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COMPENSATION REPORT

Introduction

At the 2020 Annual General Meeting, Scandic's guidelines for compensation to senior executives were adopted. These guidelines remained unchanged in 2023. In accordance with the EU Shareholder Rights Directive, renewed guidelines will be presented and resolved upon at the AGM in 2024, at which time they will have been applicable for four years.

This Compensation Report describes how these guidelines have been implemented. It also provides information on compensation to the CEO and a summary of the company's share-based incentive program. The report has been prepared in accordance

The CEO's total compensation in 2023 (SEK)

Jens Mathiesen, CEO	
Fixed compensation	
Base salary	8,700,000
Fringe benefits	322,066
Variable compensation	
One-year variable ¹⁾	8,700,000
Multi-year variable ²⁾	5,467,728
Extraordinary compensation	0
Pension costs	3,045,000
Total compensation	26,234,794
Proportion of fixed ³⁾ and variable ⁴⁾ compensation	46% / 54%

¹⁾ Short-term incentive programs (STI).

²⁾ Book value of rights allotted in Long-Term Incentive Programs LTIP 2022 and LTIP 2023 and a retention bonus for a three-year period.

³⁾ Fixed = fixed compensation + pension expense.

⁴⁾ Variable = variable compensation + extraordinary compensation.

with the Swedish Companies Act and the Swedish Corporate Governance Board's Rules on Remuneration of the Board and Executive Management and on Incentive Programmes.

Further information on compensation to senior executives can be found in Note 05 on pages 92–94. Information about the work of the Compensation Committee in 2023 is described in the Corporate Governance Report on pages 68–77.

Compensation to the Board of Directors is not included in this report. This compensation is decided annually by the AGM and is reported in Note 05 on page 92–94 in Scandic's Annual & Sustainability Report 2023.

2023 in brief

The CEO summarizes Scandic's financial year in his CEO statement on page 6–7.

Compensation guidelines:

Scope, purpose and compliance

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

Share-based incentive program (CEO)	LTIP 2023	LTIP 2022
Jens Mathiesen, CEO		
THE MAIN CONDITIONS OF SHARE-BASED INCENTIVE PROGRAMS		
Specification of plan	LTIP 2023	LTIP 2022
Performance period	2023–2025	2022–2024
Award date	June 1, 2023	June 20, 2022
End of program period	April 27, 2026	April 27, 2025
End of holding period	April 27, 2026	April 27, 2025
INFORMATION REGARDING THE REPORTED FINANCIAL YEAR		
Opening balance		
Rights vested at the beginning of the year	181,083	146,325
During the year		
Rights vested	0	0
Shares awarded	0	0
Closing balance		
Rights subject to performance criteria	181,083	146,325
Rights vested but not transferred	0	0
Shares subject to a holding period	0	0

The guidelines for compensation to senior executives are available on Scandic's website.

In 2022, the Board resolved to pay the CEO a retention plan, which is described below. The book value of the retention plan for 2023 amounts to 3,944,496 SEK. As a result of the value of the retention plan, the variable compensation for 2023 amounts to 162.8 percent of the fixed annual compensation. As the compensation guidelines for

senior executives states that variable compensation should maximum reach 100 percent of the fixed annual salary, the CEO's variable compensation for 2023 deviates from the guidelines. 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 Scandic's website.



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Retention plan

In 2022, the Board resolved to pay the CEO variable remuneration in the form of a retention bonus over a three-year period that will be paid to the CEO in 2025, provided he remains employed within the company. This was based on the Board's assessment that it is business-critical for the company to ensure that the current CEO continues to lead Scandic during this period.

Share-based compensation

The goal of long-term incentive programs is to create long-term commitment at Scandic, to attract and retain senior executives and other key personnel and to ensure the shareholder perspective.

Long-term incentive programs constitute a supplement to fixed and variable salary, with participants nominated based on skills and performance. The outcome depends on whether certain predetermined performance requirements are met. These requirements are set to ensure long-term and sustainable value creation for Scandic's stakeholder groups.

Outstanding share-based incentive programs

From the IPO in 2015 until 2019, the AGM resolved every year to launch a share-based Long-Term Incentive Program (LTIP). In 2020 and 2021, no LTIPs were launched.

In 2022 and 2023, new programs were launched, LTIP 2022 and LTIP 2023 respectively, which allow participants to receive a number of performance shares, free of charge, depending on the degree of fulfillment of certain performance criteria determined by the Board related to the total return on the company's shares (TSR). Performance shares will be allotted after the end of a vesting period until the date of publication of Scandic's interim report for the first quarters of 2025 and 2026 respectively.

The current CEO has been allotted 146,325 rights in the LTIP 2022 and 181,083 rights in the LTIP 2023. These have been allotted free of charge and are conditional to three-year vesting periods and the CEO's continued permanent employment in the company.

Application of performance criteria

In 2023, a general short-term incentive program (STI) was launched with performance criteria linked to the company's financial results, guest experience as well as leadership and commitment. The criteria, target levels and assessment scales were prepared by the Compensation Committee and decided by the Board.

Information on changes in compensation and company performance

	2023	2023–2022	2022–2021	2021–2020	2020–2019	2019–2018
The CEO's compensation, thousand SEK ¹⁾	26,234,794	8,317 (46.42%)	7,677 (74.97%)	-1,058 (-9.4%)	-73 (-0.6%)	3,280 (40.5%)
Adjusted EBITDA for the Group, million SEK	2,566	30 (1.18%)	2,530 (42166.67%)	1,509 (100.4%)	-3,549 (-173.5%)	89 (4.5%)
Profit/loss for the year, Group, million SEK	569	141 (32.9%)	2,107 (125.5%)	4,272 (71.78)	-6,676 (-920.8%)	47 (6.9%)
Average compensation on a full-time equivalent basis of employees, entire Group, thousand SEK	516	102.3 (24.71)	-33.9 (-7.58%)	-39.1 (-8.0%)	46.6 (10.6%)	9 (2.0%)

¹⁾ The CEO's compensation includes share-related compensation equal to the value of the shares allotted each year, respectively.