

# Scandic Hotel A/S

Nansensgade 19, 7., 1366 København K

CVR no. 12 59 67 74

## Annual report 2021

Approved at the Company's annual general meeting on 11 April 2022

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 2021.

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 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

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

Copenhagen, 11 April 2022  
Executive Board:

.....  
Søren Faerber

Board of Directors:

.....  
Jens Jacob Mathiesen  
Chairman

.....  
Tonny Poulsen

.....  
Søren Faerber

.....  
Åsa Wirén

## 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 2021, and of the results of the Company's operations for the financial year 1 January - 31 December 2021 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 2021, 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 Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover 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 Management's Review and, in doing so, consider whether 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 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, 11 April 2022  
PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
CVR no. 33 77 12 31

Leif Ulbæk Jensen  
State Authorised Public Accountant  
mne23327

## 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
Telefax	+45 33 91 76 00
Board of Directors	Jens Jacob Mathiesen, Chairman Tonny Poulsen Søren Faerber Åsa Wirén
Executive Board	Søren Faerber
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44, DK-2900 Hellerup
Bankers	Nordea Bank

## Management's review

### Financial highlights

DKK'000	2021	2020	2019	2018	2017
<b>Key figures</b>					
Revenue	809,938	546,287	1,389,748	1,256,232	1,179,989
Profit before interest and tax (EBIT)	-97,934	-340,205	19,865	57,086	71,540
Net financials	-10,656	-7,400	-2,623	-1,950	-2,172
<b>Profit/loss for the year</b>	<b>-108,590</b>	<b>-347,604</b>	<b>15,769</b>	<b>53,487</b>	<b>65,635</b>
<b>Financial ratios</b>					
Total assets	643,916	567,240	610,540	494,659	388,916
Investments in property, plant and equipment	-122,192	-49,621	-151,034	-136,371	-61,436
<b>Equity</b>	<b>120,143</b>	<b>228,733</b>	<b>277,856</b>	<b>262,087</b>	<b>208,600</b>
Operating margin	-12.1%	-62.3%	1.4%	4.5 %	6.1 %
Gross margin	45.0%	42.1%	42.6%	44.4%	44.2%
Return on assets	-45.1%	-91.5%	2.7%	11.8%	19.2%
Equity ratio	18.7%	40.3%	45.5%	53.0%	53.6%
Return on equity	-62.3%	-137.2%	5.8%	22.7%	37.3%
<b>Average number of full-time employees</b>					
	<b>990</b>	<b>988</b>	<b>1,397</b>	<b>1,280</b>	<b>1,106</b>

Financial ratios are calculated in accordance with the Danish Finance Society's recommendations on the calculation of financial ratios "Recommendations and Financial Ratios". For terms and definitions, please see the accounting policies.

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 the years 2017 - 2019 have not been restated.

Comparative figures for 2020 have been restated as a consequence of the merger and minor reclassifications.

## Management's review

### Business review

The company carries on hotel and restaurant activities in Denmark.

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

### Financial review

The income statement for 2021 shows a loss of DKK 108,590 thousand against a loss of DKK 347,604 thousand last year, and the balance sheet at 31 December 2021 shows equity of DKK 120,143 thousand.

During 2021 the activity has been affected by COVID-19. During the year the Covid-19 restrictions were lifted and the activity went up, but in the end of the year the Covid-19 restrictions were back and the activity level was lower than expected. All in all the revenue and net profit was in line with expectations expressed in the outlook section in the 2020 annual report.

The company has made use of the Covid-19 compensation schemes regarding 2021 where the company fulfills the criteria for applying and receiving the compensation. The total Covid-19 compensation recognised as income amounts to TDKK 168,847 (2020: 195,029).

### 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 2021 Scandic had 5,312 rooms at 28 hotels.

- ▶ 17 May 2021 Scandic CPH Strandpark opened with 357 rooms.
- ▶ In the spring 2022 one hotel in Copenhagen will open with 632 rooms.
- ▶ In the summer 2022 one hotel in Copenhagen will open with 100 rooms
- ▶ In 2026 one hotel in Aarhus will open with 350 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 [www.scandichotelsgroup.com/en/financial-reports/](http://www.scandichotelsgroup.com/en/financial-reports/).

### 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.

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 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 [www.scandichotelsgroup.com/en/financial-reports/](http://www.scandichotelsgroup.com/en/financial-reports/).

## Management's review

### Account of the gender composition of Management

The Board of Directors of Scandic Hotel A/S currently consists of 4 males. This does not correspond to the company's target for the Board of Directors, which is at least 1 of underrepresented gender of the Board of Directors. The Board of Directors consist of CEO and CFO from the Parent Company and CEO and CFO from the Company and currently can not fulfilled its gender ambition. Scandic Hotel A/S analyzes and acts to achieve gender balance and historically the Management group is represented equally of both genders.

Scandic wants to ensure equal distribution of women and men in Scandic Management. The target is that the underrepresented gender should constitute at least 40% in 2024. In order to achieve this target, Scandic seeks to priority 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 fulfilled its ambitions to develop equal distribution of women and men in Scandic Management.

At 31 December 2021, the distribution of women and men in Scandic Hotel A/S was as follows:

#### Board of Directors:

Women:	0%
Men:	100%
Target:	25%

#### Country Management:

Women:	14%
Men:	86%
Target:	40%

#### Hotel Management groups:

Women:	53%
Men:	47%
Target:	40%

As at 8 March 2022 the Board of Directors changed and now consists of 1 female and 3 males, which means that the Companys gender ambition in the Board of directors is fulfilled.

To download Scandic Group's Code of Conduct in its entirety, go to:  
<https://www.scandichotelsgroup.com/sustainability/reports--policies/>

### Report on 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 Scandics GDPR policy.

### Events after the balance sheet date

Reference is made to note 4 for more details.

## Management's review

### Outlook

In 2022 Scandic expects the hotel market to continue the recovery we saw in the autumn of 2021 even though Q1 has shown a pause in the recovery pace due to the high infection rates from Omikron. The infection rates are expected to decline rapidly during February-March 2022 due to high vaccination status and high number of infected whereafter the recovery is expected to continue as we saw in the autumn of 2021.

With the last restrictions lifted during Q1, we expect to see meetings, sports and cultural events being possible again. Initially, Scandic estimates that demand will be driven by intra-Nordic travel, which normally accounts for just over 70 percent of Scandic's total guest nights. In the short term, demand will be entirely determined by the pace at which restrictions and travel restrictions are eased. As occupancy increases, cash outflow will decrease and Scandic expects to reach positive cash flow at an average occupancy rate of around 52-55 percent. Scandic estimates that occupancy from April onward will be higher than it was during the corresponding period last year.

Current credit facilities established with Scandic Hotel Group AB are expected to cover Scandic's liquidity needs until the market has normalized and Scandic has a positive cash flow. Reference is made to note 2 for more details.

Even if it is still uncertain how long the Covid-19 pandemic will continue and how Scandic's business will be impacted, it is highly likely that combined with continued good business practices regarding managing revenue, expenses and cash flow, the measures described above will suffice to ensure liquidity and continuity both this year and the next. With a sharply reduced cost level combined with an efficient operational model, Scandic has all the prerequisites to reach a good level of profitability when demand returns, even though occupancy in the coming year is expected to be lower than it was just before the pandemic.

Reference is made to note 3 for more details.

For 2022 is expected a net result of approximately 30% higher than last year, if the assumptions for the forecast is fulfilled.

### Unusual events

The financial position at 31 December 2021 of the Company and the results of the activities of the Company for the financial year for 2021 have not been affected by any unusual events except the negative effect of the Covid-19 pandemic.

## Financial statements 1 January - 31 December

### Income statement

Note	DKK'000	2021	2020
6	<b>Revenue</b>	809,938	546,287
	Cost of sales	-60,768	-38,744
5,7	Other operating income	175,072	198,408
	Other external expenses	-559,910	-475,901
	<b>Gross profit</b>	364,332	230,050
8	Staff costs	-398,339	-392,449
9	Depreciation and impairment of intangible assets and property, plant and equipment	-63,927	-177,805
	<b>Profit/loss before net financials</b>	-97,934	-340,204
10	Financial income	42	1,128
11	Financial expenses	-10,698	-8,528
	<b>Profit/loss for the year</b>	-108,590	-347,604

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2021	2020
	<b>ASSETS</b>		
	<b>Fixed assets</b>		
12	<b>Property, plant and equipment</b>		
	Buildings	0	0
	Fixtures and fittings, other plant and equipment	349,280	355,950
	Fixtures and fittings, other plant and equipment under construction	133,199	68,365
		<u>482,479</u>	<u>424,315</u>
13	<b>Investments</b>		
	Deposits	15,185	15,185
		<u>15,185</u>	<u>15,185</u>
	<b>Total fixed assets</b>	<u>497,664</u>	<u>439,500</u>
	<b>Non-fixed assets</b>		
	<b>Inventories</b>		
	Finished goods and goods for resale	5,348	4,058
		<u>5,348</u>	<u>4,058</u>
	<b>Receivables</b>		
	Trade receivables	62,121	41,094
14	Deferred tax assets	21,000	21,000
	Other receivables	34,464	25,806
	Prepayments	23,044	35,589
		<u>140,629</u>	<u>123,489</u>
	<b>Cash</b>	275	193
	<b>Total non-fixed assets</b>	<u>146,252</u>	<u>127,740</u>
	<b>TOTAL ASSETS</b>	<u><u>643,916</u></u>	<u><u>567,240</u></u>



## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2021	2020
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
15	Share capital	11,000	11,000
	Retained earnings	109,143	217,733
	<b>Total equity</b>	<u>120,143</u>	<u>228,733</u>
	<b>Liabilities other than provisions</b>		
16	<b>Non-current liabilities other than provisions</b>		
	Freeze liability	22,762	22,902
		<u>22,762</u>	<u>22,902</u>
	<b>Current liabilities other than provisions</b>		
	Prepayments received from customers	20,664	16,987
	Trade payables	163,780	77,166
	Payables to group enterprises	171,926	125,848
	Other payables	84,278	82,571
	Deferred income	60,363	13,033
		<u>501,011</u>	<u>315,605</u>
	<b>Total liabilities other than provisions</b>	<u>523,773</u>	<u>338,507</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>643,916</u></u>	<u><u>567,240</u></u>

- 1 Accounting policies
- 2 Capital position
- 3 Recognition and measurement uncertainties
- 4 Events after the balance sheet date
- 17 Contractual obligations and contingencies, etc.
- 18 Contingent assets
- 19 Related parties
- 20 Fee to the auditors appointed by the Company in general meeting
- 21 Appropriation of profit/loss

## Financial statements 1 January - 31 December

### Statement of changes in equity

Note	DKK'000	Share capital	Retained earnings	Total
	Equity at 1 January 2020	11,000	266,856	277,856
	Addition from merger	0	148,481	148,481
21	Transfer, see "Appropriation of profit/loss"	0	-347,604	-347,604
	Contribution from group	0	150,000	150,000
	<b>Equity at 1 January 2021</b>	<b>11,000</b>	<b>217,733</b>	<b>228,733</b>
21	Transfer, see "Appropriation of profit/loss"	0	-108,590	-108,590
	<b>Equity at 31 December 2021</b>	<b>11,000</b>	<b>109,143</b>	<b>120,143</b>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Scandic Hotel A/S for 2021 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.

#### 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).

#### Intra-group business combinations

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. This vertical merger has been treated according to the pooling of interest method, by which the companies have been combined to the revaluation value measured at the time of parent company's acquisition of shares in the subsidiary, and comparative figures have been restated. Consequently the equity at 1 January 2020 has increased with 148 mDKK.

#### 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 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 intangible assets and 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.

##### 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.

##### 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. Impairment losses on goodwill are not reversed.

##### 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.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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".

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### *Grants 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 ratios**

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines.

#### 2 Capital position

The Company has received a financial support letter from the parent company Scandic Hotels AB which will ensure that the Company's capital position is sufficient, taking into account the planned activities and expected capital needs. The financial support declaration covers until 30 June 2023.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 3 Recognition and measurement uncertainties

##### Impairment of assets:

On the basis of the result for 2021, 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:

Scandic Hotels A/S has applied for the Covid 19 scheme for compensation of salaries. The company has received TDKK 44,965 in compensation of which only TDKK 41,265 has been recognised as income as uncertainties exists whether all employees fullfill the criterias for receiving the compensation. The remaining amount TDKK 3,700 has been recognised in short term debt.

Scandic Hotels A/S has applied for the Covid 19 schemes for compensation of fixed cost. The company has received TDKK 148,462 in compensation of which only TDKK 127,582 has been recognised as income as uncertainties exists whether all costs fullfill the criterias for receiving the compensation. The remaining amount TDKK 20,880 has been recognised in short term debt.

For the received Covid-19 compensations in 2020 and 2021 the control from the Autorithies has not yet been finalised. In total TDKK 33,580 of the received Covid-19 compensations in 2020 and 2021 has not been recognised as income and is recognised in short term debt due to uncertainties whether all employees and fixed costs fullfill the criterias for the receiving the compensations in each of the Covid-19 compensation schemes.

#### 4 Events after the balance sheet date

After the end of the financial year, the COVID-19 crisis has continued. The effect of this cannot be finally determined at this time.

To strengthen the capital structure and liquidity postion, Scandic Hotel A/S has continued the comprehensive sets of initiatives to significant cost saving and cash flow management measures from 2021. In addition the Company applies on an ongoing basis the Danish State for compensation for fixed costs and compensation for salary.

In 2022 Scandic has applied for compensation for fixed costs for the period 1 December 2021 - 28 February 2022 and for salary compensation for the period 1 January - 15 February 2022. The applications has not yet been approved by the Danish Authorities. If the applications are approved in full by the Danish Authorities the grants amount to approximately DKK 15 million.



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 5 Special items

The Company's 2020 results are negatively affected by DKK 114,449 million due to impairment of the intangible assets acquired in the intra-group merger. The amount is recognised in the line item "depreciation".

DKK'000	2021	2020
<b>Income</b>		
Compensation for fixed costs 9/3 - 8/6 2020	0	82,500
Compensation for fixed costs 9/6 - 8/7 2020	0	27,500
Compensation for fixed costs 9/7 - 31/8 2020	0	18,789
Compensation for fixed costs 9/12 2020 - 28/2 2021	99,453	0
Compensation for salary costs	41,265	66,240
Compensation for fixed costs 1/3 2021 - 30/6 2021	28,129	0
	<u>168,847</u>	<u>195,029</u>

Special items are recognised in the below items of the financial statements

	<u>168,847</u>	<u>195,029</u>
<b>Other operating income</b>	<u>168,847</u>	<u>195,029</u>

#### 6 Segment information

Breakdown of revenue by business segment:

Hotel and conference	546,310	379,739
Restaurants (food and beverage)	237,728	153,745
Other	25,900	12,803
	<u>809,938</u>	<u>546,287</u>

Breakdown of revenue by geographical segment:

Revenue, Denmark	<u>809,938</u>	<u>546,287</u>
	<u>809,938</u>	<u>546,287</u>

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.

#### 7 Other operating income

Management fee	6,225	3,379
Covid-19 compensations	168,847	195,029
	<u>175,072</u>	<u>198,408</u>

#### 8 Staff costs

Wages/salaries	364,333	362,721
Pensions	30,028	30,253
Other social security costs	3,978	-525
	<u>398,339</u>	<u>392,449</u>

Average number of full-time employees	<u>990</u>	<u>988</u>
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## Financial statements 1 January - 31 December

### Notes to the financial statements

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.

DKK'000	2021	2020		
<b>9 Depreciation and impairment of intangible assets and property, plant and equipment</b>				
Impairment of intangible assets	0	114,449		
Depreciation of property, plant and equipment	63,927	63,356		
	<u>63,927</u>	<u>177,805</u>		
<b>10 Financial income</b>				
Other financial income	42	1,128		
	<u>42</u>	<u>1,128</u>		
<b>11 Financial expenses</b>				
Interest expenses, group entities	9,800	3,784		
Other financial expenses	898	4,744		
	<u>10,698</u>	<u>8,528</u>		
<b>12 Property, plant and equipment</b>				
DKK'000	Buildings	Fixtures and fittings, other plant and equipment	Fixtures and fittings, other plant and equipment under construction	Total
Cost at 1 January 2021	7,397	1,029,437	68,365	1,105,199
Additions	0	57,358	64,834	122,192
Disposals	-7,397	-127	0	-7,524
Cost at 31 December 2021	<u>0</u>	<u>1,086,668</u>	<u>133,199</u>	<u>1,219,867</u>
Impairment losses and depreciation at 1 January 2021	7,397	673,487	0	680,884
Depreciation	0	63,927	0	63,927
Reversal of accumulated depreciation and impairment of assets disposed	-7,397	-26	0	-7,423
Impairment losses and depreciation at 31 December 2021	<u>0</u>	<u>737,388</u>	<u>0</u>	<u>737,388</u>
<b>Carrying amount at 31 December 2021</b>	<u>0</u>	<u>349,280</u>	<u>133,199</u>	<u>482,479</u>
Depreciated over	<u>15 years</u>	<u>3-15 years</u>		

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 13 Investments

DKK'000	Deposits
Cost at 1 January 2021	15,185
Cost at 31 December 2021	15,185
<b>Carrying amount at 31 December 2021</b>	<b>15,185</b>

#### 14 Deferred tax assets

At 31 December 2021 the Company has an unrecognised tax asset. The basis for the calculation of the unrecognised tax asset is DKK 555 millions (2020: DKK 447 millions), whereof DKK 95 million is recognised in the balance sheet as of 31 December 2021 corresponding to a tax value of DKK 21 million. The tax asset recognised is expected to be utilized within a period of 3-5 years.

DKK'000	2021	2020
<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
	11,000	11,000

#### 16 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2021	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Freeze liability	22,762	0	22,762	22,762
	22,762	0	22,762	22,762

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

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

##### Other contingent liabilities

DKK'000	2021	2020
Rent and lease obligations, within 1 year	270,685	206,814
Rent and lease obligations, between 1 and 5 years	1,098,191	950,590
Rent and lease obligations, after 5 years	2,951,366	2,527,936
	4,320,242	3,685,340

The above figures includes operating leases with differing terms which have been entered into concerning operating equipment. Annual payments currently amounts to approx. DKK 8 million.

Rental obligations concerning properties have been entered into with lease payments being partly fixed and partly based on revenue. The lease agreements have differing terms up to 20 years. Annual payments amounts to approx. DKK 261 million.

In 2022-2025 there will be added 1.082 rooms at 3 new hotels (2 hotels in Copenhagen and 1 hotel in Aarhus) to the portfolio for Scandic Hotel A/S. The rental agreements regarding these hotels are not yet in force, and consequently the lease obligations are not disclosed.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 18 Contingent assets

The company has applied for compensation for the period 1 December 2021 - 28 February 2022. The application has not yet been approved by the Danish Authorities and it is uncertain whether all conditions for receiving the grant is fulfilled. If the application is approved in full by the Danish Authorities the grant amount to approximately DKK 7 million.

#### 19 Related parties

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

##### Parties exercising control

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
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

<u>Parent</u>	<u>Domicile</u>
Scandic Hotels Group AB	P.O BOX 6197 SE-102 33, Sveavägen 167, Stockholm, Sweden

#### 20 Fee to the auditors appointed by the Company 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>2021</u>	<u>2020</u>
<b>21 Appropriation of profit/loss</b>		
Recommended appropriation of profit/loss		
Retained earnings/accumulated loss	<u>-108,590</u>	<u>-347,604</u>
	<u>-108,590</u>	<u>-347,604</u>

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## Søren Faerber

### Direktionsmedlem

On behalf of: Scandic Hotel A/S

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2022-04-11 09:44:47 UTC

NEM ID 

## Søren Faerber

### Bestyrelsesmedlem

On behalf of: Scandic Hotel A/S

Serial number: PID:9208-2002-2-804872155004

IP: 2.131.xxx.xxx

2022-04-11 09:44:47 UTC

NEM ID 

## Tonny Poulsen

### Bestyrelsesmedlem

On behalf of: Scandic Hotel

Serial number: CVR:12596774-RID:23094838

IP: 83.241.xxx.xxx

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NEM ID 

## JENS MATHIESEN

### Bestyrelsesformand

Serial number: 19690110xxxx

IP: 88.18.xxx.xxx

2022-04-11 11:04:49 UTC



## ÅSA VIRÉN LINDER

### Bestyrelsesmedlem

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IP: 94.234.xxx.xxx

2022-04-11 16:04:14 UTC



## Leif Ulbæk Jensen

### Statsautoriseret revisor

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## Søren Faerber

### Dirigent

On behalf of: Scandic Hotel A/S

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