

COMPENSATION REPORT 2021

INTRODUCTION

This Compensation Report describes how Scandic's guidelines for compensation to senior executives, which were adopted by the 2020 Annual General Meeting, were implemented in 2020 and remained unchanged in 2021. It also provides information on compensation to the CEO and a summary of the company's outstanding 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 compensation to senior executives and incentive programs.

Further information on compensation to executives can be found in Note 5 on pages 99–101 in the Annual Report for 2021. Information about the work of the Compensation Committee in 2021 is described in the Corporate Governance Report, which has been included in the Annual Report 2021 on pages 74–85. Compensation to the Board

of Directors is not included in this report. This compensation is decided annually by the Annual General Meeting and is reported in Note 05 on page 99 in Scandic's Annual & Sustainability Report 2021.

2021 IN BRIEF

The CEO summarizes Scandic's financial year in his CEO statement on page 3–5 of the Annual Report 2021.

APPLICATION OF THE COMPENSATION GUIDELINES FOR 2021: SCOPE, PURPOSE & DEVIATIONS

Scandic shall offer terms that are in line with market conditions and enable the company to recruit and retain the managers required to meet its short and long-term targets. Compensation to senior executives may consist of a fixed salary, variable salary, pension and other benefits. In addition, the Annual General Meeting may resolve, among other things, on long-term share incentive programs. The compensation guidelines do not include share-based long-term incentive programs or ordinary board fees, which are subject to separate resolutions by the Annual General Meeting. The guidelines for compensation to senior executives are available on Scandic's website at scandichotelsgroup.com/corporate-governance/compensation-guidelines/

No deviations from the guidelines have been made. No deviations from the decision-making process that according to the guidelines must be applied to determine the compensation have been made. The auditor's report on the company's compliance with the guidelines is available at scandichotelsgroup.com. No compensation has been claimed back.

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 LTIP was launched. The program implemented in 2018 (LTIP 2018) expired on April 28, 2021 – the day that Scandic published its interim report for the first quarter 2021.

The LTIP enables participants to receive matching shares and performance shares, provided they make their own investments in shares or allocate shares already held to the program. For each such savings share, the participants in the LTIP 2019 may, free of charge, be assigned matching shares, where 50 percent are subject to meeting a requirement related to the total return on the shares (TSR) and 50 percent are free of charge. Participants may also, free of charge, be allocated a number of performance shares, depending on whether certain performance criteria set by the Board of Directors are met. These criteria are related to adjusted EBITDA and cash flow for the years 2019–2021 (LTIP 2019).

Matching shares and performance shares will be allocated after the end of the vesting period until the date of publication of Scandic's interim report for the first quarter 2022, subject to the participant remaining a permanent employee within the Group and retaining the savings shares.

The CEO's total compensation in 2021 (in SEK)

Jens Mathiesen, CEO

Fixed compensation

Base salary	7,440,612
Fringe benefits	465,776

Variable compensation

One-year variable	0
Multi-year variable ¹⁾	89,037

Extraordinary compensation

	0
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Pension expense

	2,244,784
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Total compensation

	10,240,209
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Proportion of fixed²⁾

and variable³⁾ compensation 99% / 1%

¹⁾ The value of shares allocated in the LTIP that expired in 2021, TIP 2018.

²⁾ Fixed = fixed compensation + pension expense.

³⁾ Variable = variable compensation + extraordinary compensation

The CEO has invested in 5,864 shares in the LTIP 2019 and has therefore received 5,864 matching shares and 29,320 performance shares. Matching shares and performance shares were allocated free of charge and are subject to a vesting period of three years, continued permanent employment and an uninterrupted holding of the savings shares.

In the LTIP 2019, 50 percent of the matching shares are subject to meeting a requirement related to the total return on the shares (TSR) and 50 percent are free of charge. The allocation of performance shares is free of charge, depending on the extent to which certain performance criteria adopted by the Board of Directors are met. These criteria are related to adjusted EBITDA (weighted 50 percent) and cash flow (weighted 50 percent) for the financial years 2019–2021 (LTIP 2019).

COMPLIANCE WITH THE COMPENSATION GUIDELINES & APPLICATION OF PERFORMANCE CRITERIA

No general STI plan or LTIP was launched in 2021. For this reason, no performance criteria for variable compensation were defined in 2021.

Share-based incentive program (CEO)	LTIP 2018	LTIP 2019
Jens Mathiesen, CEO		
The main conditions of share-based incentive programs		
Specification of plan	LTIP 2018	LTIP 2019
Performance period	2018–2020	2019–2021
Award date	May 31, 2018	June 14, 2019
End of program period	April 28, 2021	April 27, 2022
End of holding period	April 28, 2021	April 27, 2022
Information regarding the reported financial year		
Opening balance		
Rights vested at the beginning of the year	15,345	35,184
During the year		
Rights vested	0	0
Shares awarded ¹⁾	2,463	0
Closing balance		
Rights subject to a performance condition	0	32,252
Rights vested but not transferred	0	2,932
Shares subject to a holding period	0	0

¹⁾ In the LTIP 2018, 2,463 matching shares without performance criteria valued at SEK 89,037 were allotted. No performance shares were allotted in the LTIP 2018.

Information on changes in compensation and company performance

Year	2017 ¹⁾ –2016	2018–2017 ¹⁾	2019–2018	2020–2019	2021–2020	2021
The CEO's compensation, TSEK ²⁾	-578 (-4.3%)	-4,883 (37.6%)	3,280 (40.5%)	-73 (0.6%)	-1,058 (9.4%)	10,240
Adjusted EBITDA for the Group, MSEK	60 (4.0%)	384 (24.4%)	89 (4.5%)	-3,549 (-173.5%)	1,509 (100.4%)	6
Profit/loss for the year, Group, MSEK	-171 (-19.4%)	-33 (4.6%)	47 (6.9%)	-6,676 (-920.8%)	4,272 (71.78%)	-1,679
Average compensation on a full-time equivalent basis of employees, entire Group, TSEK	31 (7.8%)	4 (1.0%)	9 (2.0%)	46.6 (10.6%)	-39.1 (-8.0%)	448

¹⁾ In 2017, there was a change of CEO. Here, the compensation consists of the total remuneration for both CEOs for each period, respectively.

²⁾ The CEO's compensation includes share-related remuneration with the value of the shares allocated each year, respectively.