

# Scandic Hotel A/S

Nansensgade 19, 7., 1366 København K

CVR no. 12 59 67 74

## Annual report 2023

Approved at the Company's annual general meeting on 15 April 2024

Chair of the meeting:

.....  
Søren Faerber

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## Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Scandic Hotel A/S for the financial year 1 January - 31 December 2023.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 15 April 2024  
Executive Board:

.....  
Søren Faerber

Board of Directors:

.....  
Jens Jacob Mathiesen  
Chairman

.....  
Tonny Poulsen

.....  
Søren Faerber

.....  
Pär Anders Christiansen

## Independent auditor's report

### To the shareholder of Scandic Hotel A/S

#### Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023, and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Scandic Hotel A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Management's responsibilities for the financial statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark 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 financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

## Independent auditor's report

- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

### Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Hellerup, 15 April 2024  
PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
CVR no. 33 77 12 31

René Otto Poulsen  
State Authorised Public Accountant  
mne26718

## Management's review

### Company details

Name	Scandic Hotel A/S
Address, Postal code, City	Nansensgade 19, 7., 1366 København K
CVR no.	12 59 67 74
Established	15 December 1988
Registered office	København
Financial year	1 January - 31 December
Website	<a href="http://www.scandichotels.dk">www.scandichotels.dk</a>
Telephone	+45 33 48 04 50
Board of Directors	Jens Jacob Mathiesen, Chairman Tonny Poulsen Søren Faerber Pär Anders Christiansen
Executive Board	Søren Faerber
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44, 2900 Hellerup
Bankers	Nordea Bank

## Management's review

### Financial highlights

DKK'000	2023	2022	2021	2020	2019
<b>Key figures</b>					
Revenue	1,902,687	1,643,792	809,938	546,287	1,389,748
Operating profit/loss	83,422	-23,646	-273,006	-538,613	15,081
Profit before interest and tax (EBIT)	89,401	5,095	-97,934	-340,205	19,865
Net financials	-5,252	-8,653	-10,656	-7,400	-2,623
Profit/loss for the year	167,385	-3,558	-108,590	-347,604	15,769
<b>Balance sheet</b>					
Total assets	813,281	705,919	643,916	567,240	610,540
Investments in property, plant and equipment	-37,363	-240,647	-122,192	-49,621	-151,034
Equity	283,970	116,585	120,143	228,733	277,856
<b>Financial ratios</b>					
Operating margin	4.7%	0.3%	-12.1%	-62.3 %	1.4 %
Gross margin	42.8%	41.3%	45.0%	42.1%	42.6%
Return on assets	11.0%	-3.5%	-45.1%	-91.5%	2.7%
Equity ratio	34.9%	16.5%	18.7%	40.3%	45.5%
Return on equity	83.6%	-3.0%	-62.3%	-137.2%	5.8%
<b>Employees</b>					
Average number of full-time employees	1,557	1,429	990	988	1,397

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating profit/loss	$\frac{\text{Profit/loss before net financials +/- Other operating income and other operating expenses}}{\text{Revenue}} \times 100$
Operating margin	$\frac{\text{Operating profit/loss (EBIT)}}{\text{Revenue}} \times 100$
Gross margin	$\frac{\text{Gross profit/loss}}{\text{Revenue}} \times 100$
Return on assets	$\frac{\text{Profit/loss from operating activities}}{\text{Average assets}} \times 100$
Equity ratio	$\frac{\text{Equity, year-end}}{\text{Total equity and liabilities, year-end}} \times 100$
Return on equity	$\frac{\text{Profit/loss after tax}}{\text{Average equity}} \times 100$

Effective from 1 January 2021, Scandic Hotel A/S and Scandic Hotels Holding A/S have been merged, with Scandic Hotel A/S as the continuing company.

The merger has been completed by applying the pooling of interest method. Comparative figures for 2019 have not been restated.

## Management's review

### Data ethics

Scandic aims to be a digital responsible company so that our guests, collaborators and employees can trust that Scandic treats data with respect and care. Therefore Scandic has developed a policy on data ethics. In this policy, we have identified a number of data-ethical values which Scandic will work towards and which can support us in making well thought out decisions on our digital journey. The data-ethical values include e.g. ensuring equal treatment and transparency in data processing. The data-ethical values is seen as an add on to the relevant legislation on this area a supplement to Scandic's GDPR policy.

### Business review

The company carries on hotel and restaurant activities in Denmark.

### Financial review

The income statement for 2023 shows a profit of DKK 167,385 thousand against a loss of DKK 3,558 thousand last year, and the balance sheet at 31 December 2023 shows equity of DKK 283,970 thousand.

2023 has been a year where Scandic came back from Covid-19. The activity has not been affected by any restrictions, compared to last year where the activity during the first two months were affected by COVID-19 restrictions. The result for 2023 is positively effected by reassessment of deferred tax asset. References is made to note 16 for explanation hereof.

In the outlook section of the annual report for 2022 the outlook was affected by uncertainties from the war in Ukraine, high inflation, increasing interest rates etc. For 2023 was expected a profit before interest and tax in the level DKK 20 - 35 million.

All in all we have seen a higher activity, lower inflation, lower interest rates etc. during 2023 than expected. As a result of this, the revenue and net profit was significantly higher than expectations expressed in the outlook section in the 2022 annual report.

### Non-financial matters

Scandic is the largest hotel operator and market leader in Denmark. Scandic has destinations in many cities in Denmark with a majority of the hotels in and around Copenhagen. As at 31 December 2023 Scandic had 6,178 rooms at 30 hotels.

- ▶ 31. December Scandic Exited Scandic Eremitage, Lyngby with 120 rooms
- ▶ In 2026 new hotel in Aarhus will open with 342 rooms

### Financial risks and use of financial instruments

The Company has not drawn up any separate Risk report, as the parent company has done so for the entire Group. The report is rendered in the parent company's annual report and may be downloaded from the site:

<https://eur01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.scandichotelsgroup.com%2Ffiles%2FMain%2F13379%2F3960811%2Fscandic-annual-and-sustainability-report-2023.pdf&data=05%7C02%7CMark.Helligsoee%40dk.ey.com%7Cbec0be8e368d442e1b8208dc5add575d%7C5b973f9977df4bebb27daa0c70b8482c%7C0%7C0%7C638485154012466613%7CUnknown%7CTWFpbGZsb3d8eyJWljoIMC4wLjAwMDAiLCJQIjoiV2luMzliLCJBTiI6Ikk1haWwiLCJXVCi6Mn0%3D%7C0%7C%7C%7C&sdata=PJxe%2FEfivp%2FTuouFp5RoPDPTKYnNAQtFpPj1wtplAx4%3D&reserved=0>

### Recognition & measurements uncertainties

Scandic operates in a sector where demand for hotel nights and conferences is influenced by the underlying domestic economic development and purchasing power in the geographic markets in which Scandic does business as well as in the markets from which there is a significant amount of travel to the Nordic countries. Additionally, profitability in the sector is impacted by changes in room capacity. Increased capacity can initially lead to lower occupancy in the short term, but in the long term, it can also help stimulate interest in business and leisure destinations, which in turn can have a positive effect on the number of hotel nights.



## Management's review

If the recover of the hotel market Denmark not is realised as expected this would affect expected cash flow negatively, and consequently, the value of tangible assets.

Reference is made to note 3 for more details.

## Statutory CSR report

The Company has not drawn up any separate CSR report, as Scandic Hotels Group AB has done so for the entire Group. The report is rendered in the parent company's annual report and may be downloaded from the site:

<https://eur01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.scandichotelsgroup.com%2Ffiles%2FMain%2F13379%2F3960811%2Fscandic-annual-and-sustainability-report-2023.pdf&data=05%27C02%27CMark.Helligsoee%40dk.ey.com%27Cbec0be8e368d442e1b8208dc5add575d%27C5b973f9977df4bebb27daa0c70b8482c%27C0%27C0%27C638485154012466613%27CUnknown%27CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzliLCJBTiI6IjE1haWwiLCJXVCi6Mn0%27D%27C0%27C%27C&sdata=PJxe%2FEfivp%2FTuouFp5RoPDPTKYNNaQtFpPj1wtplAx4%3D&reserved=0>

## Report on the gender composition of Management

Scandic is convinced that gender equality in its organization improves our offering, the guest experience and teammember engagement. Scandic strives to always ensure equal opportunities for all team members at all levels in the company.

The Board of Directors of Scandic Hotel A/S currently consists of four males. This is not in line with the company's target for the Board of Directors, which is at least one of the underrepresented gender in the Board of Directors. Until 8th of March 2024 the Board of Directors consisted of one female and three males and thereby the target was fulfilled in all of 2023. In the beginning of 2024 the female CFO from the Parent Company was replaced by a male, in this recruitmentprocess the best qualified candidate was hired. The target the underrepresented gender for 2024 at Board of Directors level stays unchanged on 25%

## 5 years overview

	2023
<i>Supreme governing body</i>	
Total number of members	4
Underrepresented gender in %	0
Target figure in %	25
Year in which the target figure is expected to be met	2025
<i>Other levels of management</i>	
Total number of members	7
Underrepresented gender in %	14
Target figure in %	40
Year in which the target figure is expected to be met	2025

## Supreme governing body

Scandic Hotel A/S's goal has been to get 25%of the underrepresented gender in top management body. Currently, The Board of Directors of Scandic Hotel A/S consists of four males. This is not in line with the company's target. The Board of Directors consist of CEO and CFO from the Parent Company and CEO and CFO from the Company. In the beginning of 2024 the female CFO from the Parent Company was replaced by a male, in this recruitment process the best qualified candidate was hired. The target the underrepresented gender for 2024 at Board of Directors level stays unchanged on 25%

## Management's review

### Other levels of management

The company's other levels of management consist of the company's registered executive board, as well as the heads of the organization's individual functions, who report directly to the registered executive board. The other management levels consist of 1 female and 6 men, and there by the goal is not fulfilled.

In order to achieve this target in the future, Scandic seeks to prioritize the target in the event of equally qualified candidates. When recruiting new employee's job postings are drafted in gender neutral languages to attract applicants of both genders. Yearly all Scandic team members have a perform dialogue with the manager and ongoing talent reviews in order to motivate and develop. Scandic runs yearly programs "Future Leader" and "Talent at Scandic", which are programs focusing on business and leadership development to fulfill its ambitions to develop equal distribution of women and men in Scandic Management.

### Outlook

In 2024 Scandic expects the hotel market to continue the strong pace we have seen since Q2 2023.

With the current outlook for demand, Scandic's strong operational model and limited investments we expect a positive cash flow in 2024.

Current credit facilities established with Scandic Hotel Group AB are expected to cover Scandic's liquidity needs. Reference is made to note 2 for more details.

For 2024 is expected a profit before interest and tax in the level DKK 75 - 90 million.

### Unusual events

The financial position at 31 December 2023 of the Company and the results of the activities of the Company for the financial year for 2022 have not been affected by any unusual events.

## Financial statements 1 January - 31 December

### Income statement

Note	DKK'000	2023	2022
5	<b>Revenue</b>	1,902,687	1,643,792
	Cost of sales	-123,274	-112,765
7	Other operating income	5,979	28,741
6	Other external expenses	-971,480	-880,761
	<b>Gross profit</b>	813,912	679,007
8	Staff costs	-667,419	-612,478
9	Depreciation and impairment of property, plant and equipment	-57,092	-61,434
	<b>Profit before net financials</b>	89,401	5,095
	Financial income	7	0
10	Financial expenses	-5,259	-8,653
16	<b>Profit/ loss before tax</b>	84,149	-3,558
	Tax for the year	83,236	0
	<b>Profit/ loss for the year</b>	167,385	-3,558

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2023	2022
	<b>ASSETS</b>		
	<b>Fixed assets</b>		
12	<b>Property, plant and equipment</b>		
	Fixtures and fittings, other plant and equipment	330,762	359,956
	Leasehold improvements	81,414	100,706
	Fixtures and fittings, other plant and equipment under construction	48,259	28,108
		<u>460,435</u>	<u>488,770</u>
13	<b>Investments</b>		
	Deposits	12,673	15,185
		<u>12,673</u>	<u>15,185</u>
	<b>Total fixed assets</b>	<u>473,108</u>	<u>503,955</u>
	<b>Non-fixed assets</b>		
	<b>Inventories</b>		
	Finished goods and goods for resale	8,362	8,829
		<u>8,362</u>	<u>8,829</u>
	<b>Receivables</b>		
	Trade receivables	73,959	82,389
	Receivables from group enterprises	71,302	0
16	Deferred tax assets	104,236	21,000
	Other receivables	4,671	291
14	Prepayments	76,462	88,073
		<u>330,630</u>	<u>191,753</u>
	<b>Cash</b>	<u>1,181</u>	<u>1,382</u>
	<b>Total non-fixed assets</b>	<u>340,173</u>	<u>201,964</u>
	<b>TOTAL ASSETS</b>	<u>813,281</u>	<u>705,919</u>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2023	2022
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
15	Share capital	11,000	11,000
	Retained earnings	272,970	105,585
	<b>Total equity</b>	<b>283,970</b>	<b>116,585</b>
	<b>Provisions</b>		
	Other provisions	34,864	34,864
	<b>Total provisions</b>	<b>34,864</b>	<b>34,864</b>
	<b>Liabilities other than provisions</b>		
17	<b>Non-current liabilities other than provisions</b>		
	Freeze liability	23,548	22,475
		<b>23,548</b>	<b>22,475</b>
	<b>Current liabilities other than provisions</b>		
17	Short-term part of long-term liabilities other than provisions	70	168
	Prepayments received from customers	30,169	25,818
	Trade payables	291,031	299,328
	Payables to group enterprises	11,831	68,238
	Other payables	70,053	68,378
18	Deferred income	67,745	70,065
		<b>470,899</b>	<b>531,995</b>
	<b>Total liabilities other than provisions</b>	<b>494,447</b>	<b>554,470</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>813,281</b>	<b>705,919</b>

- 1 Accounting policies
- 2 Recognition and measurement uncertainties
- 3 Events after the balance sheet date
- 4 Special items
- 11 Appropriation of profit/loss
- 19 Contractual obligations and contingencies, etc.
- 20 Security and collateral
- 21 Related parties

## Financial statements 1 January - 31 December

### Statement of changes in equity

Note	DKK'000	Share capital	Retained earnings	Total
	<b>Equity at 1 January 2023</b>	11,000	105,585	116,585
11	Transfer, see "Appropriation of profit/loss"	0	167,385	167,385
	<b>Equity at 31 December 2023</b>	<u>11,000</u>	<u>272,970</u>	<u>283,970</u>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Scandic Hotel A/S for 2023 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Some immaterial reclassifications have been made to balances sheet items and the comparison figures have been adjusted accordingly.

#### Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company Scandic Hotels AB.

#### Basis of recognition and measurement

Revenue is recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet at cost. Subsequently, assets and liabilities are measured as described for each item below.

#### Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

#### Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are presented as separate items in the balance sheet.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Income statement

###### Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Revenue from the sale of services is recognised in the income statement when delivery and transfer of risk to the buyer have been made before year end.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

###### Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on i.e. the sale of fixed assets. In other operating income is included government grants relating to Covid-19 compensations schemes.

###### Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

###### Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

###### Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

###### Depreciation and impairment

The item comprises depreciation and impairment of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Buildings	15 years
Fixtures and fittings, other plant and equipment	3-15 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

##### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

##### Balance sheet

##### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

##### Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

All incentives for the agreement of a new or renewed operating lease is recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments. The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term, on a straight-line basis.

##### Deposits

Deposits paid to secure the use of fixed assets are recorded as an asset on the balance sheet.

##### Impairment of fixed assets

The carrying amount of property, plant and equipment is assessed for indication of impairment on an annual basis. If indication of impairment is identified impairment tests are conducted.

Impairment loss is recognised on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### **Inventories**

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

##### **Receivables**

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

##### **Prepayments**

Prepayments recognised under "Assets" comprise prepaid expenses and expenses regarding subsequent financial reporting years.

##### **Equity**

###### ***Proposed dividends***

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

###### ***Grants without consideration within a group***

Grants received from a group company are recognised under "Retained earnings in equity" in the balance sheet as a capital injection.

##### **Other payables**

Other payables are measured at net realisable value.

##### **Deferred income**

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

##### **Segment information**

Information is disclosed by activity and geographical market. Segment information is based on the Company's accounting policies, risks and internal financial management.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 2 Recognition and measurement uncertainties

Impairment of assets:

On the basis of the result for 2023, which supports the assumptions applied in the impairment-test performed in 2020, there are no indications of impairment of assets and therefore no impairment-test has been performed. However, if the assumptions for the impairment-test is not met and the hotel market in Denmark does not recover as expected, ref. the section "Outlook" in the Management Review, this will affect the expected cashflow negatively, and consequently, the value of tangible assets.

Covid-19 compensation:

For the received Covid-19 compensations in 2020, 2021 and 2022 the control from the Authorities has not yet been finalised. In total TDKK 34,864 of the received Covid-19 compensations in 2020, 2021 and 2022 has not been recognised as income and is recognised in other provisions due to uncertainties whether all employees and fixed costs fulfill the criterias for the receiving the compensations in each of the Covid-19 compensation schemes.

#### 3 Events after the balance sheet date

There has been no significant events after the balance sheet date.

#### 4 Special items

DKK'000	2023	2022
<b>Income</b>		
Compensation for salary costs	0	7,143
Compensation for fixed cost 9/12 2021 - 28/2 2022	0	15,829
	0	22,972
<b>Special items are recognised in the below items of the financial statements</b>		
Other operating income	0	22,972
<b>Net profit on special items</b>	0	22,972
DKK'000	2023	2022

#### 5 Segment information

##### Breakdown of revenue by business segment:

Hotel and conference	1,367,532	1,157,895
Restaurants (food and beverage)	491,728	452,209
Other	43,427	33,688
	1,902,687	1,643,792

##### Breakdown of revenue by geographical segment:

Revenue, Denmark	1,902,687	1,643,792
	1,902,687	1,643,792

Segment information is represented in respect of business segments and geographical segments based on the Company's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 6 Fee to the auditors appointed in general meeting

Audit fees are not disclosed with reference to section 96(3) of the Danish Financial Statements Act. The fee is specified in the consolidated financial statements for Scandic Hotels AB.

DKK'000	<u>2023</u>	<u>2022</u>
<b>7 Other operating income</b>		
Management fee	5,979	5,769
Covid-19 compensations	0	22,972
	<u>5,979</u>	<u>28,741</u>
<b>8 Staff costs</b>		
Wages/salaries	600,834	563,922
Pensions	63,048	45,309
Other social security costs	3,537	3,247
	<u>667,419</u>	<u>612,478</u>
Average number of full-time employees	<u>1,557</u>	<u>1,429</u>
By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.		
<b>9 Depreciation and impairment of property, plant and equipment</b>		
Depreciation of property, plant and equipment	56,780	60,991
Impairment of property, plant and equipment	312	443
	<u>57,092</u>	<u>61,434</u>
<b>10 Financial expenses</b>		
Interest expenses, group entities	3,099	7,698
Other financial expenses	2,160	955
	<u>5,259</u>	<u>8,653</u>
<b>11 Appropriation of profit/loss</b>		
<b>Recommended appropriation of profit/loss</b>		
Retained earnings/accumulated loss	<u>167,385</u>	<u>-3,558</u>
	<u>167,385</u>	<u>-3,558</u>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 12 Property, plant and equipment

DKK'000	Fixtures and fittings, other plant and equipment	Leasehold improvements	Fixtures and fittings, other plant and equipment under construction	Total
Cost at 1 January 2023	838,044	387,159	201,030	1,426,233
Additions	8,606	0	28,757	37,363
Disposals	-196,781	-10,563	0	-207,344
Cost at 31 December 2023	649,869	376,596	229,787	1,256,252
Impairment losses and depreciation at 1 January 2023	478,088	286,453	172,922	937,463
Impairment losses	312	0	0	312
Depreciation	37,488	19,292	0	56,780
Reversal of accumulated depreciation and impairment of assets disposed	-196,781	-10,563	0	-207,344
Transferred	0	0	8,606	8,606
Impairment losses and depreciation at 31 December 2023	319,107	295,182	181,528	795,817
<b>Carrying amount at 31 December 2023</b>	<b>330,762</b>	<b>81,414</b>	<b>48,259</b>	<b>460,435</b>
Depreciated over	3-15 years	3-15 years		

\* Disposals consist of the scrapping of fully depreciated assets totaling tDKK 163,576

#### 13 Investments

DKK'000	Deposits
Cost at 1 January 2023	15,185
Disposals	-2,512
Cost at 31 December 2023	12,673
<b>Carrying amount at 31 December 2023</b>	<b>12,673</b>

#### 14 Prepayments

DKK'000	2023	2022
Prepaid rent	70,813	61,340
Prepaid property tax	610	600
Other prepaid costs	5,039	26,133
	76,462	88,073

## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK'000	2023	2022
<b>15 Share capital</b>		
Analysis of the share capital:		
1 shares of DKK 10,000,000.00 nominal value each	10,000	10,000
1 shares of DKK 1,000,000.00 nominal value each	1,000	1,000
	<u>11,000</u>	<u>11,000</u>

DKK'000	2023	2022
<b>16 Deferred tax</b>		
Deferred tax at 1 January	-21,000	-21,000
Ændring i regnskabsmæssigt skøn for ej indregnet underskud til fremførelse	-83,236	0
<b>Deferred tax at 31 December</b>	<u>-104,236</u>	<u>-21,000</u>

As a consequence of the improved market conditions since the end of Covid 19 and lower inflation, Scandic has a more positive outlook for the next 3-5 years. Therefore the Company has decided to recognise the full tax asset at 31 December 2023. The tax asset recognised is expected to be utilized within a period of 3-5 years.

### 17 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2023	Short-term portion	Long-term portion	Outstanding debt after 5 years
Freeze liability	23,618	70	23,548	22,720
	<u>23,618</u>	<u>70</u>	<u>23,548</u>	<u>22,720</u>

The maturity profile of the liability is estimated based on the expected time of retirement of the employees included in the freeze liability.

### 18 Deferred income

Deferred income, DKK 67,745 thousand (2022: DKK 70,065 thousand), consists of lease incentives received on leases that cannot be recognised at the time of receipt but instead they will be recognised over the course of the rental agreements.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 19 Contractual obligations and contingencies, etc.

##### Other contingent liabilities

DKK'000	2023	2022
Rent and lease obligations, within 1 year	352,702	355,021
Rent and lease obligations, between 1 and 5 years	1,385,983	1,415,680
Rent and lease obligations, after 5 years	4,032,324	4,356,192
	5,771,009	6,126,893

The above figures includes operating leases with differing terms which have been entered into operating equipment. Annual payments currently amounts to approx. DKK 9 million.

Rental obligations concerning properties have been entered into with lease payments being partly fixed and partly based on revenue generated at the lease. The lease agreements have differing terms up to 20 years. Annual payments amounts to approx. DKK 348 million.

In 2026 there will be added 342 rooms at a new hotel in Aarhus, to the portfolio for Scandic Hotels A/S. The rental agreement regarding this hotel is not yet in force, and consequently the lease obligation is not disclosed

#### 20 Security and collateral

The Company has not provided any security or other collateral in assets at 31 December 2023.

#### 21 Related parties

Scandic Hotel A/S' related parties comprise the following:

##### Parties exercising control

Related party	Domicile	Basis for control
Scandic Hotels Group AB	PO BOX 6197, SE-102 33, Sveavägen 167, Stockholm, Sweden	Controlling shareholder for Scandic Hotels Holding AB
Scandic Hotels Holding AB	PO BOX 6197, SE-102 33, Sveavägen 167, Stockholm, Sweden	Controlling shareholder for Scandic Hotels A/S

##### Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Scandic Hotels Group AB	P.O BOX 6197 SE-102 33, Sveavägen 167, Stockholm, Sweden	<a href="https://www.scandichotelsgroup.com/investors/financial-reports/">https://www.scandichotelsgroup.com/investors/financial-reports/</a>

##### Related party transactions

The Company solely discloses related party transactions that have not been carried out on an arm's length basis, cf. section 98c(7) of the Danish Financial Statements Act.

All transactions have been carried out on an arm's length basis.

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## René Otto Poulsen

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REVISIONSPARTNERSELSKAB CVR: 33771231

Statsautoriseret revisor

On behalf of: PricewaterhouseCoopers Statsautoriseret...

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