, had the greatest negative impact. Likewise, the Holiday Inn City Centre was closed for renovation between March and November 2024. Average revenue per available room (RevPAR) was 732 SEK, 0.7 percent higher than in 2023. Adjusted EBITDA improved, totaling 569 million SEK (540).

Million SEK	2024	2023	Change, %
Net sales	4,884	4,998	-2.3
Net sales growth, %	-2.3	22.2	
Organic growth, %	-1.9	13.2	
Net sales growth LFL, %	0.2	11.4	
Adjusted EBITDA	569	540	5.4
Adjusted EBITDA margin, %	11.6	10.8	
RevPAR, SEK	732	726	0.7
ARR, SEK	1,282	1,271	0.9
OCC, %	57.1	57.1	

Other Europe

Net sales rose by 5.5 percent to 4,339 million SEK (4,113). Net sales for comparable units grew by 5.8 percent. Performance increased in all countries. Changes in the hotel portfolio contributed 3 million SEK to net sales. The positive effect was mainly connected to Scandic Nürnberg Central in Nuremberg. Scandic The Reef, which was exited during the second quarter 2024, had the greatest negative impact.

Average revenue per available room (RevPAR) was 966 SEK, 3.4 percent higher than during the corresponding quarter in 2023. Adjusted EBITDA improved, totaling 566 million SEK (494). During the period, compensation of 23 million SEK was received in connection with exiting Scandic The Reef and 22 million SEK in retroactive compensation was received in connection with opening new hotels. During the comparison period, compensation of SEK 23 million was received in connection with openings.

Million SEK	2024	2023	Change, %
Net sales	4,339	4,113	5.5
Net sales growth, %	5.5	34.9	
Organic growth, %	5.9	25	
Net sales growth LFL, %	5.8	13.8	
Adjusted EBITDA	566	494	14.6
Adjusted EBITDA margin, %	13.0	12.0	
RevPAR, SEK	966	934	3.4
ARR, SEK	1,412	1,385	1.9
OCC, %	68.4	67.5	

Central functions

Costs for central functions increased and amounted to -529 million SEK (-474), among other things because of a high level of activity within digital development, higher marketing costs and measures to strengthen IT and commercial initiatives.

Cash flow and financial position

The operating cash flow analysis below is based on adjusted EBITDA and excludes the effects of IFRS 16. The table below shows how interest-bearing net debt changed during the respective period. Excluding IFRS 16, operating cash flow for the full year amounted to 1,966 million SEK (2,275). The cash flow contribution from the change in working capital amounted to -293 million SEK (-192). Working capital was negatively impacted by the repayment of variable rent debts of 430 million SEK for 2023. In 2024, a new rent debt of approximately 230 million SEK was accrued, the majority of which will be settled during the first half of 2025. Taxes paid amounted to -126 million SEK (-109) and referred to payment of taxes for previous years primarily in Sweden and Norway. Net investments paid amounted to -1,056 million SEK (-521). Of these, -737 million SEK (-434) relates to ongoing hotel renovations at a number of hotels in Stockholm, Gothenburg, Oslo and Copenhagen, among others. Investments in IT amounted to -106 million SEK (-59). Investments in new hotels and increased room capacity amounted to -213 million SEK (-28), with the increase mainly related to Scandic Nürnberg in Germany and Scandic Go Sankt Eriksgatan 20 in Stockholm. In total, free cash flow was 910 million SEK (1,754).

Five-year summary, million SEK	2024	2023	2022	2021	2020
Financial key ratios, reported					
Net sales	21,959	21,935	19,230	10,086	7,470
Net sales growth, %	0.1	14.1	90.7	35.6	-60.6
Net sales growth, LFL, %	2.3	9.7	74.6	33.8	-57.4
Operating profit/loss	2,836	2,785	2,457	-440	-4,800
Operating margin, %	12.9	12.7	12.8	-4.4	-64.3
Profit/loss for year attributable to Parent Company	643	532	394	-1,681	-5,949
Balance sheet total	53,842	53,956	50,948	44,755	38,283
Equity	3,372	2,166	2,274	1,155	2,071
Working capital	-2,478	-2,758	-3,157	-2,624	-1,573
Cash flows from operating activities	6,389	6,394	6,432	3,701	1,151
Alternative performance measures					
Adjusted EBITDA	2,495	2,566	2,536	6	-1,503
Adjusted EBITDA margin, %	11.4	11.7	13.2	0.1	-20.1
Profit/loss, excl. effect of IFRS 16	1,098	1,083	866	-1,098	-5,739
Interest-bearing net liabilities	128	1,503	2,909	4,386	4,714
Interest-bearing net liabilities/adjusted EBITDA LTM	0.1	0.6	1.1	731.0	neg
Free cash flow	910	1,754	2,202	185	-2,939
Key ratios per share					
Average number of shares after dilution	219,106,689	191,304,116	191,304,116	191,250,686	148,645,691
Earnings per share, SEK	3.19	2.86	2.21	-8.79	-40.02
Earnings per share, SEK, excluding effects of IFRS 16	5.23	5.09	4.10	-5.75	-38.62
Equity/share, SEK	15.0	10.8	11.9	6.0	10.8
Hotel-related key ratios					
RevPAR (Revenue Per Available Room), SEK	799	782	683	364	271
ARR (Average Room Rate), SEK	1,294	1,272	1,183	957	945
OCC (Occupancy), %	61.8	61.4	57.7	38.0	28.7
Total number of rooms at year-end	55,319	55,642	55,831	54,265	53,003

Operating cash flow

Operating capital, million SEK	Dec 31, 2024	Dec 31, 2023
Current assets, excluding cash and cash equivalents	1,372	1,619
Current liabilities	-3,850	-4,377
Working capital	**-2,478**	**-2,758**

Million SEK	2024	2023
Adjusted EBITDA	2,495	2,566
Pre-opening costs	-28	-17
Items affecting comparability	-18	-14
Items not included in cash flow	88	98
Taxes paid	-126	-109
Change in working capital	-293	-192
Paid interest expenses	-152	-57
Cash flow from operations	**1,966**	**2,275**
Investments in hotel renovations	-737	-434
Investments in IT	-106	-59
Free cash flow before investments in expansions	**1,123**	**1,782**
Investments in new capacity	-213	-28
Free cash flow	**910**	**1,754**
Accrued interest, convertible loan	-70	-163
Repurchase of convertible bonds	-	-630
Conversion of convertible loan	1,179	0
Repurchase of own shares	-52	-
Dividends	-544	-
Other items in financing activities	-22	-86
Financing costs	5	-1
Exchange rate difference in interest-bearing net debt	-31	-5
Change in net debt	**1,375**	**869**

The balance sheet total on December 31, 2024 was 53,842 million SEK compared with 53,956 million SEK on December 31, 2023. Excluding IFRS 16, the balance sheet total amounted to 13,604 million SEK, compared to 14,613 million SEK per 31 December 2023.

On December 31, 2024, interest-bearing net liabilities totaled 128 million SEK, a decrease of 1,375 million SEK compared with December 31, 2023. Debts to credit institutions totaled 974 million SEK, compared to 980 at the end of 2023. Other interest-bearing liabilities consisted of liabilities relating to deferred payment of VAT and social security contributions in Sweden. This liability, which amounted to 758 million SEK at the end of 2023, was amortized prematurely during the year. Cash and cash equivalents decreased with 498 million SEK and totaled 846 million SEK. The convertible loan was 0 million SEK at the end of the period, corresponding to a decrease of 1,109 million SEK. Interest-bearing net debt in relation to adjusted EBITDA for the most recent 12 months amounted to 0.1x, which is lower than at the end of 2023 (0.6) and less than at year-end 2019 (1.7).

On October 1, Scandic signed an agreement for new sustainability-linked and long-term bank financing with a total credit facility of 3,250 million SEK and a term of three years (with the option to extend by two years). Total available liquidity amounted to 3,020 million SEK at the end of the year.

During December 2024, Scandic launched a share buyback program of a total of approximately 300 million SEK. The program will conclude on March 31, 2025. At year-end, 900,000 shares corresponding to a value of 61 million SEK had been repurchased, with 52 million SEK worth settled in cash as at December 31, 2024.

Interest-bearing net liabilities	**Dec 31, 2024**	**Dec 31, 2023**
Liabilities to credit institutions	974	980
Other interest-bearing liabilities	0	758
Cash and cash equivalents	-846	-1,344
Interest-bearing net debt excluding convertible loan	**128**	**394**
Convertible loan	0	1,109
Interest-bearing net liabilities	**128**	**1,503**

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, was 11 percent and it was calculated for the part that was allocated to the loan. No interest payments were made during the life of the loan (maturity date: October 8, 2024). Instead, the interest expense was accumulated on an ongoing basis to the convertible debt, which when due initially totaled 1,800 million SEK.

During November 2023, Scandic repurchased convertible bonds for a nominal amount of 590 million SEK. In 2024, all outstanding convertible bonds were converted, and the outstanding nominal amount of the convertible debt is 0 million SEK.

The calculation of earnings per share includes the full dilutive effect for any periods with profits. For 2024, the calculation was carried out with the full dilutive effect, as the result for the year was positive. When calculating earnings per share, treasury shares were excluded from the total average number of shares.

Acquisitions and exits

In 2024, a company containing a hotel in Nürnberg was acquired. The company has been merged into Scandic Hotels Deutschland GmbH. In 2024, Scandic did not divest any businesses.

Portfolio development

At year-end, Scandic had a total of 55,319 rooms in operation at 263 hotels, 243 of which were operated under lease agreements. At the end of 2024, the net number of hotels in operation was four fewer than at the end of 2023 and the number of rooms decreased by 323 net. New hotels with lease agreements in operation during the year were Scandic Nürnberg Central, Germany (311 rooms) and Scandic Go Sankt Eriksgatan 20, Sweden (234 rooms). Hotels that were exited during the year were Scandic Ringsaker, Norway (176 rum), Scandic Havna Tjörne, Norway (73 rum), Scandic Ermitage, Denmark (120 rum), Scandic The Reef, Denmark (210 rum) och Scandic Vejle, Denmark (129 rum).

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 53,461 known shareholders at the end of 2024. At year-end 2024, the share capital of Scandic was 55 million SEK divided into 219,157,922 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, Eiendomsspar was the largest shareholder with 14.7 percent of the company's share capital and votes followed by AMF Pension & Fonder, which held 13.6 percent and Stena Sessan, which held 13.2 percent. 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 performance shares is allotted, the total number of shares allotted under the LTIP will be 600,888, which corresponds to approximately 0.3 percent of Scandic's share capital and votes. At the end of the year, the number of shares in treasury amounted to 900,000.

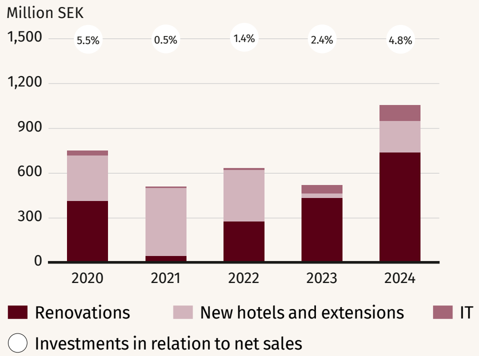
Risks and risk management

A description of Scandic's significant risks and uncertainties is provided in the Risks and risk management section on pages 74–77.

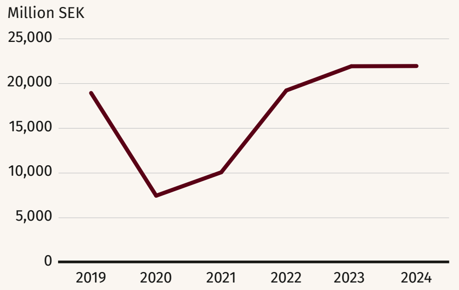
Team members

The average number of employees was 10,097 on December 31, 2024 compared with 10,774 on December 31, 2023. 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 aims to ensure it has an inclusive culture throughout its operations and has clear targets for this. The gender distribution in the Group is 63 percent women and 37 percent men. The number of female general managers is 57 percent. Of the Group's employees, about 40 percent are under 30.

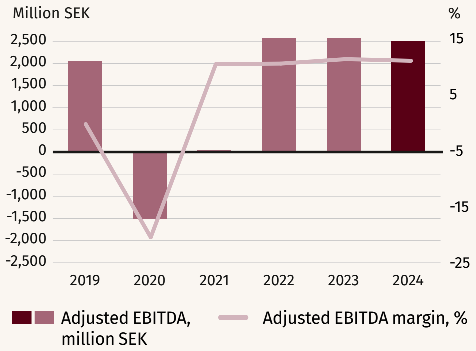
INVESTMENTS, 5 YEARS



NET SALES



ADJUSTED EBITDA AND MARGIN



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 can be found on pages and 32–66. The Sustainability Report covers the Parent Company and the Group.

Executive Committee and Board of Directors

Scandic's Executive Committee has solid experience from the hotel sector and consumer-oriented operations in various markets. The Executive Committee is comprised of the CEO and seven executive decision-makers: the CFO, the Chief Commercial Officer, the Chief Human Resources Officer, Chief Strategy Officer and three Chief Operating Officers. Four nationalities are represented in the Executive Committee, which is composed of six 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 2024 elected seven Board members and appointed one employee representative.

Guidelines for compensation to senior executives

Guidelines for compensation and other terms and conditions for the CEO and other senior executives were adopted and established at the Annual General Meeting 2024. See the Corporate Governance Report on pages 78–87 for more information.

Long-Term Incentive Program

Scandic has three share-based long-term incentive programs (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 78–87 for further details.

Events after the reporting date

In connection with Scandic's Capital Markets day in February, Scandic communicated that a new share buyback program is intended to be launched during 2025 of approximately 500 million SEK.

In February 2025, Scandic signed an agreement for a new hotel in Berlin.

Outlook

Scandic has a positive view of the market development in 2025. Based on the prepared business plan and cash flow forecast, it is the management's best estimate that the company's current liquidity combined with continued good management of revenue, expenses and cash flow is sufficient 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 2024 amounted to 96 million SEK (75). The operating loss was -6 million SEK (0). Net financial items for the period totaled 2 million SEK (-84). The Parent Company's profit before taxes was 8 million SEK (-77).

Appropriation of profits

According to the dividend policy adopted by the Board of Directors on October 29, 2024, Scandic aims to distribute at least 50 percent of net profit. The dividend is based on net profit excluding the effects of IFRS 16. Decisions regarding dividend proposals are made taking into account the company's future profits, financial position, capital requirements and macroeconomic conditions.

The Board of Directors proposes that the profits are allocated as follows:

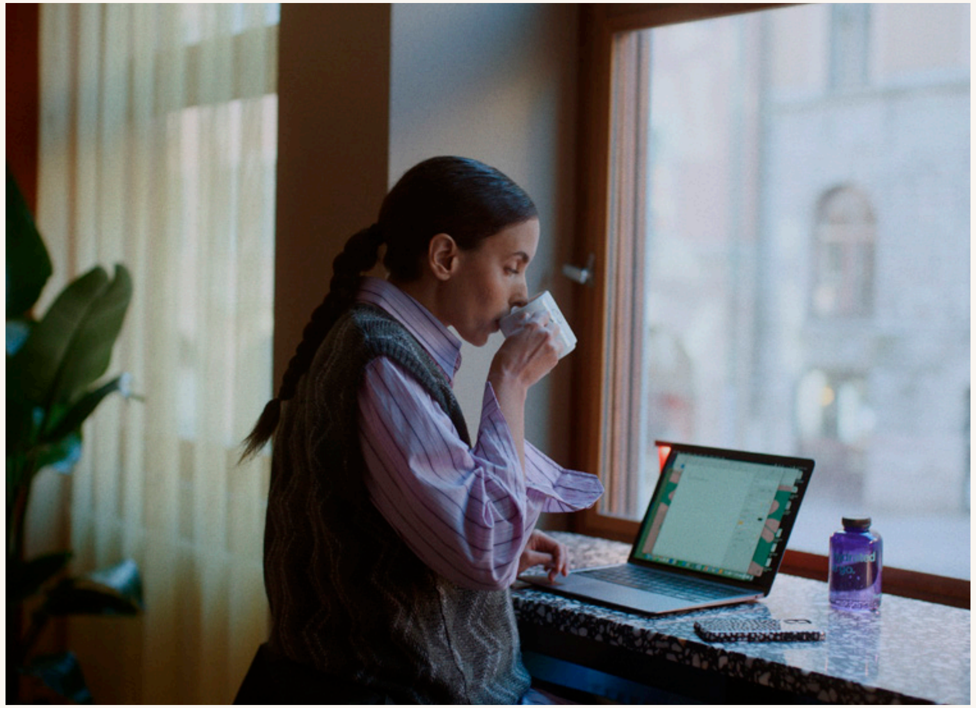
	SEK
Dividend to shareholders, 2.60 per share	569,810,597
To be carried forward	8,061,316,273
Total	8,631,126,870

The board of directors proposes that the dividend be divided into two payments of SEK 1.30 per share. The record date for the first payment is proposed to be May 8, 2025, and for the second payment, November 13, 2025. For more information, please see the following financial statements and notes.

RISKS AND 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, the ambition is to ensure that risks are minimized.

The ability to identify, assess, manage and monitor risks is an important part of the management and control of the company's business operations. The aim is for the Group to achieve its objectives through well-considered risk-taking within established limits. Scandic has good underlying risk diversification since the company operates in several geographically diverse markets with a balanced customer base that includes both private individuals and companies. The company is primarily operational in the Nordic market and is not dependent on a specific industry or a few customers.



Risk management process

The risk management process follows an annual cycle and is designed to identify and minimize risks that could have an adverse effect on the company:

- The Executive Committee carries out risk analysis that includes identifying risks and measuring them based on the probability that they will occur and any possible impact they could have. The Group's internal controls are then evaluated to ensure measures are in place to mitigate risks.
- Based on the Group's risk profile and strategy, an action plan is then established.
- Monitoring of risk management is reported to the Board and followed up in conjunction with annual strategy planning. Financial risks are reported and monitored in financial reporting to the Board and at Audit Committee meetings.

Responsibility and monitoring

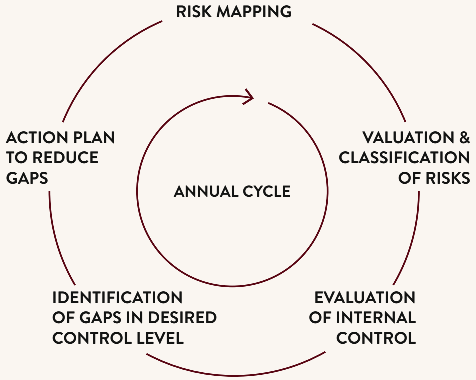
The Board of Directors has overall responsibility for ensuring that the Group has appropriate risk management structures in place, including following up on risks. The Audit Committee is responsible for evaluating the efficacy of the structure and risk management processes and for monitoring financial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

Risks

The most significant risks are described on the following pages.

SCANDIC'S RISK MANAGEMENT PROCESS



RISKS AND RISK MANAGEMENT

MARKET RISKS

Demand is influenced by domestic economic 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. Price increases for goods, for example, items related to Scandic's restaurant (F&B) offerings, and energy could lead to higher purchasing costs. There is a risk that these increased costs may not be covered by price increases vis-à-vis Scandic's customers. There is also a risk that Scandic's suppliers or subcontractors, due to price increases or reduced demand caused by negative economic development, could become insolvent or have difficulty delivering on time. As Scandic is dependent on certain suppliers in its day-to-day operations, if these suppliers become insolvent or have difficulty delivering, there is a risk that Scandic could experience disruptions in its day-to-day operations.

Some of Scandic's leases could make it difficult to carry out more extensive configurations at the company's hotels. There is also a risk that property owners may not make necessary sustainability investments, for example, in improving energy efficiency. This could make it difficult for Scandic to live up to its sustainability standards and lead to Scandic instead having to make the necessary investments in the properties. If Scandic is unable to handle underperforming hotels with unfavorable leases, it could be left with hotels that are not profitable over time.

RISK MANAGEMENT

Scandic's business model is based on lease agreements where most agreements have completely variable rents or variable rents with guaranteed minimum rent. This reduces risk since decreases in demand are partly offset by lower rental costs. Scandic also has a flexible cost structure that helps lessen the effects of normal seasonal and economic fluctuations. Since the Covid-19 pandemic, Scandic has focused on introducing measures such as market collapse clauses in new leases to achieve more balanced conditions in the event of situations that could have a significant impact on demand. Scandic continuously monitors purchase prices and maintains close cooperation between relevant functions to ensure competitive purchase prices.

Scandic also continuously follows up on suppliers to ensure that they can deliver on time and constantly evaluates new supplier alternatives. The company is also evaluating alternatives to be able to switch to having more suppliers of business-critical products and services. Scandic continually works proactively to optimize its hotel portfolio to ensure guest satisfaction and profitability. There is also an action plan to determine which contracts should be renewed or terminated.

CHANGING ENVIRONMENT, TAXES AND DECISIONS OF AUTHORITIES

Scandic is affected by several external factors that could limit mobility in society including geopolitical events, general developments in society, pandemics and terror incidents. In the long term, changed travel behavior due to factors related to the environment and sustainability can also impact Scandic. In addition, incidents that occur at the destinations where Scandic operates could affect customers' willingness to travel there.

IT security incidents caused by external attacks could affect Scandic's IT infrastructure and impact operations at hotels, and personal data or other confidential information could, for example, fall into the wrong hands or be deleted. Changes in value added tax and other taxes could impact demand. 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 several initiatives to adapt and maintain a high 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.

Scandic has strengthened its routines and organization related to IT security, data protection and information security. The focus is on strengthening training and practical exercises. Scandic has also developed a plan for handling major IT security incidents. The company follows the development of relevant regulations and changes in legislation are followed up on an ongoing basis.

LEASE AGREEMENTS – FINANCIAL COMMITMENTS

Scandic's business model is based on long-term lease agreements with property owners. If market demand decreases rapidly and sharply, there is a risk that Scandic could have difficulty meeting its financial commitments.

RISK MANAGEMENT

The risk involved in long-term financial commitments is reduced by having a high proportion of agreements with variable rents. Based on the number of rooms, most rental agreements have either fully variable rent or variable rent with guaranteed minimum rent. Revenue-based rent and joint investment responsibility mean that the property owner and tenant have a common interest in developing and maintaining the property to increase guest satisfaction and generate revenue.
To increase guest satisfaction, growth and returns, Scandic constantly evaluates investments in new and existing hotels and the possibilities to exit hotels with limited potential. Furthermore, Scandic only enters into agreements for hotels in attractive locations in markets with stable and good demand. Lease agreements are continuously optimized when they are extended, for example, to achieve more balanced terms. Among other things, Scandic is focusing on introducing market collapse clauses in all new agreements, which means a more balanced level of risk between Scandic and the landlord in the event of situations that could have a significant impact on demand in the hotel market.

BRAND AND REPUTATION

The hotel market is constantly evolving in terms of preferences and customer behavior. Maintaining Scandic's brand and customers' perception of Scandic's offering is critical for ensuring competitiveness. Suppliers who do not follow Scandic's Code of Conduct or are associated with anything negative in relation to, among other things, sustainability or legal issues could have a negative impact on Scandic. There is a risk that these issues may not be followed up on carefully enough.

RISK MANAGEMENT

Scandic is the leading hotel brand in the Nordic region. By owning the Scandic brand, Scandic can guarantee the consistency and quality of its offerings and services and ensure that the content and offerings are 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 places demands on Scandic's suppliers and partners. Compliance is ensured through communication, internal training and agreements with suppliers and partners. To reduce vulnerability, among other things, Scandic implements preventive measures that include training and informing team members.

HUMAN RESOURCES AND TALENT MANAGEMENT

Scandic operates in the service industry where each guest experience has a great impact on how the Group's offering is perceived. Team member engagement is an important driver in terms of customer satisfaction, making it central to the Group's results. The ability to attract, develop and retain talents and build a strong corporate culture is therefore critical.

RISK MANAGEMENT

Team members and corporate culture are an important part of Scandic's strategy and a focus area that is constantly evaluated. To this end, Scandic conducts regular employee surveys. The insights obtained through these surveys 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 as well as close collaboration with schools and trade unions.

FINANCIAL RISKS

The Group's activities expose it to different financial risks, for example, 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

Scandic has policies that cover 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. Read notes 20B and 20C for a description of the financial risks and their risk management.

SUSTAINABILITY

Scandic conducts a double materiality analysis to identify and evaluate how various sustainability aspects impact its operations and how its operations, in turn, affect the environment, society and economy. This methodology involves a thorough assessment of impacts, risks and opportunities, providing a comprehensive view that forms the basis for strategic decisions and long-term sustainability management. Scandic has identified the following material areas in accordance with the ESRS-standards:

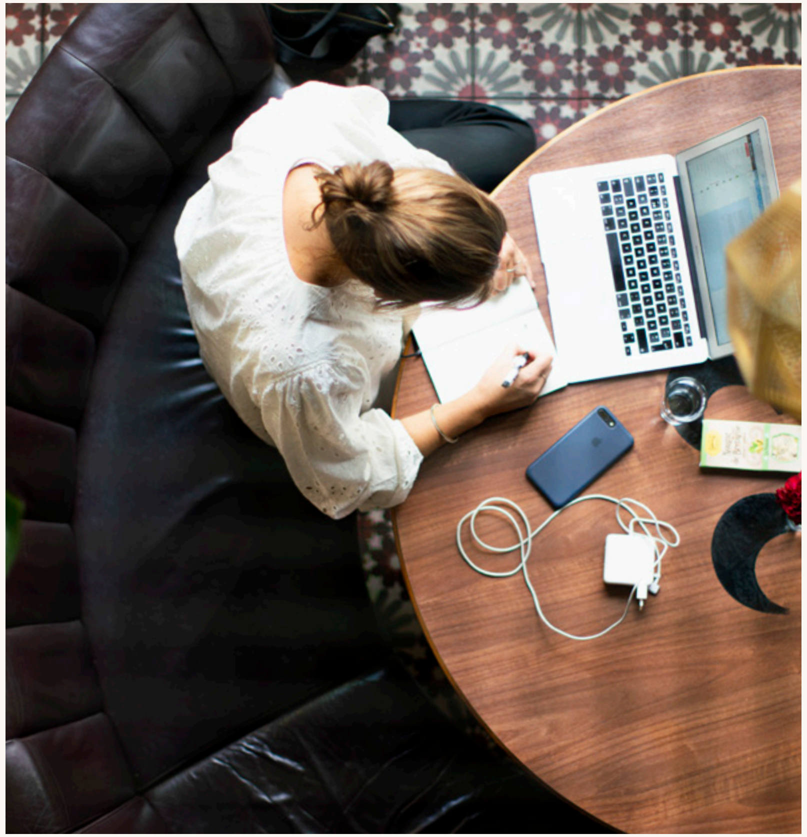
- ESRS E1, E3-E5 – Environmental matters: Climate change, water resources, biodiversity and ecosystems as well as resource use and circular economy.
- ESRS S1-S4 – Social matters: These include the well-being of Scandic's team members and suppliers' employees, the impact on the communities Scandic is part of and a strong focus on guest well-being and safety.
- ESRS G1 – Governance matters: This area pertains to corporate governance, business ethics and anti-corruption.

RISK MANAGEMENT

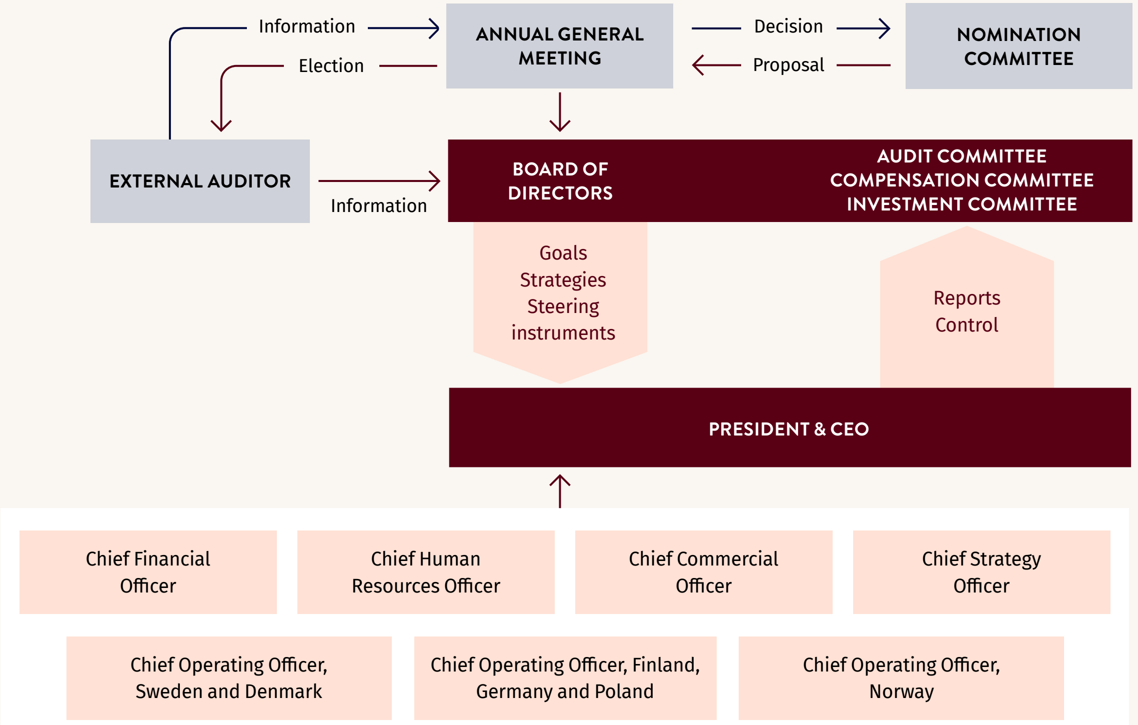
Scandic has clear policies and action plans and monitors specific key performance indicators to ensure structured and effective management of these material areas. More detailed information about these areas can be found in the Sustainability Report on pages 32–66.

CORPORATE GOVERNANCE

Scandic is a Swedish public limited liability company whose shares are listed on Nasdaq Stockholm. 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



External steering instruments

- Swedish Companies Act
- Annual Accounts Act
- Other applicable legislation
- Nasdaq Stockholm's Rulebook for Issuers
- The Swedish Corporate Governance Code

Internal steering instruments

- Articles of Association
- Rules of Procedure and Instructions for the CEO and the Board
- Values
- Code of Conduct
- Policies and guidelines

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 divided between the shareholders, the Board and its committees and the Chief Executive Officer (CEO). Scandic's corporate governance is based on principles in external and internal regulations. The external governance framework includes, for example, the Swedish Companies Act, the Annual Accounts Act, Nasdaq Stockholm's Rulebook for Issuers and the Swedish Corporate Governance Code (the "Code"). Scandic adheres to the rules of the Code and reported no deviations during the financial year 2024. Scandic's internal binding governance instruments include, for example, the Articles of Association, Rules of Procedure for the Board and the Board's committees, instructions for the CEO as well as Scandic's Code of Conduct and other policies.

The share and shareholders

Scandic's share has been listed on Nasdaq Stockholm since December 2, 2015. The share capital at year-end totaled 54.8 million SEK, divided into 219,157,922 shares, with all shares conferring equal voting rights and rights to a share of the company's assets and profits. At the end of the year, the ten largest shareholders represented 61.4 percent of the share capital and votes in the company. Eiendomsspar AS was the largest shareholder with holdings corresponding to 14.7 percent of the company's share capital and votes at the end of the year.

Shareholders' influence through the general meeting

Scandic's shareholders exercise influence at the general meeting, which is the company's highest decision-making body. The general meeting adopts the Articles of Association and at the Annual General Meeting (AGM), 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.

2024 Annual General Meeting

At the AGM held on May 16, 2024, in Stockholm, resolutions on the following were passed:

- Adoption of the income statement and balance sheet for 2023.
- 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, Gunilla Rudebjer, Kristina Patek and Fredrik Wirdenius, and election of Michael Levie and Frank Veenstra as members of the Board until the end of the subsequent annual general meeting. Per G. Braathen was re-elected as Chairman of the Board. Re-election of PwC as auditor with Sofia Götmar-Blomstedt as Auditor-in-Charge for the period until the end of the AGM 2025.
- Fees for the Board and the auditor.
- New guidelines for compensation for senior executives.
- Approval of the Compensation Report.
- Long-term incentive program for members of the Executive Committee and other key team members.
- Authorization to issue shares and/or warrants and/or convertibles.
- Authorization for the Board to repurchase and transfer own shares.
- Authorization for the Board to transfer own shares to Scandic team members who participate in the long-term incentive program for 2024.

Extraordinary General Meeting 2024

An extraordinary general meeting held on December 11, 2024, resolved on a dividend of 2.50 SEK per share, totaling 547,894,805, with December 13, 2024, as the record day for receiving the dividend.

2025 Annual General Meeting

Scandic's Annual General Meeting 2025 will be held in Stockholm on May 6, 2025. For more information, 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. 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 Annual General Meeting 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 2025
The Nomination Committee for the AGM 2025 consists of four members and in addition to the Chairman of the Board includes representatives from the three largest shareholders as of August 31, 2024. As chairman of the Nomination Committee and representative from Eiendomsspar AS, Christian Ringnes led the work of the Nomination Committee during 2024. The composition of the Nomination Committee was published in a press release on October 4, 2024.

Nomination Committee	Representing	% votes on Dec 31, 2024
Christian Ringnes (Chairman)	Eiendomsspar AS	14.7
Dick Bergqvist	AMF Pension & Fonder	13.6
Karl Swartling	Stena Sessan AB	13.2
Per G. Braathen	Chairman of the Board of Scandic	-

In the work on nominations for the Annual General Meeting 2025, the Nomination Committee assessed the size and composition of the current Board of Directors. The Nomination Committee complies with the guidelines in the Code regarding Board member independence. The 2025 Nomination Committee held four meetings and maintained communication in between. The 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 Annual General Meeting 2025 and on Scandic's website at www.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 contacted at nominationcommittee@scandichotels.com. Shareholders can whenever they wish present proposals for the Nomination Committee. For the committee to consider suggestions, shareholders wishing to submit proposals must have done so by December 31, 2024, at the latest. More information is available at www.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 eleven 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.

Composition of the Board in 2024
The AGM 2024 elected six 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.

Independence
None of the Board members elected at the AGM are employed by Scandic and all (100%) Board members are considered to be independent in relation to the company and the senior executives. Five of the six Board members elected by the AGM (83%) 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 and sustainability 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 on whether to enter or extend leases, franchise agreements or 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 is also responsible for ensuring that Board members evaluate their work annually and regularly receive the information they need to see to it that the work of the Board is conducted efficiently. The Chairman of the Board represents the company vis-à-vis the company's shareholders.

Work during the year
During the year, the Board held nine board meetings. During these meetings, the Board dealt with recurring topics including updates from the CEO, follow-up on the company's financial performance, Scandic's market situation, strategy issues, investment decisions and sustainability. The Board also addressed the evaluation of the Executive Committee and CEO and issues related to financing and capital allocation, policies 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 adopted by the Board for each committee and the working order adopted for 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 members of the

committee shall be independent in relation to the company and its senior executives. The Compensation Committee consists of Per G. Braathen (Chairman), Gunilla Rudebjer and Kristina Patek. The Compensation Committee held four meetings during the year. The committee conducted a review of the basic remuneration for senior executives, the bonus program, incentive programs and other compensation.

Audit Committee

The Audit Committee prepares the Board of Directors' work on matters involving risk assessments, internal control, the internal audit, accounting, financial- and sustainability reporting and audits. The committee aims to ensure compliance with the adopted principles for financial- and sustainability reporting and internal control and that the company's relationship with its auditors is fit for purpose. The Audit Committee also carries out an evaluation of the audit and reports the results to the Nomination Committee. It also submits a proposal for the appointment of an auditor to the Nomination Committee. In addition, the 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 of the members shall be independent in relation to the company and its senior executives. At least one member of the committee 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 Audit Committee consists of Gunilla Rudebjer (Chairman), Kristina Patek and Frank Veenstra. The requirements of the Swedish Companies Act regarding independence and accounting or auditing expertise are thus satisfied. The Audit Committee held seven meetings during the year. The company's auditor attended all meetings during the year.

The following matters were addressed at Audit Committee meetings:

- Financial reporting.
- Capital allocation and financial targets.
- Financing.
- Sustainability reporting.
- Internal control and risk analysis as well as evaluation of structures and efficiency.
- Auditors' reports on the review of the annual accounts, the interim report for the third quarter 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.

Investment Committee

The Investment Committee prepares decisions on issues related to investment proposals and constantly evaluates ongoing investments in new and existing hotels. In addition, it evaluates the company's lease agreements. The committee also regularly evaluates 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. The Investment Committee consists of Fredrik Wirdenius (Chairman), Per G. Braathen, Michael Levie and Frank Veenstra. During 2024, the Investment Committee held nine meetings.

Evaluation of the work of the Board

The Chairman of the Board is responsible for evaluating the work of the Board through an annual evaluation. 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 2024/2025 evaluation was carried out through a survey of Board members with help from an external party. The results were presented and discussed by the Board and Nomination Committee. The evaluation was used to develop the work of the Board and constitutes support for the work of the Nomination Committee.

COMPOSITION OF THE BOARD OF DIRECTORS, INDEPENDENCE, ATTENDANCE, COMMITTEES AND COMPENSATION

Name	Position	Elected year	Independent in relation to the company and senior executives	Independent in relation to the largest shareholders	Attendance and no. meetings	Attendance, no. meetings, committees	Compensation 2024
Per G. Braathen	Chairman	2007	Yes	Yes	9 (9)	9 (9) Investment Committee 4 (4) Compensation Committee	1,055,000
Frank Veenstra[1]	Board member	2024	Yes	Yes	6 (6)	6 (6) Investment Committee 4 (4) Audit Committee	342,000
Michael Levie[1]	Board member	2024	Yes	Yes	6 (6)	6 (6) Investment Committee	299,333
Fredrik Wirdenius	Board member	2015	Yes	Yes	9 (9)	9 (9) Investment Committee	481,333
Gunilla Rudebjer	Board member	2022	Yes	Yes	9 (9)	7 (7) Audit Committee 2 (2) Compensation Committee	584,333
Kristina Patek	Board member	2020	Yes	No	9 (9)	7 (7) Audit Committee 2 (2) Compensation Committee	484,333
Marianne Sundelius	Employee representative	2017	No	Yes	9 (9)		40,000
Totalt							**3,629,333**

1) Elected at the Annual General Meeting 2024.
Note: Former board members Martin Svalstedt and Grant Hearn attended two meetings of the Remuneration Committee in 2024. Martin Svalstedt also attended two meetings of the Audit Committee in 2024. Fees for these are included in the total compensation to the board.

Auditors

PwC has been the company's auditor since 2012. At the AGM held on May 16, 2024, PwC was reappointed as auditor with Sofia Götmar-Blomstedt as auditor-in-charge for the time until the end of the AGM 2025. Sofia Götmar-Blomstedt is an authorized public accountant and a member of FAR (the institute for the accountancy profession in Sweden). During 2024, the auditor reported observations on one occasion to the Board. No members of the Executive Committee were present. Thereafter, the auditor participated in all meetings of the Audit Committee. The Audit Committee evaluates the auditors' work and independence annually. The auditor is paid a fee according to a resolution of the AGM. Information on auditors' fees is provided in Note 4 on page 101.

Executive Committee

Scandic's Executive Committee has solid experience from the hotel sector and consumer-oriented operations. During 2024, the Executive Committee comprised the CEO and eight executive decision-makers: the CFO, the CCO, the CHRO and the Group's five country heads. On January 17, 2024, Pär Christiansen was appointed CFO. On January 25 in 2025, Sören Faerber (earlier Country Managing Director, Denmark) was appointed Chief Strategy Officer, a new position that consolidates strategic key functions with a focus on executing Scandic's strategy. To strengthen coordination and efficiency in the company, Scandic also introduced the role of Chief Operating Officer (COO) with responsibility for operations in one or several countries. Peter Jangbratt, who was earlier Country Managing Director, Sweden, was appointed COO for Sweden and Denmark. Laura Tarka, who was earlier Country Managing Director, Finland, was appointed COO for Finland, Germany and Poland. Asle Prestegard, who earlier was Country Managing Director, Norway, was appointed COO for Norway. Michel Schutzbach, who earlier was Country Managing Director, Germany & Poland, was appointed District Director, Germany & Poland and is no longer a member of the Executive Committee. The Executive Committee meets monthly and focuses on the Group's strategic and operative envelopment as well as monitoring the company's performance. 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 leads the operations of the company in accordance with the instructions adopted by the Board and is responsible for the ongoing management of the company's operations in accordance with the Swedish Companies Act.

Those responsible for centralized Group functions such as accounting and finance, HR and purchasing are responsible for developing policies, guidelines and working methods as well as for following up and ensuring that the company's operations are run in accordance with policies and guidelines.

Sustainability

Sustainability is an integral part of Scandic's strategy. 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. 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 sustainability priorities and goals have been drawn up by the Sustainability Initiatives Steering Committee (SISC) with selected representatives from the business. Responsibility for sustainability initiatives is delegated to the heads of each country and function. Scandic's central sustainability unit monitors, coordinates and follows up on sustainability initiatives.

Guidelines for compensation for the CEO and senior executives

The AGM held on May 16, 2024, adopted compensation guidelines for the CEO and senior executives. These are adapted to EU requirements on shareholder rights and the intention is that they shall apply for four years from approval. Read the guidelines in full at scandichotelsgroup.com

Compensation

For information on compensation for the CEO and senior executives, see Note 05 on pages 102–104.

Long-Term Incentive Program

Between 2015 and 2019 and 2022 and 2024, Scandic launched yearly annual share-based long-term incentive programs. The most recent program, which was adopted at the AGM held on May 16, 2024, is described in Note 05 on pages 102–104. Results and the allotment of shares as well as the terms and conditions for the program are also outlined.

The Board of Directors' 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 Scandic's team members who carry out individual control measures. 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 first presented to the Audit Committee for discussion and consideration at a committee meeting before they are presented to the Board of Directors 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 monitored through monthly reports from the subsidiaries and quarterly reviews where members of the Executive Committee, the central accounting 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 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 several 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 documents in the form of policies, guidelines and manuals that involve financial reporting is chiefly communicated at monthly meetings at which all financial managers participate and via the company's intranet. 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. Internal communication aims to ensure that each team member understands Scandic's development and business. Information is continuously communicated internally, including 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 efficiency of the 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. Evaluation of internal control is also discussed regularly by the Audit Committee. Internal audits are carried out by employees at the company's central accounting department for several hotels each year. These involve a control checklist, spot checks within relevant areas and a general discussion with the general manager and department heads to ensure understanding of and compliance with Scandic's internal control. Follow-up of audits carried out in each country's finance department is handled centrally by the Group's finance department through testing of the respective audits. The results of the centralized testing, the hotels' self-assessments and onsite audits are reported by the local heads of finance to the management team of each country. The results are then 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, by accounting departments 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.

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 Chair of the Board of Braganza. Chair of the Board of Braathens Regional Airlines AB (BRA), Escape Travel AS, Escape Travel A/S and Parques Reunidos S.A. Industrial advisor to EQT.

Previous assignments: Chair of the Board/CEO of Tjæreborg, Always and Saga Tours. Chair of the Board of 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.
Member of the Compensation 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: 8,039

Independent in relation to major shareholders: Yes

Independent in relation to the company and management: Yes

FRANK VEENSTRA

Member of the Board since 2024.
Member of the Investment Committee.
Member of the Audit Committee.

Born: 1968.

Nationality: Dutch.

Education: Bachelor in Hotel Management from the Hotel Management School Maastricht. HOFAM Qualified Controller from NIVE Instituut voor Controlling.

Other assignments: Owner, Mainstay Hospitality. Guest lecturer, Breda University of Applied Sciences.

Previous assignments: Deputy Head of Global Hospitality at Abu Dhabi Investment Authority. Senior advisor at Corinthia Hotels Limited. Corporate Officer Development & Asset Management at NN Hotels. Group Controller at YMCA Management.

Shareholding: 0.

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.
Member of the Compensation 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 Plattform24 and Matilda Foodtech.

Previous assignments: Head of M&A at the Tieto Corporation. Partner of the private equity fund Scope. Investment Manager at Ratos. Management Consultant at Accenture and Cell Network.

Shareholding: 11,522 (in addition, Stena Sessan AB holds 29,016,865 shares)

Independent in relation to major shareholders: No

Independent in relation to the company and management: Yes

MICHAEL LEVIE

Member of the Board since 2024.
Member of the Investment Committee.

Born: 1960.

Nationality: Dutch.

Education: MBA in Hospitality from ESSEC Business School.

Other assignments: Majority owner of Smarels Holding.

Previous assignments: Co-founder & Chief Operating Officer, CitizenM. Management positions within NH Hotels and Sonesta Hotels. Board member of HFTP.

Shareholding: 0.

Independent in relation to major shareholders: Yes

Independent in relation to the company and management: Yes

Board of Directors as at January 1, 2025.
Number of shares as at March 31, 2025.

FREDRIK WIRDENIUS

Member of the Board since 2015.
Chairman of the Investment Committee.

Born: 1961.

Nationality: Swedish.

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

Other assignments: Chair of the Board of Willhem AB. Board member of Axfast AB, Stiftelsen Nobel Center and Urban Escape AB.

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: High school diploma, consumer economics. Post-secondary courses in leadership and psychology.

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)

Number of shares as per March 31, 2025.

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 Fountain Scandinavia A/S and Head of Sales & Marketing Avis Rent a Car.

Other assignments: Board member of Dansk Erhverv and Kraks Fond.

Shareholding: 261,860

PÄR CHRISTIANSEN
Chief Financial Officer

Employed by the Group since 2024. Member of the Executive Committee since 2024.

Born: 1973.

Nationality: Swedish.

Education: Master of Science, Faculty of Engineering, Lund University. Bachelor of Science in Business Administration and Economics, Lund University.

Previous experience: CFO, Euroflorist, Clas Ohlson, Gant and Transcom. Management positions within MTR and SAS.

Other assignments: None.

Shareholding: 32,000

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 Bachelor of Science 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: 14,000

THÉRÈSE CEDERCREUTZ
Chief Commercial Officer

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

Born: 1969.

Nationality: Finnish.

Education: Master of Economic Sciences, Åbo Akademi University, Finland.

Previous experience: Chairman of the Board of EAB Group Oyj. Board member of Scandic Hotels Group, Tokmanni Oyj, Vieser Oy, Fennia Oy and HappyOrNot Oy. 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 Ballingslöv International and UNICEF Finland.

Shareholding: 6,400

SØREN FAERBER
Chief Strategy Officer

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 and Southern Europe, Scandic. Regional Director, Hard Rock International.

Other assignments: Board member of Wonderful Copenhagen.

Shareholding: 21,086

Number of shares as per March 31, 2025.

PETER JANGBRATT

Chief Operating Officer, Sweden and Denmark

Employed by Group 1995–2008 and since 2015.
Member of the Executive Committee since 2016. and 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 Svenskt Näringsliv.

Shareholding: 47,373

LAURA TARKKA

Chief Operating Officer, Finland, Germany and Poland

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

Born: 1970.

Nationality: Finnish.

Education: Master of Science, Industrial Engineering & Economics, Lappeenranta Technical University, Finland. CEFA, Hanken School of Economics, Finland.

Previous experience: Board member of Lassila, Tikanoja Oyj. Ukko.fi Oy and Finnish Chamber of Commerce, , CEO Gigantti and Kämp Collection Hotels. CFO & Vice President, Diacor Health Care Services. Various leadership positions at Fazer Group. Partner at ICECAPITAL Securities. Partner & Analyst at Mandatum Stockbrokerage.

Other assignments: Board member of Karl Fazer Oy, Caruna Oy,Mara, Finnish Hotel and Restaurant Association, Chairman of Helsinki Travel Advisory Board.

Shareholding: 4,000

ASLE PRESTEGARD

Chief Operating Officer, 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. Board member of NHO Reiseliv.

Other assignments: None.

Shareholding: 13,480

Note: On January 1, 2025, Michel Schutzbach, who was Country General Manager, Germany and a member of the Executive Committee was appointed District Director, Germany & Poland. Consequently, he is no longer a member of the Executive Committee.

Number of shares as per March 31, 2025.

Scandic

FINANCIAL REPORTS

Scandic Go Sankt Eriksgatan 20 Latitude: 59.33133, Longitude: : 18.03104. This new Scandic Go has streamlined everything to create a sleek, modern hotel experience close to all the best attractions – the smart way to stay, in other words

INCOME STATEMENT

GROUP

Million SEK	Notes	2024	2023
INCOME	02, 03		
Net sales		21,959	21,935
Other income		0	20
TOTAL INCOME		**21,959**	**21,955**
OPERATING COSTS			
Raw materials and consumables		-1,634	-1,698
Other external costs	04	-4,454	-4,538
Staff costs	05	-6,948	-6,882
Rental costs	06	-2,157	-2,209
Pre-opening costs		-28	-17
Items affecting comparability	07	-18	-14
Amortization, depreciation and impairment	12.13	-3,884	-3,812
TOTAL OPERATING COSTS		**-19,123**	**-19,170**
Operating profit/loss		**2,836**	**2,785**
Net financial items	08.09	**-1,975**	**-2,064**
Profit/loss before tax		**861**	**721**
Taxes	10	**-209**	**-152**
PROFIT/LOSS FOR THE YEAR		**652**	**569**
Attributable to the Parent Company's shareholders		643	532
Non-controlling interests		9	37
Profit/loss per share before dilution, attributable to the Parent Company shareholders (SEK per share)	11	3.43	3.46
Profit/loss per share after dilution, attributable to the Parent Company shareholders (SEK per share)	11	3.19	2.86

STATEMENT OF COMPREHENSIVE INCOME

GROUP

Million SEK	Notes	2024	2023
Profit/loss for the year		652	569
Other comprehensive income			
Items that may be reclassified to profit or loss			
Currency fluctuations from translation of foreign operations		-56	-186
Changes in the value of electricity hedges, net of tax		-33	-309
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations		37	-89
Total other comprehensive income, net of tax		**-52**	**-584**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**600**	**-15**

CONSOLIDATED BALANCE SHEET

GROUP

Million SEK	Notes	2024-12-31	2023-12-31
ASSETS			
Non-current assets			
Goodwill	12	4,111	4,083
Trademarks	12	2,810	2,818
Other intangible assets	12	179	109
Land & buildings	13	71	75
Right-of-use assets	13	39,707	39,389
Furniture, fittings and equipment	13	4,142	3,958
Interests in associates	14	22	22
Financial investments		7	7
Other non-current receivables		31	29
Deferred tax assets	23	692	655
Total non-current assets		**51,772**	**51,145**
Current assets			
Inventories	15	143	135
Trade receivables	16	533	601
Other current receivables		163	186
Prepaid expenses and accrued income	17	385	545
Cash and cash equivalents	18	846	1,344
Total current assets		**2,070**	**2,811**
TOTAL ASSETS		**53,842**	**53,956**

Million SEK	Notes	2024-12-31	2023-12-31
EQUITY AND LIABILITIES			
Equity			
Share capital	19	55	48
Other contributed capital		11,061	9,892
Translation reserve		87	160
Retained earnings		-7,938	-8,041
Equity attributable to the Parent Company shareholders		**3,265**	**2,059**
Non-controlling interests		107	107
Total equity		**3,372**	**2,166**
Non-current liabilities			
Liabilities to credit institutions	20	974	980
Provisions for pensions & similar commitments	21	620	653
Other provisions	22	291	249
Other liabilities		67	199
Non-current liabilities	20	41,757	41,041
Deferred tax liabilities	23	50	5
Total non-current liabilities		**43,759**	**43,127**
Current liabilities			
Convertible loan		-	1,109
Advance payments from customers		338	278
Trade payables		864	1,112
Current tax liabilities		114	185
Current lease liabilities	20	2,654	2,444
Derivative instruments		48	7
Other liabilities		361	999
Accrued expenses and prepaid income	24	2,332	2,529
Total current liabilities		**6,711**	**8,663**
Total liabilities		**50,470**	**51,790**
TOTAL EQUITY AND LIABILITIES		**53,842**	**53,956**

CASH FLOW STATEMENT

GROUP

Million SEK	Notes	2024	2023
Operating activities			
Operating profit/loss		2,836	2,785
Adjustments for items not included in cash flow, etc.	25	3,972	3,910
Taxes paid		-126	-109
Cash flows before changes in working capital		**6,682**	**6,586**
Changes in working capital			
Inventories		-7	-6
Trade receivables		71	156
Other current receivables		174	-370
Trade payables		-257	142
Other current liabilities		-274	-114
Cash flows from operating activities		**6,389**	**6,394**
Investing activities			
Paid net investments	13	-1,056	-521
Cash flows from investing activities		**-1,056**	**-521**

Million SEK	Notes	2024	2023
Cash flows after investing activities		**5,333**	**5,873**
Financing activities			
Dividend, share swap agreement		-7	-7
Net borrowing/amortization	20	-758	-51
Repurchase of convertible bonds		–	-630
Repurchase of own shares		-52	–
Dividends		-544	–
Amortization, leases	20	-2,500	-2,328
Financing costs	20	-15	-34
Paid/received interest items		-152	-57
Interest paid, leases		-1,771	-1,734
Cash flows from financing activities		**-5,799**	**-4,841**
CASH FLOWS FOR THE YEAR		**-466**	**1,032**
Cash and cash equivalents at the beginning of the year		1,344	317
Translation differences in cash and cash equivalents		-32	-5
Cash flows for the year		-466	1,032
Cash and cash equivalents at end of year		**846**	**1,344**

CHANGES IN EQUITY

GROUP

	Equity attributable to the Parent Company shareholders						
Million SEK	**Share capital**	**Other contributed capital**	**Translation reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total shareholders' equity**
OPENING BALANCE, Jan 1, 2024	**48**	**9,892**	**160**	**-8,041**	**2,059**	**107**	**2,166**
Profit/loss for the year				**643**	**643**	**9**	**652**
Other comprehensive income							
Items that may be reclassified to profit or loss							
Currency fluctuations from translation of foreign operations	–	–	-47	–	-47	-9	-56
Changes in the value of electricity hedges, net of tax	–	–	-33	–	-33	–	-33
Items that will not be reclassified to profit or loss							
Actuarial gains/losses for the year, net of tax	–	–	–	37	37	–	37
Total other comprehensive income, net of tax	**0**	**0**	**-80**	**37**	**-43**	**-9**	**-52**
Total comprehensive income for the year	**0**	**0**	**-80**	**680**	**600**	**0**	**600**
Other adjustments	**0**	**0**	**7**	**0**	**7**	**0**	**7**
Transactions with shareholders							
Dividends	–	–	–	-544	-544	0	-544
Conversion of convertible loan	7	1,169	–	–	1,176	–	1,176
Share-based payments	–	–	–	18	18	–	18
Repurchase of own shares	–	–	–	-52	-52	–	-52
Total transactions with shareholders	**7**	**1,169**	**0**	**-578**	**598**	**0**	**598**
CLOSING BALANCE, Dec 31, 2024	**55**	**11,061**	**87**	**-7,938**	**3,265**	**107**	**3,372**

CHANGES IN EQUITY

GROUP

	Equity attributable to the Parent Company shareholders						
Million SEK	**Share capital**	**Other contributed capital**	**Translation reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total shareholders' equity**
OPENING BALANCE, Jan 1, 2023	**48**	**9,892**	**656**	**-8,399**	**2,197**	**77**	**2,274**
Profit/loss for the year				**532**	**532**	**37**	**569**
Other comprehensive income							
Items that may be reclassified to profit or loss							
Currency fluctuations from translation of foreign operations	–	–	-179	–	-179	-7	-186
Changes in the value of electricity hedges, net of tax	–	–	-309	–	-309	–	-309
Items that will not be reclassified to profit or loss							
Actuarial gains/losses for the year, net of tax	–	–	–	-89	-89	–	-89
Total other comprehensive income, net of tax	**0**	**0**	**-488**	**-89**	**-577**	**-7**	**-584**
Total comprehensive income for the year	**0**	**0**	**-488**	**443**	**-45**	**30**	**-15**
Other adjustments	**0**	**0**	**-8**	**0**	**-8**	**0**	**-8**
Transactions with shareholders							
Repurchase of convertible bonds	–	–	–	-68	-68	–	-68
Share-based payments	–	–	–	8	8	–	8
Share swap agreement to repurchase own shares	–	–	–	-25	-25	–	-25
Total transactions with shareholders	**0**	**0**	**0**	**-85**	**-85**	**0**	**-85**
CLOSING BALANCE, Dec 31, 2023	**48**	**9,892**	**160**	**-8,041**	**2,059**	**107**	**2,166**

INCOME STATEMENT
PARENT COMPANY

Million SEK	Notes	2024	2023
Net sales		**96**	**75**
Operating costs			
Other external costs	04	-2	-7
Staff costs	05	-100	-68
Total operating costs		**-102**	**-75**
Operating profit/loss		**-6**	**0**
Financial items			
Finance income	08	228	124
Finance costs	09	-226	-208
Net financial items		**2**	**-84**
Appropriations		**12**	**7**
Profit/loss before tax		**8**	**-77**
Taxes	10	0	0
PROFIT/LOSS FOR THE YEAR		**8**	**-77**

STATEMENT OF COMPREHENSIVE INCOME
PARENT COMPANY

Million SEK	Notes	2024	2023
Profit/loss for the year		**8**	**-77**
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		**8**	**-77**

BALANCE SHEET

PARENT COMPANY

Million SEK	Notes	2024-12-31	2023-12-31
ASSETS			
Financial assets			
Participations in Group companies	27	8,415	8,415
Receivables from Group companies		1,986	1,623
Other receivables		14	11
Total non-current assets		**10,415**	**10,049**
Current assets			
Current receivables			
Receivables from Group companies	30	2,687	19
Current receivables		3	0
Cash and cash equivalents	18	708	0
Total current assets		**3,398**	**19**
TOTAL ASSETS		**13,813**	**10,068**

Million SEK	Notes	2024-12-31	2023-12-31
EQUITY AND LIABILITIES			
Equity			
Share capital	19	55	48
Total restricted equity		**55**	**48**
Non-restricted reserves		8,623	8,108
Profit/loss for the year		8	-77
Total non-restricted equity		**8,631**	**8,031**
Total equity		**8,686**	**8,079**
Liabilities			
Non-current liabilities			
Liabilities to Group companies		0	636
Other non-current liabilities		1,025	18
Total non-current liabilities		**1,025**	**654**
Current liabilities			
Convertible loan		-	1,109
Liabilities to Group companies		4,002	43
Other liabilities		46	140
Accrued expenses and prepaid income	24	54	43
Total current liabilities		**4,102**	**1,335**
Total liabilities		**5,127**	**1,989**
TOTAL EQUITY AND LIABILITIES		**13,813**	**10,068**

CASH FLOW STATEMENT

PARENT COMPANY

Million SEK	Notes	2024	2023
Operating activities			
Operating profit/loss		-6	0
Adjustments for items not included in cash flow, etc.	25	18	0
Taxes paid		0	-6
Cash flows before changes in working capital		**12**	**-6**
Changes in working capital			
Other current receivables		-8	26
Other current liabilities		-35	59
Cash flows from operating activities		**-31**	**79**
Financing activities			
Paid/received interest items	20	-23	-1
Repurchase of convertible bonds		–	-630
Financing costs		-15	–
Dividend, share swap agreement		-7	-7
Issue of commercial papers		-52	
Net borrowing/amortization		-27	5
Loans to/from subsidiaries		1,407	554
Dividends		-544	
Cash flows from financing activities		**739**	**-79**
CASH FLOWS FOR THE YEAR		**708**	**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		708	0
Cash and cash equivalents at end of year		**708**	**0**

CHANGES IN EQUITY

PARENT COMPANY

	Restricted equity	Non-restricted equity		
Million SEK	**Share capital**	**Share premium reserve**	**Retained earnings**	**Total equity**
OPENING BALANCE, Jan 1, 2024	**48**	**3,561**	**4,468**	**8,079**
Profit/loss for the year	**–**	**–**	**8**	**8**
Other comprehensive income	–	–	–	–
Total comprehensive income for the year	**0**	**0**	**8**	**8**
Transactions with shareholders				
Dividends	–	–	-544	-544
Repurchase of own shares	–	–	-52	-52
Conversion of convertible loan	7	1,169	–	1,176
Share-based payments	–	–	18	18
Total transactions with shareholders	**7**	**1,169**	**-578**	**598**
CLOSING BALANCE, Dec 31, 2024	**55**	**4,730**	**3,900**	**8,686**
OPENING BALANCE, Jan 1, 2023	**48**	**3,561**	**4,630**	**8,239**
Profit/loss for the year	**–**	**–**	**-77**	**-77**
Other comprehensive income	–	–	–	–
Total comprehensive income for the year	**0**	**0**	**-77**	**-77**
Transactions with shareholders				
Conversion of convertibles	–	0	-69	-69
Share-based payments	–	–	8	8
Share swap agreement to repurchase own shares	–	–	-24	-24
Total transactions with shareholders	**0**	**0**	**-85**	**-85**
CLOSING BALANCE, Dec 31, 2023	**48**	**3,561**	**4,468**	**8,079**

CONTENTS NOTES

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 have been 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 the use of 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 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 by 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 profit/loss 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 2024	Jan–Dec 2023
SEK = EUR		
Income statement (average rate)	11.4322	11.4765
Balance sheet (at end of period)	11.4865	11.0960
SEK = NOK		
Income statement (average rate)	0.9832	1.0054
Balance sheet (at end of period)	0.9697	0.9871
SEK = DKK		
Income statement (average rate)	1.5327	1.5403
Balance sheet (at end of period)	1.5398	1.4888

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 2024 are expected to have a material impact on the Group.

New standards and interpretations yet to be applied by the Group

The IASB has published amendments to standards that are effective on or after 1 January 2024. In January 2027, the new standard IFRS 18 will become effective, replacing IAS 1 Presentation of Financial Statements. Management is currently evaluating the consequences of applying the new standard in its financial statements. Other than IFRS 18, the IASB amendments have not had any material impact on the financial statements.

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 NET SALES BY TYPE OF AGREEMENT

2024, million SEK	Sweden	Norway	Finland	Other Europe	Central functions	Group
Lease agreements	6,582	6,072	4,884	4,336	–	21,874
Management agreements	10	–	–	3	–	13
Franchise and partner agreements	16	16	–	–	–	32
Owned	–	40	–	–	–	40
Total	**6,608**	**6,128**	**4,884**	**4,339**	**–**	**21,959**
Other	–	–	–	–	96	96
Group eliminations	–	–	–	–	-96	-96
Group	**6,608**	**6,128**	**4,884**	**4,339**	**–**	**21,959**

2023, million SEK	Sweden	Norway	Finland	Other Europe	Central functions	Group
Lease agreements	6,631	6,043	4,998	4,110	–	21,782
Management agreements	5	–	–	3	–	8
Franchise and partner agreements	8	14	–	–	–	22
Owned	–	123	–	–	–	123
Total	**6,644**	**6,180**	**4,998**	**4,113**	**–**	**21,935**
Other	–	–	–	–	75	75
Group eliminations	–	–	–	–	-75	-75
Group	**6,644**	**6,180**	**4,998**	**4,113**	**–**	**21,935**

§ 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 completed purchases. 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.

Central functions – Costs for financial control, business development, investor relations, communication, 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.

Net sales by type of revenue and country

2024, million SEK	Sweden	Norway	Finland	Other Europe	Central functions	Group
Room revenue	4,862	4,079	3,331	2,962	-	15,234
Restaurant and conference revenue	1,642	1,864	1,395	1,242	-	6,143
Franchise and management fees	13	16	-	3	-	32
Other hotel-related revenue	91	169	158	132	-	550
Total	**6,608**	**6,128**	**4,884**	**4,339**	**-**	**21,959**
Segment disclosures						
Net sales	**6,608**	**6,128**	**4,884**	**4,339**	**-**	**21,959**
Intra-Group transactions	-	-	-	-	96	96
Group eliminations	-	-	-	-	-96	-96
Total operating income	**6,608**	**6,128**	**4,884**	**4,339**	**-**	**21,959**
Raw materials and consumables	-428	-543	-397	-266	-	-1,634
Other external costs	-1,546	-1,382	-1,240	-1,069	783	-4,454
Staff costs	-2,029	-1,895	-1,307	-1,407	-310	-6,948
Rental costs	-1,953	-1,681	-1,567	-1,227	4,271	-2,157
Pre-opening costs	-17	-	-3	-8	-	-28
Items affecting comparability	-	-	-18	-	-	-18
Amortization, depreciation and impairment	-281	-207	-214	-124	-3,058	-3,884
Costs	**-6,254**	**-5,708**	**-4,746**	**-4,101**	**1,686**	**-19,123**
Operating profit/loss	**354**	**420**	**138**	**238**	**1,686**	**2,836**
Net financial items	39	54	-61	-9	-1,998	-1,975
Financial statements	**-106**	**-**	**6**	**-**	**100**	**-**
Profit/loss before tax	**287**	**474**	**83**	**229**	**-212**	**861**

cont. Note 03

2023, million SEK	Sweden	Norway	Finland	Other Europe	Central functions	Group
Room revenue	4,826	3975	3,371	2,830	–	15,002
Restaurant and conference revenue	1,715	1930	1,470	1,213	–	6,328
Franchise and management fees	8	14	–	–	–	22
Other hotel-related revenue	95	261	157	70	–	583
Total	**6,644**	**6,180**	**4,998**	**4,113**	**–**	**21,935**
Segment disclosures						
Net sales	**6,644**	**6,180**	**4,998**	**4,113**	**–**	**21,935**
Other income	20	–	–	–	–	20
Intra-Group transactions	–	–	–	–	75	75
Group eliminations	–	–	–	–	-75	-75
Total operating income	**6,664**	**6,180**	**4,998**	**4,113**	**0**	**21,955**
Raw materials and consumables	-445	-567	-417	-268	-1	-1,698
Other external costs	-1,541	-1,335	-1,272	-1,048	658	-4,538
Staff costs	-2,064	-1,865	-1,362	-1,359	-232	-6,882
Rental costs	-1,914	-1,672	-1,580	-1,106	4,063	-2,209
Pre-opening costs	0	–	–	-17	–	-17
Items affecting comparability	–	–	–	-12	-2	-14
Amortization, depreciation and impairment	-288	-284	-229	-104	-2,907	-3,812
Costs	**-6,252**	**-5,723**	**-4,860**	**-3,914**	**1,579**	**-19,170**
Operating profit/loss	**412**	**457**	**138**	**199**	**1,579**	**2,785**
Net financial items	416	45	-72	-11	-2,442	-2,064
Financial statements	**91**	**–**	**2**	**–**	**-93**	**–**
Profit/loss before tax	**919**	**502**	**68**	**188**	**-956**	**721**

Assets and investments by segment Million SEK	Sweden 2024	Sweden 2023	Norway 2024	Norway 2023	Finland 2024	Finland 2023	Other Europe 2024	Other Europe 2023	Central functions 2024	Central functions 2023	Group 2024	Group 2023
Non-current assets	12,470	12,838	7,145	7,650	19,143	18,829	9,971	9,600	3,043	2,228	51,772	51,145
Investments in non-current assets	376	215	218	163	136	39	200	59	106	59	1,036	535

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, million SEK	Revenue from external customers 2024	Revenue from external customers 2023	Non-current assets December 31, 2024	Non-current assets December 31, 2023
Sweden	6,608	6,664	12,470	12,838
Denmark	2,978	2,940	6,046	6,206
Finland	4,884	4,998	19,143	18,829
Norway	6,128	6,180	7,145	7,650
Poland	105	97	7	6
Germany	1,256	1,076	3,918	3,388
Group assets	–	–	3,043	2,228
Total for the Group	**21,959**	**21,955**	**51,772**	**51,145**

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 2024	Group 2023	Parent Company 2024	Parent Company 2023
Audit assignment				
PwC	7	6	–	–
Other	–	–	–	–
Other statutory assignments				
PwC	0	0	–	–
Other	–	–	–	–
Tax advice				
PwC	0	0	–	–
Other	0	0	–	–
Fees for other services				
PwC	4	3	–	–
Other	–	–	–	–
Total	**11**	**10**	**–**	**–**

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 PricewaterhouseCoopers AB. For other statutory assignments, 0 million SEK refers to PwC Sweden. For tax advice, 0 million SEK refers to PricewaterhouseCoopers AB. For other services, 2 million SEK refers to PricewaterhouseCoopers AB.

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	
	2024	2023	2024	2023
Salaries and other compensation	5,547	5,567	58	48
Payroll overhead excluding pension costs	794	807	14	12
Pension costs	492	508	9	7
Total staff costs	**6,832**	**6,882**	**81**	**68**

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 nine-month notice period applies if the CEO resigns. In addition, the CEO is entitled to severance pay corresponding to six 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 six to 12 months of severance pay, and if they resign at their own request, a notice period of six months applies.

Compensation and fringe benefits

Compensation to the Board of Directors, SEK	2024			
	Board fees	Fees for commit-tee work	Fringe benefits	Total
Per G. Braathen, Chairman of the Board	891,667	163,333	–	1,055,000
Grant Hearn[1]	125,000	55,000	–	180,000
Fredrik Wirdenius	385,000	96,333	–	481,333
Martin Svalstedt[2]	125,000	38,000	–	163,000
Kristina Patek	385,000	99,333	–	484,333
Gunilla Rudebjer	385,000	199,333	–	584,333
Frank Veenstra[3]	260,000	82,000	–	342,000
Michael Levie[4]	260,000	39,333	–	299,333
Marianne Sundelius, employee representative	40,000	–	–	40,000
Total compensation	**2,856,667**	**772,667**	**–**	**3,629,333**

1) Grant Hearn resigned from the Board of Directors at the AGM on May 16, 2024.
2) Martin Svalstedt resigned from the Board of Directors at the AGM on May 16, 2024.
3) Frank Veenstra was elected to the Board at the AGM on May 16, 2024.
4) Michael Levie was elected to the Board of Directors at the AGM on May 16, 2024.

Compensation to the Board of Directors, SEK	2023			
	Board fees	Fees for commit-tee work	Other benefits	Total
Per G. Braathen, Chairman of the Board	866,667	158,333	–	1,025,000
Grant Hearn	371,667	163,333	–	535,000
Fredrik Wirdenius	371,667	56,333	–	428,000
Martin Svalstedt	371,667	112,667	–	484,333
Kristina Patek	371,667	61,333	–	433,000
Gunilla Rudebjer	371,667	158,333	–	530,000
Marianne Sundelius, employee representative	40,000	–	–	40,000
Total compensation	**2,765,000**	**710,333**	**–**	**3,475,333**

Compensation to senior executives, SEK	2024				
	Base salary	Variable compensa-tion[1]	Fringe benefits[2]	Pension expense	Total
Jens Mathiesen, President & CEO	8,969,700	15,429,041	2,074,749	3,141,600	29,615,090
Other senior executives (9 people)	*21,924,910*	*17,437,608*	*6,957,849*	*4,749,993*	*51,070,360*
	30,894,610	**32,866,649**	**9,032,598**	**7,891,593**	**80,685,450**

1) Variable compensation includes share-based payments of 3,543,670 SEK to the CEO and 5,837,486 SEK to other senior executives. Compensation to the CEO also includes a retention bonus with a term of three years. For more information, see the Compensation Report on page 122.
2) Fringe benefits include salary during the notice period for other senior executives who left during the year. The number of other senior executives is the total over the year. On the reporting date, other senior executives included eight people.

Compensation to senior executives, SEK	2023				
	Base salary	Variable compensa-tion[1]	Fringe benefits[2]	Pension expense	Total
Jens Mathiesen, President & CEO	8,700,000	14,167,728	322,066	3,045,000	26,234,794
Other senior execu-tives (9 people)	20,358,452	14,113,281	7,273,619	4,193,245	45,938,597
Total compensation and benefits	**29,058,452**	**28,281,009**	**7,595,685**	**7,238,245**	**72,173,391**

1) Variable renumeration includes share-based payments of 1,523,232 SEK for the CEO and 2,439,825 SEK for other senior executives. Compensation to the CEO also includes a retention bonus with a term of three years. For more information, see the Compensation Report on page 122.
2) Fringe benefits include salary during the notice period for other senior executives who left during the year. The number of other senior executives is the total over the year. On the reporting date, other senior executives included eight 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 78.

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 1.4 (1.8) 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.

In 2022, 2023 and 2024, new programs were launched, LTIP 2022, LTIP 2023 and LTIP 2024 respectively, which allow participants to 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, the first quarter 2026 and the first quarter 2027 respectively, 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 LTIP 2022, LTIP 2023 and LTIP 2024 and the delivery of shares to the participants has been hedged by Scandic's entering into a share swap agreement with a third party on market terms. For the LTIP 2023 and LTIP 2024, Scandic may also acquire its own shares, which may be transferred to participants in the program upon allotment according to the program.

cont. Note 05

Summary of granted rights in the LTIP

	2024	2023	2022	2021
As of January 1	1,641,883	753,755	180,601	388,092
Awarded during the year	600,888	949,089	753,755	–
Exercised during the year	–	–	-180,601	-182,953
Forfeited during the year	-68,363	-60,961	0	-24,538
Total as at December 31	2,174,408	1,641,883	753,755	180,601
– of which exercisable on December 31	–	–	–	–

The strike price is 0 SEK.

		Number of rights			
Award date	Expiry date	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
June 14, 2019	April 27, 2022	–	–	–	180,601
June 20, 2022	April 24, 2025	673,872	692,794	753,755	–
June 28, 2023	April 24, 2026	899,648	949,089	–	–
June 22, 2024	April 25, 2027	600,888	–	–	–
Total		**2,174,408**	**1,641,883**	**753,755**	**180,601**

Fair value calculations

During the year, the calculation of fair value was systematized with the help of an external provider specialized in incentive programs. The fair value has been calculated using the Monte Carlo model. Previously, it was determined through a combination of the Black-Scholes model and Monte Carlo simulation. The following input factors were used:

	LTIP 2024	LTIP 2023	LTIP 2022
Share price on the award date, SEK	62.35	42.00	45.30
Duration	2.87 years	2.91 years	2.85 years
Risk-free interest	not applicable	not applicable	not applicable
Expected volatility	not applicable	not applicable	not applicable
Fair value, SEK, on the reporting date, Dec 31, 2024	26	21	25
Fair value, SEK, on the reporting date, Dec 31, 2023	–	18	19
Fair value, SEK, on the reporting date, Dec 31, 2022	–	–	19

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

	LTIP 2024		LTIP 2023		LTIP 2022	
Million SEK	Group	Parent Company	Group	Parent Company	Group	Parent Company
Expected cost of entire program	23	8	30	10	26	9
Maximum cost of entire program	42	16	40	13	34	13
Cost in 2024	4	1	11	4	14	5
Cost in 2023	–	–	4	1	5	2
Cost in 2022	–	–	–	–	3	1

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, LTIP 2023 and 2024, 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 673,872 shares, including dividend compensation, for the LTIP 2022, which corresponds to approximately 0.3 percent of Scandic's share capital and votes as at December 31, 2024.

The cost of the program is expected to amount to 26 million SEK, including social security contributions, and the cost included in the Group's income statement in accordance with IFRS 2 was 14 million SEK for the the full year 2024, including social security contributions. The maximum cost of the program, including social security contributions, is estimated to be 34 million SEK.

In addition, participants may be allotted a maximum of 899,648 shares, including dividend compensation, for the LTIP 2023, which corresponds to approximately 0.4 percent of Scandic's share capital and votes as at December 31, 2024.

The cost of the program is expected to amount to 30 million SEK, including social security contributions, and the cost included in the Group's income statement in accordance with IFRS 2 was 11 million SEK for full year 2024, including social security contributions. The maximum cost of the program, including social security contributions, is estimated to be 40 million SEK.

Additionally, participants may be allotted a maximum of 600,888 shares, including dividend compensation, for the LTIP 2024, which corresponds to approximately 0.3 percent of Scandic's share capital and votes as at December 31, 2024.

The cost of the program is expected to amount to 23 million SEK, including social security contributions, and the cost included in the Group's income statement in accordance with IFRS 2 was 4 million SEK for the full year 2024, including social security contributions. The maximum cost of the program, including social security contributions, is estimated to be 42 million SEK.

	2024		2023	
Average number of employees per country	Average number of employees	of which men	Average number of employees	of which men
Parent Company				
Sweden	16	7	15	6
Subsidiaries				
Sweden	3,988	1,328	4,596	1,562
Denmark	1,412	576	1,557	617
Finland	1,506	511	1,609	507
Norway	2,810	1,121	2,662	1,089
Poland	76	35	81	37
Germany	289	132	269	123
Total for the Group	**10,097**	**3,710**	**10,789**	**3,940**

	2024		2023	
Gender division of the Board and Executive Committee on the reporting date	Total	of which men	Total	of which men
Board of Directors	7	4	7	4
Executive Committee	9	7	8	5
Total for the Group	**16**	**11**	**15**	**9**

§ 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 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 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.

cont. Note 05

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 RENTAL COSTS

Rental costs reported in income statement Million SEK	Group 2024	 2023
Fixed and guaranteed rental costs*	-229	-229
Variable rental costs	-1,928	-1,980
Total rental costs	**-2,157**	**-2,209**
* Of which received state aid and negotiated rent concessions	9	25

NOTE 07 ITEMS AFFECTING COMPARABILITY

Items affecting comparability Million SEK	Group 2024	 2023
Restructuring costs	-18	-3
Dilapidation costs, exited hotels	0	-11
Total	**-18**	**-14**

§ 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 08 FINANCE INCOME

Division by income type Million SEK	Group 2024	 2023	Parent Company 2024	 2023
Interest income	46	33	14	0
Interest income from Group companies	–	–	214	124
Exchange rate gains, net	–	8	–	–
Profit/loss from associates	4	4	–	
Total	**50**	**45**	**228**	**124**

§ 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 FINANCE COSTS

Distribution by type of cost Million SEK	Group 2024	 2023	Parent Company 2024	 2023
Interest expenses, credit institutions	-58	-47	-29	–
Interest expenses, convertibles	-70	-163	-70	-163
Interest expenses, pension plan	-20	-13	–	–
Interest expenses from Group companies	–	–	-99	–
Other interest expenses	-83	-65	-14	-20
Interest expenses, leases	-1,771	-1,734	–	–
Exchange rate losses, net	-9	0	-9	-2
Share of transaction costs expensed during the year[1]	-10	-10	-4	–
Capital gains/losses, repurchase of convertible bonds	0	-24	-	-24
Other finance costs	-4	-53	-1	–
Total	**-2,025**	**-2,109**	**-226**	**-208**

[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 10 INCOME TAX

Million SEK	Group 2024	 2023	Parent Company 2024	 2023
Tax expense				
Current tax expense	-173	-380	0	-1
Adjustment of tax for previous year	7	1	0	1
Deferred tax relating to temporary differences	-68	-41	–	–
Deferred tax relating to untaxed reserves	-	143	–	–
Deferred tax relating to loss carry-forwards	-83	–	–	–
Deferred tax relating to IFRS 16	108	–	–	–
Income due to change in tax rate	0	125	–	–
Total tax income/expense	**-209**	**-152**	**0**	**0**
Connection between tax expenses for the year and reported profit before tax, million SEK				
Tax in accordance with current rate, 20.6% (20.6)	-177	-149	-2	16
Adjustment of tax expense from previous year	-7	-7	–	1
Tax effect of non-deductible expenses	-64	-23	-1	-17
Tax effect of non-taxable income	41	20	3	0
Adjustment for differing tax rates	-2	6	–	–
Total tax income/expense	**-209**	**-152**	**0**	**0**

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

In Sweden, the tax rate was reduced to 20.6 percent from 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 -6 (-18) million SEK and hedge accounting of -5 million SEK (-78).

NOTE 11 EARNINGS PER SHARE

Before dilution Group	2024	2023
Profit/loss for the year attributable to shareholders of the Parent Company, million SEK	643	532
Average number of shares outstanding, before dilution	203,614,417	191,304,116
Earnings per share, before dilution, SEK	3.43	3.46

After dilution Group	2024	2023
Profit/loss for the year attributable to shareholders of the Parent Company, million SEK	643	532
Average number of shares outstanding, before dilution	203,614,417	191,304,116
Average number of shares outstanding, after dilution	219,106,689	231,016,258
Earnings per share, after dilution, SEK	3.19	2.86

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 12 INTANGIBLE ASSETS

	December 31, 2024				December 31, 2023			
Group, million SEK	Goodwill	Trademarks	Other intangible assets	Total intangible assets	Goodwill	Trademarks	Other intangible assets	Total intangible assets
Intangible assets								
Opening balance	4,083	2,818	109	7,010	4,180	2,855	154	7,189
New acquisitions	–	–	114	114	–	–	–	–
Retirements/ disposals	–	–	-4	-4	–	–	–	–
Amortization for the year	–	–	-42	-42	–	0	-54	-54
Revaluation	–	–	0	-8	-90	-37	10	-117
Exchange rate differences	28	-8	2	30	-7	–	-1	-8
Closing balance	**4,111**	**2,810**	**179**	**7,100**	**4,083**	**2,818**	**109**	**7,010**

Goodwill and trade-marks	Goodwill		Trademarks[1]		Total	
Million SEK	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Sweden	725	1,063	2,810	2,312	3,535	3,375
Norway	717	442	0	506	717	948
Finland	2,665	2,574	0	0	2,665	2,574
Other Europe	4	4	0	0	4	4
Total goodwill and trademarks	**4,111**	**4,083**	**2,810**	**2,818**	**6,921**	**6,901**

[1] The Scandic Hotels trademark, which has an indefinite useful life, had a residual value as per December 31, 2024 of 2,810 (2,818) million SEK. 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 2025 is based on a budget adopted by the Board of Directors of the company and, from 2026 to 2029, on the company's long-term forecast.

From 2025 to 2029, Scandic's annual average revenue growth is expected to be approximately 4 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 as well as historical experience.

Market growth was estimated at 2 percent (2) per year after the forecast period of 2025 to 2029. 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 400 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, %	13.1 (14.0)	13.4 (15.2)	12.8 (13.2)	15.9 (15.3)
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. Goodwill recognized is tested annually for impairment and is reported at the acquisition value 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.

cont. Note 12

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 both brands were fully amortized per December 31, 2024. 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 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, and
- the expenditure attributable to the software during its development can be reliably measured.

Development costs, generally have a useful life of three years

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 s ignificantly affects the Group's performance and position may arise.

NOTE 13 PROPERTY, PLANT & EQUIPMENT

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

Group, million SEK	December 31, 2024			December 31, 2023		
	Land & buildings[1]	Furniture, fittings and equipment	Total property, plant and equipment	Land & buildings[1]	Furniture, fittings and equipment	Total property, plant and equipment
Opening balance	75	3,958	4,033	82	4,272	4,354
Acquisitions		930	930	–	535	535
Reclassifications	–	1	1	-3	-10	-13
Retirements/disposals	–	-25	-25	–	-26	-26
Depreciation for the year	-2	-763	-765	-2	-761	-763
Exchange rate differences	-2	41	39	-2	-52	-54
Closing balance	**71**	**4,142**	**4,213**	**75**	**3,958**	**4,033**
Right-of-use assets						
Opening balance	39,209	180	39,389	36,643	134	36,777
Adjustment of new right-of-use assets	2,645	28	2,673	6,032	78	6,110
Amortization for the year	-3,019	-34	-3,053	-2,936	-32	-2,968
Exchange rate differences	692	6	698	-530	0	-530
Closing balance	**39,527**	**180**	**39,707**	**39,209**	**180**	**39,389**

[1] Of land and buildings, 33 million SEK (35) of the reported residual value relates to the property in Gardermoen in Oslo, Norway.

Amounts for leasing included in income statement, Group	2024	2023
Depreciation of right-of-use assets	-3,053	-2,968
Interest expense, lease liabilities	-1,771	-1,731
Expenses related to short-term leases	-14	-14
Expenses related to leases of low-value assets	-79	-8
Variable lease expenses not included in the lease liability	-1,928	-1,980

For 2024, total cash outflow for lease agreements amounted to 4,275 million SEK (4,074).

Accounting principles

Property, plant and equipment

Land and buildings comprise mainly hotel buildings. Land and buildings are reported at the Group's historical value 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 the acquisition value 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.

cont. Note 13

Right-of-use assets

Since January 1, 2019, the Group has applied 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 2024, these obligations amounted to approximately 1.9 billion SEK (2) 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 rate is calculated based on how the underlying asset, the building, could be financed over the corresponding term of the lease contracts, through an estimated market-based allocation 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 2024, Scandic received no state aid in the form of rent concessions (0). 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 14 INTERESTS IN ASSOCIATES

Group, million SEK	Share Dec 31, 2024	Share Dec 31, 2023	Carrying amount Dec 31, 2024	Carrying amount Dec 31, 2023
Gress-Gruppen AS	33%	33%	10	10
Aulangon Kylpylä Oy	25%	25%	10	10
Rukan Kokouskeskus Oy	33%	33%	2	2
Total			**22**	**22**

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 combination 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 cooperate regarding spa and conference facilities at two hotels in Finland.

Changes during the year, million SEK	December 31, 2024	December 31, 2023
Amortized cost, opening balance	22	23
Increase through acquisitions	–	–
Share of profits/dividends during year	–	–
Disposals	–	–
Exchange rate differences	0	-1
Amortized cost, closing balance	**22**	**22**

Accounting principles

Investments in associates

An associate is an entity that is neither a subsidiary nor a joint venture over which the Group has significant influence. Significant influence is the power to participate in the company's financial and operating strategy decisions; however, it 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 is the company's share in profit or loss (after tax) from these associates, and it is recognized directly in the income statement. Transactions and balances with associates were immaterial in 2024 and 2023.

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, 2024	December 31, 2023
Total trade receivables	544	614
Less provisions for credit losses	-11	-13
Trade receivables, book value	**533**	**601**

Change in provision for credit losses	December 31, 2024	December 31, 2023
January 1	-13	-24
Provision for doubtful trade receivables	-4	-5
Receivables written off during the year as uncollectable	2	3
Reversed unutilized amount	4	13
December 31	**-11**	**-13**

Age analysis, million SEK	December 31, 2024	December 31, 2023
Current receivables	364	349
Receivables, 1–30 days past due	102	173
Receivables, 31–60 days past due	32	30
Receivables, 61–90 days past due	13	13
Receivables, 91–120 days past due	33	36
Receivables, more than 120 days past due	0	13
Trade receivables, book value	**544**	**614**

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.

cont. Note 16

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 & ACCRUED INCOME

	Group		Parent Company	
Distribution by type of cost Million SEK	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Prepaid rent	269	181	–	–
Other prepaid expenses	106	355	–	–
Accrued income	10	9	–	–
Total	**385**	**545**	**–**	**–**

NOTE 18 CASH & CASH EQUIVALENTS

	Group		Parent Company	
Million SEK	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Cash and bank balances	846	1,344	708	0
Total cash and cash equivalents	**846**	**1,344**	**708**	**0**

The Group's cash and cash equivalents were transferred during the year from Scandic Hotels Holding AB to the parent company.

§ 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
Closing balance, Dec 31, 2023	191,304,116	191,304,116	47,796,175	0.25
Closing balance, Dec 31, 2024	218,257,922	218,257,922	54,789,482	0.25

During December 2024, Scandic launched a share buyback program of a total of approximately 300 million SEK. The program will conclude on March 31, 2025. At year-end, 900,000 shares corresponding to a value of 61 million SEK had been repurchased, with 52 million SEK worth settled in cash as at December 31, 2024. Repurchased shares are reported as treasury shares and are not included in the share capital.

NOTE 20A BORROWINGS

Changes during the year, million SEK	Liabilities to credit institutions	Convertible loan	Deferred payments to tax agency[3]	Lease liabilities	Total borrowings
Opening balance, Jan 1, 2024	**980**	**1,109**	**758**	**43,485**	**46,333**
Capitalization of transaction costs[1]	-16	–	–	–	-16
Transaction costs expensed during the year[2]	10	–	–	–	10
Repayments	–	–	-758	-2,500	-3,258
Conversions	–	-1,179	–	–	-1,179
Activated interest expense	–	70	–	–	70
New financial liabilities according to IFRS 16	–	–	–	2,654	2,654
Exchange rate differences	–	–	–	772	772
Closing balance, Dec 31, 2024	**974**	**0**	**0**	**44,411**	**45,386**

Changes during the year, million SEK	Liabilities to credit institutions	Convertible loan	Deferred payments to tax agency[3]	Lease liabilities	Total borrowings
Opening balance, Jan 1, 2023	**1,107**	**1,484**	**635**	**40,330**	**43,556**
Borrowings	300	–	245	–	545
Capitalization of transaction costs[1]	-29	–	–	–	-29
Transaction costs expensed during the year[2]	31	–	–	–	31
Repayments	-300	-538	-122	-2,328	-3,288
Activated interest expense	–	163	–	–	163
Changes in overdraft facilities	-129	–	–	–	-129
New financial liabilities according to IFRS 16	–	–	–	6,030	6,030
Exchange rate differences	0	–	–	-546	-546
Closing balance, Dec 31, 2023	**980**	**1,109**	**758**	**43,485**	**46,332**

1) Refers to transaction costs when renegotiating credit facilities, which have been capitalized.

2) Refers to the year's reversal of capitalized costs.

In July 2024, the loan terms were renegotiated. The Group's external bank financing consists of a facility of 3,250 million SEK that matures on June 30, 2027, with an option to extend for up to 2 years The facility consists of a fixed loan of 1,000 million SEK and two unused credit facilities totaling 2,250 million SEK. The interest rate payable is STIBOR or corresponding plus a margin of 2.25 to 2.70 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 must fall within certain limits: interest coverage ratio and debt/equity ratio. The Board of Directors closely monitors the company's financial position with respect to the fulfillment of the terms and conditions of the loans.

During 2021, a convertible loan of 1,800 million SEK (nominal amount) was taken out, which was due on October 8, 2024. In November 2023, 538 million SEK of the convertible bond was repurchased. During 2024, the entire remaining outstanding amount 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. Since January 1, 2019, the Group has applied IFRS 16 to lease agreements, which means that the majority of all former operating leases are recognized as lease

cont. Note 20A

liabilities. The implicit interest rate of the lessee as at January 1, 2024 was used for the calculation. The Group's incremental borrowing rate applied to these lease liabilities as of January 1, 2024 was between 6.93 and 10.13 percent. See Note 1 for the Group's weighted average incremental borrowing rate for discounting as at January 1, 2024.

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, 30 percent (30) were in SEK, 28 percent (28) were in NOK and 42 percent (42) were in EUR and other currencies.

Borrowings are in SEK, EUR and NOK. The currency exposure arising from internal loans to the Group's foreign operations is reduced by borrowing in the corresponding currencies, which is referred to as a 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, 2024	December 31, 2023
Interest-bearing borrowings by currency		
SEK, %	100	100
EUR, %	0	0
NOK, %	0	0

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, 2024	Change, %	Effect on net debt 2024, million SEK	Effect on net debt 2023, million SEK
Exposure of liabilities to credit institutions at a change in:			
NOK/SEK	+/- 1	+/- 0	+/- 0
EUR/SEK	+/- 1	+/- 0	+/- 0

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 policy states that at least 25 percent of the borrowing should be at a fixed interest rate, and that the interest rate sensitivity to a 1-percentage point change should not exceed a maximum of 10 million SEK. Any deviations from the policy must be approved by the Board of Directors. 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 or interest rate caps.

	December 31, 2024	December 31, 2023
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 Scandic's 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 losses as at December 31, 2024 amounted to 11 million SEK (13), 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, 2024				
Liabilities to credit institutions[1]	50	1,049	–	–
Derivative instruments[3]	48	–	–	–
Trade payables and other liabilities	864	–	–	–

Group, million SEK	<1 year	1–3 years	3–5 years	>5 years
As at Dec 31, 2023				
Liabilities to credit institutions[1]	80	1,080	–	–
Convertible loan	1,208	–	–	–
Deferred payments to the tax agency[2]	587	127	44	–
Derivative instruments[3]	7	–	–	–
Trade payables and other liabilities	1,112	–	–	–

1) Liabilities to credit institutions comprises outstanding liabilities including future interest payments.
2) Market value as at December 31.

Maturity analysis of lease liabilities according to IFRS 16

Group, million SEK	December 31, 2024	December 31, 2023
Years 1–3	8,881	8,498
Years 3–5	8,168	8,102
Years 5–10	17,717	17,562
Years 10–15	12,337	12,642
Years >15	10,212	10,618
Total payments	**57,314**	**57,422**
Effect of discounted amounts	-15,557	-16,381
Total liabilities according to balance sheet	**41,757**	**41,041**
Classification:		
Non-current liabilities	41,757	41,041
Current liabilities	2,654	2,444

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 on December 31, 2024 was 3,020 million SEK (3,518).

cont. Note 20B

Sensitivity analysis for interest-rate hedges as at Dec 31, 2024	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	+/- 4

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 calculated based on the portion of the borrowing that is exposed to interest rate changes.

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 2024, the ineffective part of the value change for electricity derivatives amounted to 0 million SEK (+3).

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, 2024	December 31, 2023
Total borrowings	45,386	46,332
Less: leases	-44,411	-43,485
Less: convertible loan	–	-1,109
Less: cash and cash equivalents	-846	-1,344
Interest-bearing net liabilities	128	394
Total shareholders' equity	3,372	2,166
Debt/equity ratio	0.4 x	0.2 x

Maturity dates, million SEK	December 31, 2024		December 31, 2023	
	Liabilities to credit institutions	Convertible loan	Liabilities to credit institutions	Convertible loan
Liabilities due for payment				
– within 1 year	–	–	–	1,109
– between 1 and 5 years	974	–	980	–
– in more than 5 years	–	–	–	–
Total	**974**	**0**	**980**	**1,109**

Revolving credit facility, million SEK	December 31, 2024	December 31, 2023
Amount utilized	76	76
Amount not utilized	2,174	2,374
Total revolving credit facility	**2,250**	**2,450**

NOTE 21 PROVISIONS FOR PENSIONS & 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, earning of new premiums has been via Alecta rather than PRI.

Defined benefit pension plans

Calculation of provision, million SEK	December 31, 2024	December 31, 2023
Present value of obligations	620	653
Fair value of plan assets	–	–
Total provision for defined benefit pension plans	**620**	**653**

Changes in provision during the year, million SEK	December 31, 2024	December 31, 2023
Net liability, opening balance	653	545
Revaluations of net pension obligation reported in Other comprehensive income[1]	-38	124
Net expense reported in the income statement	15	-12
Pensions paid	-9	-8
Change in special employer contribution	-1	4
Net liability, closing balance[2]	**620**	**653**

1) In 2024, items reported in Other comprehensive income consisted of an actuarial loss of -35 (-97) million SEK due to changes in financial assumptions, a loss of -3 (-29) million SEK from experience-based adjustments and profit of 0 (2) million SEK from changes in demographic assumptions.
2) The weighted average duration of pension obligations is 19 years (20).

Important estimates and assumptions

Important actuarial assumptions, %	December 31, 2024	December 31, 2023
Discount rate	3.55	3.30
Future annual salary increases[1]	0.00	0.00
Future annual pension increases (inflation)	2.00	2.00
Employee turnover[1]	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%	11.8 (12.3)	-10.4 (-10.8)
Future annual pension increases (inflation)	+/- 0.5%	-10.5 (-10.9)	11.9 (12.3)
Life expectancy	+/- 1 year	-3.9 (-4.0)	3.9 (4.0)

The above sensitivity analysis is based on a change in one 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.

cont. Note 21

Pension costs for defined benefit and defined contribution pension plans

Million SEK	December 31, 2024	December 31, 2023
Current service cost, defined benefit pension plans	–	–
Current service cost, defined contribution pension plans	-492	-508
Total pension expenses included in staff costs	**-492**	**-508**
Interest expenses for defined benefit pension plans	-21	-20
Latent payroll tax adjustment item, operating expense	6	9
Interest related to latent payroll tax	-1	-1
Total expenses in the income statement	**-508**	**-520**

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 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 2024, the consolidation level was 162 percent (157 percent). Contributions to the plan that are payable in 2025 are estimated to be 30 million SEK (39).

§ 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, 2024 Provision for loyalty program	Other provisions	Total other provisions	December 31, 2023 Provision for loyalty program	Other provisions	Total other provisions
Opening balance	249	0	249	206	0	206
Transfer to current liabilities	42	0	42	43	0	43
Closing balance	291	0	291	249	0	249

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 3 years.

§ 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.

Total liability in respect of loyalty program	December 31, 2024 Non-current provision	Current liabilities	Total liability in respect of loyalty program	December 31, 2023 Non-current provision	Current liabilities	Total liability in respect of loyalty program
Opening balance	249	166	415	206	137	343
Transfer to current liabilities	42	28	70	43	29	72
Closing balance	291	194	485	249	166	415

The assessed market value of free overnight stays used during the year amounted to 485 (415) million SEK. For the current liability, see Note 24.

NOTE 23 DEFERRED TAX ASSETS & 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.

	Group						
	December 31, 2024						
Distribution of deferred tax items by underlying balance sheet items and their changes during the year, million SEK	Pensions	Derivative instruments	Elimination of goodwill on acquired assets	Loss carry-forwards	Temporary Differ-ences	Net of right-of-use assets & lease liability	Total deferred tax assets
Deferred tax assets							
Opening balance, Jan 1, 2024	38	-5	4	475	38	895	1,445
Reported in income statement	-6	–	–	-78	-17	109	8
Tax attributable to items in Other comprehensive income	-8	3	–	–	–	–	-5
Exchange rate differences	–	–	-1	6	3	14	22
Closing balance, Dec 31, 2024	**24**	**-2**	**3**	**403**	**24**	**1,018**	**1,470**
– of which receivables expected to be utilized within 12 months							

	Intangible assets	Land & buildings	Accelerated amortization & depreciation	Hedge accounting	Total deferred tax liabilities
Deferred tax liabilities					
Opening balance, Jan 1, 2024	-766	-30	-5	6	-795
Reported in income statement	-3	1	-45	–	-47
Reclassifications	-13	20	–	–	7
Tax attributable to items in Other comprehensive income	–	–	–	6	6
Closing balance, Dec 31, 2024	**-782**	**-9**	**-50**	**12**	**-829**
– of which liabilities expected to be paid within 12 months					

	Deferred tax assets, net
Deferred tax assets, net	
Opening balance, Jan 1, 2024	650
Reported in income statement	-39
Reclassifications	7
Tax attributable to items in Other comprehensive income	1
Exchange rate differences	22
Closing balance, Dec 31, 2024	**641**

cont. Note 23

Distribution of deferred tax items by underlying balance sheet items and their changes during the year, million SEK	Group December 31, 2023 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, 2023	42	-14	4	621	770	1,422
Reported in income statement	-8	0	–	-105	122	9
Reclassifications	-17	–	–	-2	17	-2
Tax attributable to items in Other comprehensive income	22	9	–	0	1	32
Exchange rate differences	–	–	0	-1	-15	-16
Closing balance, Dec 31, 2023	**38**	**-5**	**4**	**513**	**895**	**1,445**
– of which receivables expected to be utilized within 12 months						

	Intangible assets	Land & buildings	Untaxed reserves	Accelerated amortization & depreciation	Hedge accounting	Total deferred tax liabilities
Deferred tax liabilities						
Opening balance, Jan 1, 2023	-745	-30	-24	-5	-64	-868
Reported in income statement	-18	0	19	0	1	2
Reclassifications	-3	–	5	–	–	2
Tax attributable to items in Other comprehensive income	–	–	–	–	69	69
Closing balance, Dec 31, 2023	**-766**	**-30**	**0**	**-5**	**6**	**-795**
– of which liabilities expected to be paid within 12 months						

Deferred tax assets, net	Deferred tax assets, net
Opening balance, Jan 1, 2023	554
Reported in income statement	11
Tax attributable to items in Other comprehensive income	101
Exchange rate differences	-16
Closing balance, Dec 31, 2023	**650**

Loss carry-forwards

The Group has reported loss carry-forwards of 1,928 million SEK (2,198) mainly in Finland 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 436 million SEK (513). 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 2024, non-recorded deficiencies totaled 0 million SEK (0). 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 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 Swedish subsidiaries can offset deferred assets and liabilities for these entities through Group contributions in the consolidated financial statements.

NOTE 24 ACCRUED EXPENSES & DEFERRED INCOME

Distribution by type of expense, million SEK	Group December 31, 2024	Group December 31, 2023	Parent Company December 31, 2024	Parent Company December 31, 2023
Accrued rental costs	378	591	–	–
Accrued staff costs	1,030	1,069	25	17
Accrued interest expenses, leases	148	140	–	–
Accrued interest expenses, other	5	62	5	5
Accrued comission costs	47	34	–	–
Accrued bonus costs	50	58	23	21
Accrued energy costs	68	50	–	–
Deferred income, current portion of loyalty program	194	166	–	–
Deferred income, bonus checks[1]	21	23	–	–
Other items	391	336	1	0
Total	**2,322**	**2,529**	**54**	**43**

[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 25 ADJUSTMENT FOR ITEMS NOT INCLUDED IN CASH FLOW

Adjustment for items not included in cash flow, million SEK	Group 2024	Group 2023	Parent Company 2024	Parent Company 2023
Amortization, depreciation and impairment	3,884	3,812	–	–
Change in accrued expenses/income and provisions	88	98	18	–
Total	**3,972**	**3,910**	**18**	**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 26 STATEMENT OF CASH FLOWS

			Non-cash items, 2024					
Million SEK	Opening balance, Jan 1, 2024	Cash flows from financing activities	Transaction costs	Conversion of convertible loan	Exchange rate differences	Interest expense	New financial liabilities under IFRS 16, net	Closing balance, Dec 31, 2024
Liabilities to credit institutions	980	-15	9	–	0	0	–	974
Convertible loan	1,109	0	–	-1,179	–	70	–	0
Lease liabilities	43,485	-4,271	–	–	773	–	4,424	44,411
Accrued interest expenses, leases	139	0	–	–	2	6	–	147
Accrued interest expenses, other	61	0	–	–	–	-56	–	5
Subtotal	**45,774**	**-4,286**	**9**	**-1,179**	**775**	**20**	**4,424**	**45,537**
Cash and cash equivalents	-1,344	467	–	–	30	–	–	-846
Total	**44,430**	**-3,819**	**9**	**-1,179**	**805**	**20**	**4,424**	**44,691**

			Non-cash items, 2023				
Million SEK	Opening balance, Jan 1, 2023	Cash flows from financing activities	Transaction costs	Exchange rate differences	Interest expense	New financial liabilities under IFRS 16, net	Closing balance, Dec 31, 2023
Liabilities to credit institutions	1,107	-291	1	0	163	–	980
Convertible loan	1,484	-375	–	–	–	–	1,109
Lease liabilities	40,330	-1,734	–	-546	–	5,434	43,485
Accrued interest expenses, leases	126	0	–	-2	15	–	139
Accrued interest expenses, other	17	100	–	–	-57	–	61
Subtotal	**43,065**	**-2,300**	**1**	**-548**	**122**	**5,434**	**45,774**
Cash and cash equivalents	-317	-1,031	–	5	–	–	-1,344
Total	**42,747**	**-3,331**	**1**	**-543**	**122**	**5,434**	**44,430**

The table above shows the changes in non-current liabilities affecting cash flow analysis.

NOTE 27 PARTICIPATIONS IN GROUP COMPANIES

	Parent Company	
Changes during the year Million SEK	December 31, 2024	December 31, 2023
Amortized cost, opening balance	8,415	8,415
Amortized cost, closing balance	**8,415**	**8,415**

Holdings on the reporting date	Corporate identity number	Registered address	December 31, 2024 Proportion of equity, %	December 31, 2023 Proportion of equity, %	December 31, 2024 Carrying amount	December 31, 2023 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 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**

NOTE 28 PLEDGED ASSETS & CONTINGENT LIABILITIES

	Group		Parent Company	
Million SEK	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Assets pledged as security				
Shares in subsidiaries	–	11,002	–	8,415
Total assets pledged as security	**–**	**11,002**	**–**	**8,415**
Contingent liabilities				
Guarantee commitments, FPG/PRI	10	9	–	–
Bank guarantees	57	75	–	–
Travel guarantees	3	3	–	–
Loans pledged as security in subsidiaries	-	2,468	–	1,623
Total contingent liabilities	**70**	**2,555**	**–**	**1,623**

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. During 2024, 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 & LIABILITIES

Dec 31, 2024, 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 – interest rate swaps	–	8	–	8
Trade receivables	533	–	–	533
Cash and cash equivalents	846	–	–	846
Total financial assets	**1,379**	**15**	**–**	**1,394**
Liabilities to credit institutions	974	–	–	974
Trade payables	864	–	–	864
Derivatives – electricity derivatives	–	56	–	56
Other current liabilities – share swap	–	–	24	24
Total financial liabilities	**1,838**	**56**	**24**	**1,918**

Dec 31, 2023, 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 – interest rate swaps	–	22	–	22
Trade receivables	601	–	–	601
Cash and cash equivalents	1,344	–	–	1,344
Total financial assets	**1,945**	**29**	**–**	**1,974**
Liabilities to credit institutions	980	–	–	980
Convertible loan	1,109	–	–	1,109
Trade payables	1,112	–	–	1,112
Derivatives – electricity derivatives	–	29	–	29
Total financial liabilities	**3,201**	**29**	**–**	**3,230**

The Group has entered into a share swap agreement related to its 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 measured at fair value refer to electricity derivatives and interest swaps.

Dec 31, 2024, million SEK	Level 1	Level 2	Level 3	Total
Derivative instruments used for hedging	–	8	–	8
Total financial assets	–	8	–	8
Derivative instruments used for hedging	–	56	–	56
Total financial liabilities	–	56	–	56

Dec 31, 2023, million SEK	Level 1	Level 2	Level 3	Total
Derivative instruments used for hedging	–	22	–	22
Total financial assets	–	22	–	22
Derivative instruments used for hedging	–	29	–	29
Total financial liabilities	–	29	–	29

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.

cont. Note 29

(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 Braganza AB Group is considered 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:

	Group		Parent Company	
Million SEK	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Purchases of services				
Braganza AB [1]				–
Total purchases of services	**0**	**0**	**0**	**0**
Sales of services				
Braganza AB [2]	6	6	–	–
Subsidiaries	–	–	96	75
Total sales of services	**6**	**6**	**96**	**75**
Closing balances at year-end from purchases and sales of services				
Receivables from related parties:				
Braganza AB	0	1	–	–
Subsidiaries	–	–	2,687	19
Total receivables from related parties	**0**	**1**	**2,687**	**19**
Liabilities to related parties:				
Braganza AB	–	–	–	–
Subsidiaries	–	–	4,002	43
Total liabilities to related parties	**0**	**0**	**4,002**	**43**
Loans to related parties				
Subsidiaries				
Opening balance	**0**	**0**	**1,623**	**1,406**
Payments made or received during the year	–	–	206	93
Interest	–	–	157	124
Closing balance	**0**	**0**	**1,986**	**1,623**

1) The purchases relate mainly 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 remuneration to senior executives, see the Corporate Governance Report.

NOTE 31 APPROPRIATION OF PROFITS & DIVIDENDS

In accordance with the Board's dividend policy adopted on October 29, 2024, Scandic aims to distribute at least 50 percent of its net profit. Dividends are based on net profits excluding the effects of IFRS 16. Decisions regarding the appropriation of profits are made with consideration for the company's future profits, financial position, capital requirements and macroeconomic conditions.

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	4,737,317,196
Retained earnings	3,885,389,516
Profit/loss for the year	8,420,158
Total	**8,631,126,870**
be distributed as follows:	
dividend to be paid to the shareholders, 2.60 SEK per share	**569,810,597**
To be carried forward	8,061,316,273
Total	**8,631,126,870**
Total, KSEK	**8,631,127**

The Board proposes that the dividend be paid out on two separate occasions with 1.30 SEK per share on each occasion. The proposed record dates for the payment of dividends are May 8, 2025 and November 13, 2025. The Board believes that the proposed dividend is justified in relation to the requirements that come with the nature of the Group, the scope and risks of the Group's equity, as well as the Group's need for consolidation, liquidity and general position. The proposed dividend reduces the Group's solvency from 6 to 5 percent and that of the Parent Company from 63 to 59 percent, calculated as per December 31, 2024. The Board of Directors and the CEO certify that the consolidated financial statements have been 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 6, 2025 for adoption.

NOTE 32 EVENTS AFTER THE REPORTING DATE

In connection with Scandic's Capital Markets day in February, Scandic communicated that a new share buyback program is intended to be launched during 2025 of approximately 500 million SEK. In February 2025, Scandic signed an agreement for a new hotel in Berlin.

ADOPTION

The Board of Directors and the CEO certify that the consolidated financial statements have been 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 6, 2025 for adoption.

Stockholm, March 31, 2025

Per G. Braathen
Chairman of the Board

Gunilla Rudebjer
Board member

Michael Levie
Board member

Kristina Patek
Board member

Frank Veenstra
Board member

Fredrik Wirdenius
Board member

Marianne Sundelius
Employee representative

Jens Mathiesen
CEO

Our audit report was presented on March 31, 2025
PricewaterhouseCoopers AB

Sofia Götmar-Blomstedt
Authorized Public Accountant
Auditor-in-Charge

AUDITOR'S REPORT

TO THE GENERAL MEETING OF THE SHAREHOLDERS OF SCANDIC HOTELS GROUP AB (PUBL), CORPORATE IDENTITY NUMBER 556703- 1702

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Scandic Hotels Group AB (publ) for the year 2024 except for the corporate governance statement on pages 78–87. The annual accounts and consolidated accounts of the company are included on pages 67–116 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 the parent company as of 31 December 2024 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 2024 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, 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 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 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 Responsibilities section. We are independent of the parent company and 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

Focus and scope of the audit

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered the areas 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.

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 judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole. 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 1–66 and 118–127. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts does not cover this other information and we do 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

Key audit matter

Valuation of goodwill and other acquisition-related assets We refer to Note 12 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 MSEK 6 921 which is equivalent to 51 percent of the balance sheet total (excl activated leases according to IFRS 16). 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 con- junction with each occasion on which there are indications that a decline in value has been i dentified, to assess whether there is an impairment requirement.

The recoverable amount as per 31 December 2024 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 2025 is based on a budget adopted by the Board of Directors of the company and, from 2026 to 2029, 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 2024, 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 2024, Scandic's assessment is that there is no impairment requirement regarding the above-mentioned assets as of 31 December 2024.

How our audit considered the key auditmatter

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 2024. 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.

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.

Responsibility 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, as regards the consolidated accounts, according to IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act. 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 and 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 intends to liquidate the company, cease operations or has no realistic alternative to doing any of this. 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 misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

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

REPORT ON OTHER REQUIREMENTS ACCORDING TO LAWS AND OTHER CONSTITUTIONS

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 of Scandic Hotels Group AB (publ) for year 2024 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 in relation of the parent company and 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.

Responsibility 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 and group's type of operations, size and risks place on the size of the parent company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the management of the company's affairs. This includes among other things continuous assessment of the company and 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 can be found on the Auditor's Inspection's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

THE AUDITOR'S EXAMINATION OF THE ESEF REPORT

Opinions

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 consolodated 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 Scandic Hotels Group AB (publ) for the year 2024.

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 Opinions

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.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of 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 firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable 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. 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 audit 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 have 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.

Öhrlings PricewaterhouseCoopers AB, Stockholm, was appointed as Scandic Hotels Group AB (publ)'s auditor by the general meeting on 16 May 2024 and has been the company's auditor since 9 May 2012.

Stockholm 31 March 2025
Öhrlings PricewaterhouseCoopers AB

Sofia Götmar-Blomstedt
Authorized Public Accountant

This is a translation of the Swedish language original.
In the event of any differences between this translation and the Swedish language original, the latter shall prevail.

COMPENSATION REPORT

Introduction

At the 2024 Annual General Meeting, in accordance with the EU Shareholders' Directive, Scandic's guidelines for compensation to senior executives were updated. The previous guidelines had applied for a period of four years.

This Compensation Report describes how these guidelines have been 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 102–104 in the Annual Report 2024. Information about the work of the Compensation Committee in 2024 is described in the Corporate Governance Report, which has been included on pages 78–87 of the Annual Report 2024.

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 102–104 in Scandic's Annual & Sustainability Report 2024.

The CEO's total compensation in 2024, SEK

Jens Mathiesen, CEO	
Fixed compensation	
Base salary	8,969,700
Fringe benefits	2,074,749
Variable compensation	
One-year variable[1]	7,940,875
Multi-year variable[2]	7,488,166
Extraordinary compensation	0
Pension expense	**3,141,600**
Total compensation	**29,615,090**
Proportion of fixed[3] and variable[4] compensation	48% / 52%

1) Short-term incentive programs (STI).
2) Book value of rights allotted in Long-Term Incentive Programs LTIP 2022, LTIP 2023 and LTIP 2024 and a retention bonus for a three-year period.
3) Fixed = fixed compensation + pension expense.
4) Variable = variable compensation + extraordinary compensation.

2024 in brief

The CEO summarizes Scandic's financial year in his CEO statement on pages 5–6 of the Annual Report 2024.

The company's compensation guidelines: scope, purpose and compliance

Scandic shall offer compensation 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-based 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 at www.scandichotelsgroup.com/governance/remuneration-guidelines/

In 2022, the Board resolved to pay the CEO a retention bonus, which is described in more detail below. For 2024, the recorded value of the retention bonus amounted to 3,944,496 SEK. This means that variable compensation for 2024 amounted to 132.5 percent of the fixed annual salary. As the guidelines for compensation to senior executives stipulate that variable cash compensation may not exceed 100 percent of the fixed annual salary, the CEO's variable compensation for 2024 deviates from the guidelines.

Share-based incentive program (CEO)	LTIP 2024	LTIP 2023	LTIP 2022
Jens Mathiesen, CEO			
THE MAIN CONDITIONS OF SHARE-BASED INCENTIVE PROGRAMS			
Specification of plan	LTIP 2024	LTIP 2023	LTIP 2022
Performance period	2024–2026	2023–2025	2022–2024
Award date	June 1, 2024	June 28, 2023	June 20, 2022
End of program period	April 27, 2027	April 27, 2026	April 27, 2025
End of holding period	April 27, 2027	April 27, 2026	April 27, 2025
INFORMATION REGARDING THE REPORTED FINANCIAL YEAR			
Opening balance			
Rights vested at the beginning of the year	122,542	181,083	146,325
During the year			
Rights vested	0	0	0
Shares awarded	0	0	0
Closing balance			
Rights subject to performance criteria	122,542	181,083	146,325
Rights vested but not transferred	0	0	0
Shares subject to a holding period	0	0	0

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 on Scandic's website.

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 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 during this period.

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 Annual General Meeting resolved every year to launch a share-based Long-Term Incentive Program (LTIP). In 2020 and 2021, no LTIPs were launched.

In 2022, 2023 and 2024, new programs were launched, LTIP 2022, LTIP 2023 and LTIP 2024 respectively, which allow participants to 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). Performance shares will be allotted after the end of a vesting period until the date of publication of Scandic's interim report for the first quarters of 2025, 2026 and 2027 respectively.

The current CEO has been allotted 146,325 rights in the LTIP 2022, 181,083 rights in the LTIP 2023 and 122,542 rights in the LTIP 2024. 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 2024, 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 Scandics Board.

Information on changes in compensation and company performance

	2024	2024–2023	2023–2022	2022–2021	2021–2020	2020–2019
The CEO's compensation, thousand SEK[1]	29,615,090	3,380 (12.9%)	8,317 (46.4%)	7,677 (75.0%)	-1,058 (-9.4%)	-73 (-0.6%)
Adjusted EBITDA for the Group, million SEK	2,495	-67 (-2.6%)	30 (1.2%)	2,530 (42,166.7%)	1,509 (100.4%)	-3,549 (-173.5%)
Profit/loss for the year, Group, million SEK	652	83 (14.6%)	141 (32.9%)	2,107 (125.5%)	4,272 (71.8)	-6,676 (-920.8%)
Average compensation on a full-time equivalent basis of employees, entire Group, thousand SEK	549	33 (6.5%)	102 (24.7)	-34 (-7.6%)	-39 (-8.0%)	47 (10.6%)

[1] The CEO's compensation includes share-related remuneration with the value of the shares allocated each year, respectively.

RECONCILIATIONS

Results including & excluding IFRS16

Effects of IFRS 16

Since January 1, 2019, the Group has applied IFRS 16 Leases. The accounting principle means that lease agreements with fixed or minimum rent are recognized in the balance sheet as right-of-use assets and lease liabilities. IFRS 16 has a substantial impact on Scandic's income statement and balance sheet. Since the application of IFRS 16, reported EBITDA has increased significantly as 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. To help investors gain a good understanding of the company's position, Scandic presents financial key ratios both including and excluding the effects of IFRS 16. Scandic's financial targets for profitability, capital structure and dividends exclude the effect of IFRS 16.

With the portfolio of lease agreements that existed at the end of the 2024, net profit after tax for 2025 is expected to be negatively impacted by approximately -306 million SEK (2024: -446). 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 2030. This is because interest expenses for the lease debt decrease over time as the debt is constantly amortized.

The definition of adjusted EBITDA excludes the effect of IFRS 16. The table below shows the difference between the reported results including and excluding IFRS 16.

INCOME STATEMENT INCLUDING & EXCLUDING IFRS 16

	2024			2023		
	Reported	Effects of IFRS 16	Excl. effect IFRS 16	Reported	Effects of IFRS 16	Excl. effect IFRS 16
Operating income	**21,959**	**–**	**21,959**	**21,955**	**–**	**21,955**
Raw materials and consumables	-1,634	–	-1,634	-1,698	–	-1,698
Other external costs	-4,454	–	-4,454	-4,538	–	-4,538
Staff costs	-6,948	–	-6,948	-6,882	–	-6,882
Rental costs	-2,157	-4,271	-6,428	-2,209	-4,063	-6,272
Pre-opening costs	-28	–	-28	-17	–	-17
Items affecting comparability	-18	–	-18	-14	–	-14
Amortization, depreciation and impairment	-3,884	3,053	-832	-3,812	2,968	-844
Total operating costs	**-19,123**	**-1,218**	**-20,341**	**-19,170**	**-1,094**	**-20,264**
Operating profit/loss	**2,836**	**-1,218**	**1,618**	**2,785**	**-1,094**	**1,691**
Net financial items	-1,975	1,771	-204	-2,064	1,734	-330
Profit/loss before tax	861	553	1,414	721	640	1,361
Taxes	-209	-107	-316	-152	-125	-278
Profit/loss for year	**652**	**446**	**1,098**	**569**	**515**	**1,083**

BALANCE SHEET INCLUDING & EXCLUDING IFRS 16

	December 31, 2024			December 31, 2023		
	Reported	Effects of IFRS 16	Excl. effect IFRS 16	Reported	Effects of IFRS 16	Excl. effect IFRS 16
ASSETS						
Intangible fixed assets	7,101	–	7,101	7,010	–	7,010
Land & buildings	71	–	71	75	–	75
Right-of-use assets	39,707	-39,707	–	39,389	-39,389	0
Furniture, fittings and equipment	4,142	–	4,142	3,958	–	3,958
Financial assets	751	-691	60	713	-105	607
Total non-current assets	**51,772**	**-40,398**	**11,374**	**51,145**	**-39,495**	**11,650**
Current assets	1,224	159	1,384	1,467	152	1,619
Cash and cash equivalents	846	–	846	1,344	–	1,344
Total current assets	**2,070**	**159**	**2,230**	**2,811**	**152**	**2,963**
TOTAL ASSETS	**54 832**	**-40,239**	**13,604**	**53,956**	**-39,343**	**14,613**
EQUITY AND LIABILITIES						
Equity attributable to the Parent Company shareholders	3,265	3,993	7,258	2,059	3,492	5,551
Non-controlling interests	107	–	107	107	–	107
Total shareholders' equity	**3,372**	**3,993**	**7,365**	**2,166**	**3,492**	**5,657**
Liabilities to credit institutions	974	–	974	980	–	980
Non-current liabilities	41,757	-41,757	–	41,041	-41,041	0
Other non-current liabilities	1,028	325	1,353	1,106	790	1,896
Total non-current liabilities	**43,759**	**-41,432**	**2,327**	**43,127**	**-40,252**	**2,875**
Convertible loan	–	–	–	1,109	–	1,109
Current part of lease liabilities	2,655	-2,655	–	2,445	-2,445	0
Derivative instruments	48	–	48	7	–	7
Other current liabilities	4,008	-146	3,863	5,103	-139	4,965
Total current liabilities	**6,711**	**-2,801**	**3,911**	**8,664**	**-2,583**	**6,081**
TOTAL EQUITY AND LIABILITIES	**53,842**	**-40,239**	**13,604**	**53,956**	**-39,343**	**14,613**

CASH FLOW ANALYSIS INCLUDING & EXCLUDING IFRS 16

	2024			2023		
	Reported	Effects of IFRS 16	Excl. effect IFRS 16	Reported	Effects of IFRS 16	Excl. effect IFRS 16
OPERATING ACTIVITIES						
Operating profit/loss	2,836	-1,218	1,618	2,785	-1,094	1,691
Amortization, depreciation and impairment	3,884	-3,053	831	3,812	-2,968	844
Items not included in cash flow	88	–	88	98	–	98
Taxes paid	-126	–	-126	-109	–	-109
Change in working capital	-293	–	-293	-192	–	-192
Cash flows from operating activities	**6,389**	**-4,271**	**2,118**	**6,394**	**-4,062**	**2,332**
INVESTING ACTIVITIES						
Paid net investments	-1,056	–	-1,056	-521	–	-521
Cash flows from investing activities	**-1,056**	**–**	**-1,056**	**-521**	**–**	**-521**
FINANCING ACTIVITIES						
Paid/received interest items	-152	–	-152	-57	–	-57
Interest paid, leases	-1,771	1,771	–	-1,734	1,734	0
Financing costs	-15	–	-15	–	–	–
Repurchase of convertible bonds	–	–	–	-630	–	-630
Repurchase of own shares	-52	–	-52	–	–	–
Dividends	-544	–	-544	-34	–	-34
Dividend, share swap agreement	-7	–	-7	-7	–	-7
Net borrowing/amortization	-758	–	-758	-51	–	-51
Amortization, leases	-2,500	2,500	–	-2,328	2,328	0
Cash flows from financing activities	**-5,799**	**4,271**	**-1,528**	**-4,841**	**4,062**	**-779**
CASH FLOWS FOR PERIOD	**-466**	**–**	**-466**	**1,032**	**–**	**1,032**
Cash and cash equivalents at the beginning of the period	1,344	–	1,344	317	–	317
Translation differences in cash and cash equivalents	-32	–	-32	-5	–	-5
Cash and cash equivalents at end of period	846	–	846	1,344	–	1,344

OTHER RECONCILIATIONS INCLUDING & EXCLUDING IFRS 16

SUMMARY OF REPORTED RENTAL COSTS INCLUDING & EXCLUDING IFRS 16	2024	2023
Rental costs		
Rental costs, reported	-2,157	-2,209
Effects of IFRS 16	-4,271	-4,063
Rental costs excl. IFRS 16	**-6,428**	**-6,272**
– of which fixed rental costs	-4,500	-4,292
– of which variable rent costs	-1,928	-1,980
Fixed and guaranteed rental costs of net sales	-20.5%	-19.6%
Variable rental costs of net sales	-8.8%	-9.0%
Total rental costs of net sales	**-29.3%**	**-28.6%**

Financial items, reported vs cash flow	2024	2023
Paid/received financial items		
Financial items, reported	-1,975	-2,064
of which interest expenses, IFRS 16	-1,771	-1,734
Net financial expense, excl. IFRS 16	**-204**	**-330**
Adjustments to paid financial items		
Interest expenses, convertibles (non cash-flow impacting)	70	163
Change in accrued interest expenses, bank loan	-17	6
Other	-24	39
Total adjustments	**29**	**208**
Paid (-) /received (+) financial items, net	**-175**	**-122**

SUMMARY OF OPERATING PROFIT/LOSS & ADJUSTED EBITDA	2024	2023
Operating profit/loss	2,836	2,785
Pre-opening costs	28	17
Items affecting comparability	18	14
Amortization, depreciation and impairment	3,884	3,812
Effects of IFRS 16	-4,271	-4,063
Adjusted EBITDA	**2,495**	**2,566**

EARNINGS PER SHARE	2024	2023
Earnings per share, SEK	3.19	2.86
Effects of IFRS 16	2.04	2.23
Earnings per share, SEK, excl. IFRS 16	5.23	5.09
Average number of shares outstanding, after dilution	219,106,689	231,016,258

SHARE PRICE AND SHAREHOLDERS

The share and shareholders

Scandic's share is listed on Nasdaq Stockholm. As of December 31, 2024, the company's share capital amounted to 54.8 million SEK (47.8), distributed across 219,157,922 shares, each with a nominal value of 0.25 SEK per share. Each share carries one vote. During the year, the number of shares increased by 27,853,806 due to early conversions of a convertible loan. In December 2024, Scandic launched a share buyback program, and a total of 900,000 shares were repurchased during the year.

Share price development & stock market value

The share price increased by approximately 50.5 percent during the year, while the OMXSPI total index rose by approximately 5.9 percent. As of December 31, 2024, Scandic's market capitalization (based on the last closing price) amounted to 15.1 billion SEK (8.9). The highest closing price during the year was 75.90 SEK, recorded on October 17. The lowest closing price was 45.0 SEK, recorded on January 3.

Turnover

In 2024, a total of 313.2 million Scandic shares (452.7) were traded, with an average daily volume of 1.2 million shares (1.8). Of the total trading volume in the Scandic share, 42.4 percent (46.9) was carried out on Nasdaq Stockholm. The daily turnover in relation to Scandic's stock market value on Nasdaq Stockholm was 0.62 percent (0.93) compared with the average on the Mid Cap list of 0.26 percent (0.28).

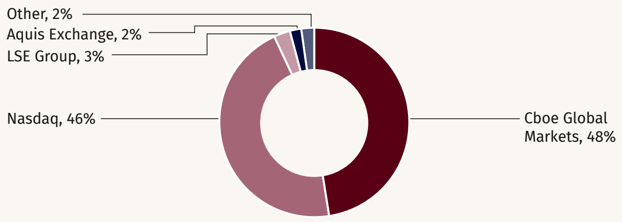
Ownership structure

At year-end, the number of shareholders totaled 53,461 (60,378). The largest shareholder was Eiendomsspar with holdings corresponding to 14.7 percent of the shares and votes. AMF Pension & Fonder was the second largest shareholder, holding 13.6 percent followed by Stena Sessan with 13.2 percent of ownership. Foreign ownership at year-end was 41.7 (40.7) percent of the share capital, and institutional ownership accounted for 43.3 (37.4) percent of the share capital. The largest foreign shareholding was in Norway, Denmark and the US.

Dividends

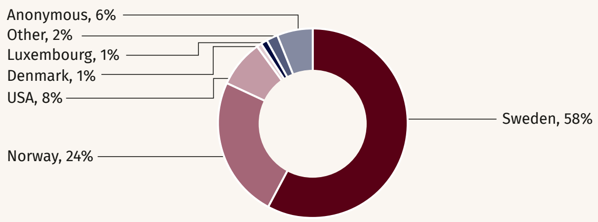
The Board of Directors has adopted a dividend policy that aims to distribute at least 50 percent of Scandic's profit. Dividends are based on net profits excluding the effects of IFRS 16. For 2024, the Board of Directors proposes that the Annual General Meeting resolve on a dividend of 2.60 SEK per share to be distributed in two equal payments on two occasions during the year. Including the extra dividend of 2.50 SEK per share that was paid in December 2024, the total dividend amounts to 103 percent of the year's result, excluding effects from IFRS 16.

MARKETS WHERE SCANDIC SHARE WAS TRADED, 2023, %



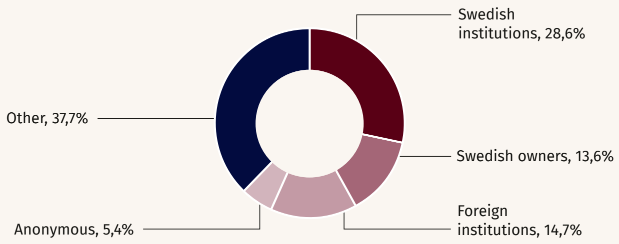
Source: Monitor by Modular Finance AB. Compiled and processed data from Euroclear, Morningstar and the Swedish Financial Supervisory Authority.

GEOGRAPHIC DISTRIBUTION, %



Source: Monitor by Modular Finance AB. Compiled and processed data from Euroclear, Morningstar and the Swedish Financial Supervisory Authority.

SHARE OWNERSHIP, %



Source: Monitor by Modular Finance AB. Compiled and processed data from Euroclear, Morningstar and the Swedish Financial Supervisory Authority.

Analysts following Scandic	
Karl-Johan Bonnevier	DNB
Raymond Ke	Nordea
Artem Prokopets	UBS
Adela Dashian	Jefferies
André Juilliard	Deutsche Bank
Jamie Rollo	Morgan Stanley

Share data	
Ticket symbol	SHOT
ISIN	SE0007640156
Trading lot	1 share
List	Nasdaq Stockholm Nordic Mid Cap list
Sector index	Travel & Leisure

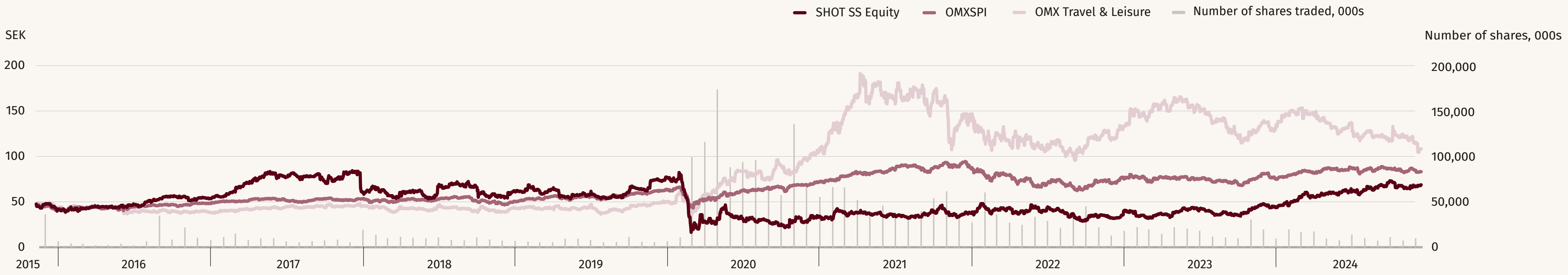
10 largest shareholders	Number of shares	Share of capital and votes, %
Eiendomsspar	32,263,233	14.72
AMF Pension & Fonder	29,855,159	13.62
Stena Sessan	29,016,865	13.24
Handelsbanken Fonder	12,849,702	5.86
Norges Bank Investment Management	7,981,125	3.64
Vanguard	5,547,714	2.53
Svolder	5,441,500	2.48
Periscopus AS	5,138,955	2.34
Dimensional Fund Advisors	3,479,342	1.59
Avanza Pension	2,906,250	1.33
Total	**134,479,845**	**61.36**
Other	84,678,077	38.64
Total	**219,157,922**	**100.0**

Source: Monitor by Modular Finance AB. Compiled and processed data from Euroclear, Morningstar and the Swedish Financial Supervisory Authority.

Shareholder information

Scandic's website (scandichotelsgroup.com) provides information for the capital market and other stakeholders of the company, including current and historical information about aspects such as the Group's operations, vision, purpose, business idea, strategy, corporate governance and sustainability initiatives. It also includes information about how the Scandic share has developed over time in addition to press releases, presentations, financial reports and information about general meetings. It is also possible to subscribe to receive press releases and financial reports.

SHARE PRICE & TURNOVER, DEC 2, 2015 – DEC 31, 2024[1)]



1) Scandic's share price adjusted for new issue 2020.
Source: Bloomberg.

DEFINITIONS

Hotel-related key ratios

ARR (average room rate)
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)
Sold rooms in relation to the number of available rooms. Expressed as a percentage.

RevPAR (revenue per available room)
The average room revenue per available room.

Pre-opening costs
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 and 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 pre-opening costs, items affecting comparability, taxes, depreciation and amortization, adjusted for the effects 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.

Working capital, net
Total current assets, excluding derivative instruments and cash and cash equivalents, less total current liabilities, excluding derivative instruments and the current portion of lease liabilities.

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.

Interest-bearing net liabilities
Liabilities to credit institutions, commercial papers, convertible loans and other interest-bearing liabilities, less cash and cash equivalents.

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.

A more comprehensive list of definitions and alternative performance measures and related justifications is available at www.scandichotelsgroup.com/investors/financial-overview/definitions/

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INFORMATION TO THE SHAREHOLDERS

ANNUAL GENERAL MEETING

MAY 6, 2025

STOCKHOLM

2024 Annual General Meeting

The AGM of the shareholders in Scandic Hotels Group AB (publ) will be held at 10:00 CEST on Tuesday, May 6, 2025 at Vasateatern (Scandic Grand Central), Vasagatan 19, Stockholm. Registration will begin at 9:00.

Notice and registration

Shareholders who wish to attend the meeting in person or by proxy must be recorded in the share register kept by Euroclear Sweden AB on April 25, 2025 and by April 29 at the latest register by email to GeneralMeetingService@euroclear.com, by post to Scandic Hotels Group AB (publ), "Annual General Meeting 2025" c/o Euroclear Sweden AB, 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 in good time before the meeting.

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 25, 2025. 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 25, 2025 will be taken into account when compiling the share register.

Advance voting

Shareholders wishing to participate in the Annual General Meeting by advance voting must be recorded in the share register kept by Euroclear Sweden AB on April 25, 2025 and by April 29, 2025 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 scandichotelsgroup.com. The completed form must be received by Euroclear Sweden AB no later than April 29, 2025. The completed form can be emailed to GeneralMeetingService@euroclear.com or sent by post to Scandic Hotels Group AB (publ), "Annual General Meeting 2025", 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 in advance by proxy, a written and dated power of attorney must be attached. 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 Tidningar*). 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 calendar 2025

Interim Report January–June 2025, April 15, 2025
Interim Report January–June 2025, July 15, 2025
Interim Report January–September 2025, October 29, 2025

Scandic

SCANDIC HOTELS GROUP | PO BOX 6197, SE-102 33 STOCKHOLM | IR@SCANDICHOTELS.COM