Scandic

The leading hotel company in the Nordics

January - March 2021

WELL PREPARED FOR A RECOVERY

FIRST QUARTER IN SUMMARY

- Net sales decreased by 72 percent to 930 MSEK (3,343).
- Average occupancy dropped to 17.5 percent during the quarter. Levels of activity were particularly low in the larger cities.
- In all countries, continued restrictions from authorities to reduce the spread of the coronavirus had a strong negative effect on the hotel market.
- Adjusted EBITDA was -775 MSEK (-174). Results for the quarter were impacted positively by state aid of 247 MSEK and rent discounts of approximately 143 MSEK.
- Excluding IFRS 16, earnings per share amounted to -4.90 SEK (-37.63).
- On March 26, Scandic carried out an offering of convertible bonds, which raised 1,609 MSEK in gross proceeds.
- Agreement to extend existing credit facilities of 6,650 MSEK until December 31, 2023.
- Scandic Arlandastad, a 150-room hotel, opened in January.

EVENTS AFTER THE REPORTING DATE

- The Extraordinary General Meeting held on April 21 passed the Board of Directors' resolution to issue convertible bonds.
- On April 14, Scandic announced that it had recruited Fredrik Wetterlundh as Chief Human Resources Officer. Fredrik will start in August.
- In April, Scandic Grand Central opened in Helsinki.

GROUP KEY RATIOS

MSEK	Jan-Mar 2021	Jan-Mar 2020	% change	Jan-Dec 2020	Apr-Mar 2020/2021
Financial key ratios					
Net sales	930	3,343	-72.2%	7,470	5,057
Adjusted EBITDA	-775	-174	345.4%	-1,503	-2,104
Adjusted EBITDA margin, %	-83.4	-5.2		-20.1	-41.6
EBIT (Operating profit/loss)	-919	-3,329	-72.4%	-4,800	-2,388
Net profit/loss for the period	-1,080	-3,927	-72.5%	-5,951	-3,104
Net profit/loss for the period excl. IFRS 16	-937	-3,876	-75.8%	-5,739	-2,800
Earnings per share, SEK	-5.65	-38.14	-0.85	-40.02	-16.21
Earnings per share, SEK, excl. IFRS 16	-4.90	-37.63	-87.0%	-38.62	-14.64
Net debt	5,768	4,250		4,714	
Net debt/Adjusted EBITDA, LTM	neg	2.5		neg	
Hotel-related key ratios					
RevPAR (SEK)	147	474	-69.0%	271	-56
ARR (Average Room Rate), SEK	841	1,043	-19.4%	945	945
OCC (Occupancy), %	17.5	45.5		28.7	28.7
Total number of rooms on reporting date	52,938	53,071		53,003	52,938

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CEO'S COMMENTS

Recovery is expected to begin shortly

Another quarter significantly impacted by the pandemic

As expected, occupancy remained low during the quarter. Above all, demand in the big cities was affected by the lack of business travelers combined with an almost non-existent range of entertainment where, among other things, restaurants were closed or had limited hours of operation.

Leisure travel to drive recovery

We expect a recovery driven by domestic leisure travelers, when restrictions now are eased as vaccinations reduce infection rates. Just as a year ago, customers are still making decisions at the last minute, with bookings largely taking place in conjunction with announcements of easing of restrictions. Last year, occupancy increased from an extremely low level in April to just over 40 percent in July, and we expect a similar pattern this year. This summer, however, occupancy is expected to be higher than last year, driven by better demand in the big cities. At the beginning of April, occupancy was at about the same level as during the first quarter, but it has since increased slightly and was around 22 percent in the last week. We expect a significant positive effect on demand as the restrictions are eased.

"We expect a recovery driven by domestic leisure travelers"

Scandic has developed a hotel offering for broad target groups, which makes us well positioned for recovery. In the years before the pandemic, we saw clear structural growth in leisure travel. We are convinced that this trend will continue when the market stabilizes, and we have a high focus on further adapting our customer offering to it.

Business travel is expected to change to some extent in the future with a higher proportion of digital meetings, and we recently launched hybrid meetings to address this trend. We are seeing a pent-up demand for meetings this autumn among our customers to re-establish relationships within their own organizations and with their customers after a year where many people have been working from home. Although we are naturally affected by any change in meeting behavior, we believe that a relatively large share of domestic business travel will return to pre-pandemic levels. This applies not least for accommodations related to local infrastructure, construction and renovation projects and our leading position as a supplier of accommodations for sports groups.

"Clear structural growth within the leisure segment"

Extended financing

At the end of March, we carried out an offering of convertible bonds at the same time as we reached agreements with our lenders to extend existing credit facilities until the end of 2023. These measures are expected to cover Scandic's liquidity needs until the market has normalized and Scandic has a positive cash flow.

Greater potential for long-term profitability

Scandic has a strong market position with a well-known and established brand and high customer satisfaction. With a sharply reduced cost level and an efficient operational model, we have the prerequisites for achieving good margins when the market recovers. Given the limited near-term visibility in the market, Scandic will on June 15 publish an update on market conditions.

"Sharply reduced cost level and an efficient operating model"

Jens Mathiesen
President & CEO

NORDIC HOTEL MARKET DEVELOPMENT IN THE QUARTER

Continued weak markets

During the first quarter, both the average occupancy rate and average revenue per available room (RevPAR) weakened slightly in Scandic's markets compared with the previous quarter. In all countries, restrictions introduced by the authorities to reduce the spread of the coronavirus continued to have a strong negative effect on the hotel market.

For the quarter as a whole, the average occupancy rate was between 19 and 22 percent in Sweden, Norway and Finland and about 12 percent in Denmark. During the corresponding period last year, the average occupancy rate was between 44 and 48 percent after a sharp fall in March due to the outbreak of the Covid-19 pandemic.

January was the weakest month of the quarter as occupancy was only between 10 and 18 percent. The level of activity in Germany was also very low due to extensive restrictions.

RevPAR fell by between 60 and 78 percent in the Nordic countries during the first quarter compared with the corresponding period in 2020, with Denmark the market most impacted by restrictions.

Historically low levels in big cities

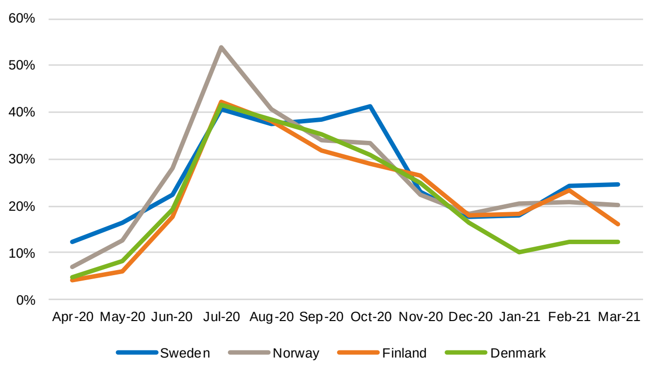
Just as during the previous quarter, there have been significant differences in occupancy between different destinations. In a few smaller towns, activity levels have been comparatively good with demand driven by specific industrial and engineering projects.

During the first quarter, the market's occupancy rate was 18 percent in Stockholm and only between 10 and 12 percent in Oslo, Helsinki and Copenhagen. Market RevPAR dropped by between 71 and 83 percent in the capitals during the first quarter.

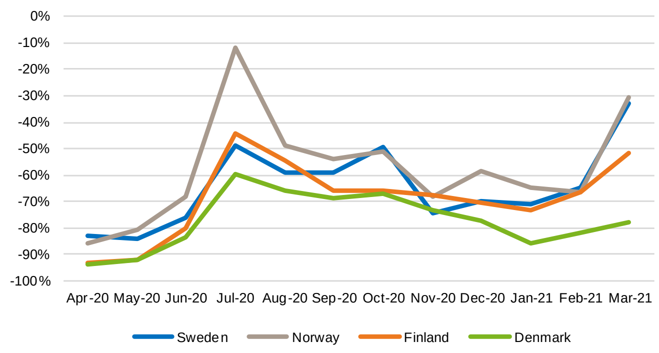
Certain improvement at the end of April

Occupancy was at the beginning of April at about the same level as the first quarter but has since increased slightly and has the last week been around 22 percent. For the whole of April, we estimate that occupancy will amount to 20 percent.

MARKET OCCUPANCY APRIL 2020 - MARCH 2021



REVPAR DEVELOPMENT APRIL 2020 - MARCH 2021



Source: Benchmarking Alliance

HOTEL PORTFOLIO

Existing hotel portfolio

At the end of the period, Scandic had a total of 52,938 rooms in operation at 265 hotels, of which 241 had lease agreements.

During the quarter, Scandic Arlandastad, a 150-room hotel, Sweden and the 128-room franchise hotel Scandic Sortland in Norway opened. Scandic Holmenkollen Park in Norway, which has 343 rooms, has been closed for a complete renovation. In total, the number of rooms in operation decreased by 65 during the quarter.

Of Scandic's total portfolio of leased hotels, 23 percent of the number of rooms expire until the end of 2025, of which 14 percent until the end of 2022.

Portfolio changes	Number of rooms
Opening balance January 1, 2021	
Lease agreements	49,774
Franchise, management & other	3,229
Total	**53,003**
Change in lease agreements	**-126**
Change in other operating models	**61**
Total change during the quarter	**-65**
Closing balance March 31, 2021	
Lease agreements	49,648
Franchise, management & other	3,290
Total	**52,938**

Number of hotels in operation & pipeline

	Operational on Mar 31, 2021				Pipeline on Mar 31, 2021	
	Hotels	of which with Lease contracts	Rooms	of which with Lease contracts	Hotels	Rooms
Sweden	85	79	17,695	16,903	4	1,189
Norway	87	70	16,478	14,190	0	206
Finland	60	60	12,092	12,092	3	1,113
Denmark	27	26	4,955	4,745	4	1,574
Other Europe	6	6	1,718	1,718	2	739
Total	**265**	**241**	**52,938**	**49,648**	**13**	**4,821**
Change during the quarter	*0*	*0*	*-65*	*-126*	*-1*	*-1*

High-quality pipeline

At the end of the period, Scandic's pipeline comprised 13 hotels with 4,821 rooms, corresponding to about 9 percent of the current portfolio. The number of rooms in the pipeline remained largely unchanged from the previous quarter.

Four of the hotels in the pipeline had planned to open in 2021, three of which during the second quarter. Of these, Scandic Grand Central in Helsinki (491 rooms) opened in April, while Scandic Landvetter in Gothenburg (233 rooms) and Scandic Strandpark in Copenhagen (357 rooms) are expected to open in May. Due to the prevailing market situation, the planned opening of Scandic Spectrum in Copenhagen has been postponed from the fourth quarter 2021 to March 2022. It is possible that further hotel openings will be postponed and that there may be reconfigurations of hotels that are further ahead in the pipeline. Investments in the pipeline are expected to be 800-900 MSEK between 2021 and 2024.

SALES AND ADJUSTED EBITDA

Group

	Jan-Mar 2021	Jan-Mar 2020	%
Net sales (MSEK)	**930**	**3,343**	**-72.2%**
Currency effects	-27		-0.8%
Organic growth	-2,387		-71.4%
New hotels	*18*		*0.5%*
Exits	*-70*		*-2.1%*
LFL	*-2,336*		*-69.9%*
Adjusted EBITDA	**-775**	**-174**	**345.4%**
% margin	-83.4%	-5.2%	
RevPAR (SEK)	**147**	**474**	**-69.0%**
Currency effects	-4		-0.8%
New hotels/exits	4		0.7%
LFL	-327		-68.9%

First quarter

Net sales fell by 72.2 percent to 930 MSEK (3,343). Currency effects impacted net sales negatively by 0.8 percent.

Organic sales growth, i.e. excluding currency effects and acquisitions, amounted to -71.4 percent. Net sales for comparable units dropped by 69.9 percent. Sales were affected negatively by Covid-19 in all countries.

Average Revenue Per Available Room (RevPAR) dropped by 69.0 percent compared with the previous year. RevPAR for comparable units decreased by 68.9 percent.

Revenue from restaurant and conference operations fell by 78.8 percent and the share of total net sales decreased to 26.1 percent (34.3). Due to government restrictions, restaurants operated with limited opening hours during the quarter. Revenue from conferences also remained at a very low level due to restrictions limiting the number of meeting participants.

Rental costs excluding IFRS 16 fell to 575 MSEK (1,031). The sharp decrease in net sales meant that for nearly all hotels, only fixed and guaranteed rent was paid. During the quarter, negotiated rent discounts of 143 MSEK were received, which reduced the fixed and guaranteed rents. Rental costs were reduced by approximately 145 MSEK due to state aid.

Results for central functions increased to -75 MSEK (-107). Personnel costs were reduced due to terminations.

Adjusted EBITDA dropped to -775 MSEK (-174). Operating expenses, excluding rental expenses, decreased in the quarter by 1,296 MSEK or 53.3 percent excluding currency effects compared with the corresponding quarter last year.

Adjusted EBITDA includes state aid received during the quarter and different forms of furlough subsidies were received to a varying degree in all countries. Direct state aid excluding furlough subsidies was 247 MSEK in the first quarter, of which 145 MSEK was state aid for rental costs.

Segment reporting

Quarterly, Jan-Mar	Net sales		Adjusted EBITDA		Adjusted EBITDA margin	
MSEK	2021	2020	2021	2020	2021	2020
Sweden	319	1,154	-214	1	-67.1%	0.1%
Norway	319	888	-74	-64	-23.2%	-7.2%
Finland	209	833	-217	36	-104.0%	4.3%
Other Europe	83	468	-194	-40	-233.7%	-8.5%
Central costs and Group adjustments	-	-	-75	-107	-	-
Total Group	**930**	**3,343**	**-775**	**-174**	**-83.4%**	**-5.2%**

EFFECT OF IFRS 16

As of January 1, 2019, the Group applies IFRS 16 Leases. The accounting principle means that lease agreements with fixed or minimum rent are recognized in the balance sheet as a right-of-use asset and a lease liability. IFRS 16 has a substantial impact on Scandic's income statement and balance sheet. Reported EBITDA has increased significantly as the cost of leases has fallen while depreciation of right-of-use assets and interest expenses for the lease liability has increased.

In connection with agreements for rent reductions, in some cases, leases have been extended. These extensions have impacted net results mainly for the years 2021 and 2020 and will postpone the date on which the negative effect of IFRS 16 on net results is expected to cease. With the portfolio of leasing agreements that existed at the end of the first quarter of 2021, net profit after tax for 2021 is estimated to be negatively affected by approximately 560 MSEK. The estimated negative effect on the net profit has increased since last projection, mainly as a consequence of the effect of temporary rent reductions.

With an unchanged portfolio of lease agreements and unchanged assumptions, the negative effect on results is expected to diminish over time and affect the net result positively from 2027. This is because interest expenses for the lease debt decrease over time as the debt is constantly amortized.

The definition of adjusted EBITDA has not changed and excludes the effect of leases. The table below shows the bridge between the income statement excluding the effect of finance leases to the reported income statement according to IFRS.

Summary of the effects of IFRS 16

	Jan-Mar 2021			Jan-Mar 2020
	Excl. effect IFRS 16	Effect IFRS 16	Reported	Reported
Total operating income	**930**	**0**	**930**	**3,343**
EBITDAR	**-199**	**0**	**-199**	**857**
Total rental charges	-575	685	110	-205
Adjusted EBITDA	**-775**			
Pre-opening costs	-23	0	-23	-26
Items affecting comparability	-16	0	-16	-184
EBITDA	**-814**	**685**	**-129**	**442**
Depreciation, amortization and impairment losses	-214	-575	-790	-3,771
EBIT	**-1,028**	**109**	**-919**	**-3,329**
Net financial items	-69	-289	-359	-315
EBT (Profit before tax)	**-1,097**	**-180**	**-1,277**	**-3,644**
Tax	160	37	197	-283
Profit/loss for the period	**-937**	**-144**	**-1,080**	**-3,927**
Earnings per share, SEK	-4.90	-0.75	-5.65	-38.14

Q1

Result excluding effect of finance leases

	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020	Apr-Mar 2020/2021
Total operating income	**930**	**3,343**	**7,470**	**5,057**
EBITDAR	**-199**	**857**	**1,619**	**563**
Total rental charges	-575	-1,031	-3,121	-2,665
Adjusted EBITDA	**-775**	**-174**	**-1,503**	**-2,104**
Pre-opening costs	-23	-26	-32	-29
Items affecting comparability	-16	-184	-269	-101
EBITDA	**-814**	**-384**	**-1,804**	**-2,234**
Depreciation, amortization and impairment losses	-214	-3,166	-3,761	-809
EBIT	**-1,028**	**-3,550**	**-5,565**	**-3,042**
Net financial items	-69	-29	-245	-285
EBT (Profit before tax)	**-1,097**	**-3,579**	**-5,810**	**-3,328**
Tax	160	-296	71	528
Profit/loss for the period	**-937**	**-3,876**	**-5,739**	**-2,800**
Earnings per share, SEK	-4.90	-37.63	-38.62	-14.64

REPORTED RESULT

First quarter

EBITDA was -129 MSEK (442) and -814 MSEK (-384) excluding IFRS 16. EBITDA included pre-opening costs for new hotels of -23 MSEK (-26). Items affecting comparability amounted to -16 MSEK (-184) and primarily referred to costs related to the reduction of the number of employees in Norway and Denmark.

EBIT was -919 MSEK (-3,329) and -1,028 MSEK (-3,550) excluding IFRS 16. The comparative period, the first quarter of 2020, is affected by the write-down of intangible assets of 2,955 MSEK. Depreciation and amortization totaled -790 MSEK (-816). Excluding IFRS 16, depreciation and amortization amounted to -214 MSEK (-211).

The Group's net financial expense was -359 MSEK (-315) and -69 MSEK (-29) excluding IFRS 16. The interest expense, excluding IFRS 16, was -71 MSEK (-25) and was affected negatively by the increased indebtedness and higher interest rate margin.

The loss before tax was -1,277 MSEK (-3,644) and -1,096 MSEK (-3,579) excluding IFRS 16.

Reported tax amounted to 197 MSEK (-283).

Net profit/loss amounted to -1,080 MSEK (-3,927). Excluding IFRS 16, the net loss amounted to -937 MSEK (-3,876).

Earnings per share after dilution amounted to -5.65 SEK (-38.14) per share and -4.90 SEK (-37.63) excluding IFRS 16.

Earnings per share

	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020	Apr-Mar 2020/2021
Earnings per share, SEK	**-5,65**	**-38,14**	**-40,02**	**-16,21**
Effect IFRS 16	0,75	0,51	1,40	1,57
Earnings per share, SEK, excl. IFRS 16	**-4,90**	**-37,63**	**-38,62**	**-14,64**

CASH FLOW & FINANCIAL POSITION

Operating cash flow excluding IFRS 16 for the first quarter was -895 MSEK (-501), which was impacted by negative effects of Covid-19 on Scandic's operations. The cash flow contribution from the change in working capital amounted to -4 MSEK (-24). Working capital was affected positively by a temporary repayment of approximately 200 MSEK in VAT and social security contributions from the Swedish Tax Agency.

Paid tax amounted to -50 MSEK (-81) and relates to payment of 2019 year's taxes in Sweden.

Net investments totaled -85 MSEK (-239), of which hotel renovations accounted for -18 MSEK (-182) and IT for -3 MSEK (-23). Investments in new hotels and increased room capacity totaled -64 MSEK (-34). The rate of investment fell after the second quarter 2020 and has since then only encompassed the completion of investments that were already contracted.

In total, free cash flow fell to -980 MSEK (-740).

Operating cash flow

MSEK	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020	Apr-Mar 2020/2021
Adjusted EBITDA	-775	-174	-1,503	-2,104
Pre-opening costs	-23	-26	-32	-29
Non-recurring items	-16	-184	-269	-101
Adjustments for non-cash items	1	6	39	34
Paid tax	-50	-81	-54	-23
Change in working capital	-4	-24	-221	-201
Interest paid, credit institutions	-28	-18	-148	-158
Cash flow from operations	**-895**	**-501**	**-2,188**	**-2,582**
Investments in hotel renovations	-18	-182	-414	-250
Investments in IT	-3	-23	-35	-15
Free cash flow before investments in expansions	**-917**	**-706**	**-2,637**	**-2,848**
Investments in new capacity	-64	-34	-302	-332
Free cash flow	**-980**	**-740**	**-2,939**	**-3,179**
Rights issue	-	-	1,701	1,701
Other items in financing activities	-	-	-75	-75
Subscription rights	-	-	17	17
Transaction costs expensed	-6	-3	-4	-7
Exchange difference in net debt	-66	-10	84	28
Change net debt	**-1,053**	**-753**	**-1,217**	**-1,516**

The balance sheet total on March 31, 2021 was 41,818 MSEK compared with 38,283 MSEK on December 31, 2020.

Interest-bearing net liabilities, excluding lease liabilities, increased by 1,053 MSEK during the year to 5,768 MSEK.

Total agreed credit facilities including credit commitments amounted to 6,650 MSEK at the end of March 2021. Loans from credit institutions totaled 5,549 MSEK, commercial papers amounted to 226 MSEK and cash and cash equivalents totaled 8 MSEK. Total available liquidity was approximately 850 MSEK.

Liabilities to landlords fell in the first quarter 2020 from approximately 120 MSEK to about 70 MSEK due to offsetting liabilities against rent rebates and too high preliminary advance payments. The liability for the payment respite for VAT and social security contributions amounted to approximately 440 MSEK. The payment respite has been extended until the first half-year 2022.

SEGMENT REPORTING

Sweden

	Jan-Mar 2021	Jan-Mar 2020	%
Net sales (MSEK)	**319**	**1,154**	**-72.3%**
Organic growth	-834		-72.3%
New hotels	*1*		*0.1%*
Exits	*0*		*-*
LFL	*-835*		*-72.4%*
Adjusted EBITDA	**-214**	**1**	**-21331.42%**
% margin	-67.1%	0.1%	
RevPAR (SEK)	**159**	**494**	**-67.7%**
New hotels/exits	-1		-0.1%
LFL	-334		-67.6%
ARR (SEK)	801	1,031	-22.3%
OCC %	19.9%	47.9%	

First quarter

Net sales fell by 72.3 percent to 319 MSEK (1,154). For comparable units, net sales declined by 72.4 percent.

Average Revenue Per Available Room (RevPAR) decreased by 67.7 percent compared with the same quarter in the previous year. RevPAR for comparable units fell 67.6 percent.

Adjusted EBITDA dropped to -214 MSEK (1). Direct state aid excluding furlough subsidies reduced costs by 97 MSEK of which aid for rent amounted to 56 MSEK in the first quarter. Rental costs decreased by 179 MSEK to 184 MSEK.

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Norway

	Jan-Mar 2021	Jan-Mar 2020	%
Net sales (MSEK)	**319**	**888**	**-64.1%**
Currency effects	-11		-1.3%
Organic growth	-558		-62.8%
New hotels	*-1*		*-0.1%*
Exits	*-38*		*-4.3%*
LFL	*-519*		*-58.4%*
Adjusted EBITDA	**-74**	**-64**	**14.8%**
% margin	-23.2%	-7.2%	
RevPAR (SEK)	**176**	**415**	**-57.6%**
Currency effects	-6		-1.5%
New hotels/exits	5		1.2%
LFL	-238		-57.3%
ARR (SEK)	862	1,003	-14.1%
OCC %	20.4%	41.4%	

First quarter

Net sales fell by 64.1 percent to 319 MSEK (888). Net sales for comparable units decreased by 58.4 percent.

Changes in the hotel portfolio contributed -39 MSEK to net sales. Scandic Holmenkollen Park, had the largest negative impact, as it is closed for renovation during 2021.

Average Revenue Per Available Room (RevPAR) dropped by 57.6 percent compared with the same quarter the previous year. RevPAR for comparable units fell 57.3 percent.

Adjusted EBITDA dropped to -74 MSEK (-64). Direct state aid excluding furlough subsidies reduced costs by 124 MSEK of which aid for rent amounted to 74 MSEK in the first quarter. Rental costs decreased by 133 MSEK to 118 MSEK.

Finland

	Jan-Mar 2021	Jan-Mar 2020	%
Net sales (MSEK)	**209**	**833**	**-74.9%**
Currency effects	-11		-1.4%
Organic growth	-613		-73.5%
New hotels	*18*		*2.2%*
Exits	*-32*		*-3.8%*
LFL	*-600*		*-71.9%*
Adjusted EBITDA	**-217**	**36**	**-709.2%**
% margin	-104.0%	4.3%	
RevPAR (SEK)	**125**	**513**	**-75.7%**
Currency effects	-7		-1.3%
New hotels/exits	7		1.4%
LFL	-389		-75.8%
ARR (SEK)	890	1,093	-18.6%
OCC %	14.0%	46.9%	

First quarter

Net sales fell by 74.9 percent to 209 MSEK (833). Net sales for comparable units decreased by 71.9 percent.

New hotels/exits contributed -14 MSEK net. The quarter’s negative effect from exits during 2020, is partly offset toward effects from hotels that were closed due to renovations in 2020 but have opened up again in 2021.

Average Revenue Per Available Room (RevPAR) dropped by 75.7 percent compared with the same quarter during the previous year. RevPAR for comparable units dropped by 75.8 percent.

Adjusted EBITDA decreased to -217 MSEK (36). In Finland, the state provided aid to cover the cost of employees who were furloughed during the quarter. No direct state aid was received in the first quarter. Rental costs decreased by 80 MSEK to 172 MSEK.

Other Europe

	Jan-Mar 2021	Jan-Mar 2020	%
Net sales (MSEK)	**83**	**468**	**-82.3%**
Currency effects	-4		-0.9%
Organic growth	-382		-81.4%
New hotels	-		*0.0%*
Exits	-		
LFL	*-382*		*-81.4%*
Adjusted EBITDA	**-194**	**-40**	**386.7%**
% margin	-233.6%	-8.5%	
RevPAR (SEK)	**93**	**483**	**-80.7%**
Currency effects	-5		-1.0%
New hotels/exits	-		0.0%
LFL	-385		-79.7%
ARR (SEK)	827	1,059	-21.9%
OCC %	11.2%	45.6%	

First quarter

The Other Europe segment includes Scandic's operations in Denmark, Germany and Poland.

Net sales fell by 82.3 percent to 83 MSEK (468). Net sales for comparable units decreased by 81.4 percent.

Average Revenue Per Available Room (RevPAR) dropped by 80.7 percent compared with the same quarter the previous year. RevPAR for comparable units fell 79.7 percent.

Adjusted EBITDA fell to -194 MSEK (-40) including state aid. Direct state aid excluding furlough subsidies reduced costs by 26 MSEK of which aid for rent amounted to 15 MSEK in the first quarter. Rental costs decreased by 64 MSEK to 101 MSEK.

Central functions

Adjusted EBITDA for central functions was -75 MSEK (-107) during the quarter.

EMPLOYEES

The average number of employees was 4,521 on March 31, 2021 compared with 6,152 on December 31, 2020.

EVENTS AFTER REPORTING DATE

The Extraordinary General Meeting held on April 21 passed the Board of Directors' resolution to issue convertible bonds that are convertible into shares with a deviation from the shareholders' preferential rights.

On April 14, Scandic announced that Fredrik Wetterlundh had been recruited as Chief Human Resources Officer. Fredrik will start his position in August.

In April, Scandic Grand Central opened in Helsinki.

OUTLOOK

Scandic expects the hotel market to recover in 2021. As infection and death rates decrease due to vaccinations being carried out, restrictions are expected to be lifted which will make meetings, sports and cultural events possible again. Initially, Scandic estimates that demand will be driven by intra-Nordic travel, which normally accounts for just over 80 percent of Scandic's total guest nights. In the short term, demand will be entirely determined by the pace at which 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 50 percent. Scandic estimates that occupancy during the summer will be higher than it was during the corresponding period last year (42 percent in July 2020).

The completed convertible issue and extension of credit facilities are expected to cover Scandic's liquidity needs until the market has normalized and Scandic has a positive cash flow.

Even if it is still highly 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.

For April, occupancy is expected to be around 20 percent.

FINANCIAL TARGETS

At the beginning of 2016, Scandic adopted the following financial targets:

- Annual net sales growth of at least 5 percent on average over a business cycle, excluding potential M&As.
- An adjusted EBITDA margin of at least 11 percent on average over a business cycle.
- Net debt in relation to adjusted EBITDA of 2–3x.

PRESENTATION OF THE REPORT

The presentation of Scandic's Interim Report for Q1 will take place at 9:00 CET on April 28, 2021 with President & CEO Jens Mathiesen and CFO Jan Johansson available by phone at +46 8 505 58 353 in Sweden or +44 3333 009 260 in the UK.

Please call in five minutes before the start.

The presentation will also be available afterwards at scandichotelsgroup.com

FINANCIAL CALENDAR

2021-05-31	Annual General Meeting
2021-07-16	Interim Report Q2 2021 (silent period from June 15, 2021)
2021-10-28	Interim Report Q3 2021 (silent period from September 27, 2021)

FOR MORE INFORMATION

Jan Johansson
Chief Financial Officer
+46 70 575 89 72
jan.johansson@scandichotels.com

Henrik Vikström
Director Investor Relations
+46 70 952 80 06
henrik.vikstrom@scandichotels.com

SIGNIFICANT RISKS & UNCERTAINTY FACTORS

Scandic operates in a sector where demand for hotel nights and conferences is influenced by the underlying domestic development and purchasing power in the geographic markets in which Scandic does business as well as development in countries from which there is a significant amount of travel to Scandic's domestic markets. 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 increase the number of hotel nights.

Scandic's business model is based on lease agreements where approximately 90 percent of its hotels (based on the number of rooms) have variable revenue-based rents. This results in lower profit risks since revenue losses are partly offset by reduced rental costs. Scandic's other costs also include a high share of variable costs where above all, staffing flexibility is important to be able to adapt cost levels to variations in demand. This gives Scandic a flexible cost structure that helps lessen the effects of seasonal and economic fluctuations.

On March 31, 2021, Scandic's goodwill and intangible assets amounted to 6,858 MSEK

The recognized value relates mainly to operations in Sweden, Norway and Finland. A significant downturn in the hotel markets in these countries would affect expected cash flow negatively, and consequently, the value of goodwill and other intangible assets.

In view of the continued spread of Covid-19 and its impact on hotel operations, there is continued uncertainty

about the strength and timing of a recovery in demand and, consequently, how average room revenue (RevPAR) will develop during the next 12-month period. Combined with uncertainty about the outcome of ongoing negotiations regarding rent reductions and postponing contracted projects, this means that there continues to be a risk of negative cash flows and, consequently, potential difficulties in financing Scandic's business.

SENSITIVITY ANALYSIS

Scandic has a cost structure consisting of variable costs, which are affected by changes in volumes, and costs that are fixed in the short term, which are independent of changes in volume. Costs that are affected by changes in volume largely include sales commissions and other distribution costs, the cost of goods sold, sales-based rental charges, property-related costs (energy, water, etc.), payroll expenses for hotel employees without guaranteed working hours and the cost of certain services, such as laundry. Costs that are not affected by changes in volume largely consist of payroll expenses for hotel employees with guaranteed working hours, fixed and guaranteed rental costs and costs related to country and Group-wide functions such as sales, marketing, IT and other administrative services.

The operations of Scandic's subsidiaries are mainly local with revenues and expenses in domestic currencies and the Group's internal sales are low. This means that currency exposure due to transactions is limited to the operating profit/loss. Exchange rate effects in the Group arise from the translation of foreign subsidiaries' financial statements into SEK.

Consolidated income statement

MSEK	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020	Apr-Mar 2020/2021
INCOME				
Room revenue	637	2 121	4 923	3 439
Restaurant and conference revenue*	243	1 145	2 234	1 332
Franchise and management fees	2	6	19	15
Other hotel-related revenue	47	71	294	270
Net sales	***930***	***3 343***	***7 470***	***5 057***
Other income	-	-	-	-
TOTAL OPERATING INCOME	**930**	**3 343**	**7 470**	**5 057**
OPERATING COSTS				
Raw materials and consumables	-84	-290	-611	-405
Other external costs	-357	-894	-1 751	-1 214
Personnel costs	-688	-1 302	-3 489	-2 875
Fixed and guaranteed rental charges	146	-19	494	659
Variable rental charges	-36	-186	-424	-274
Pre-opening costs	-23	-26	-32	-29
Items affecting comparability	-16	-184	-269	-101
EBITDA	**-129**	**442**	**1 387**	**818**
Depreciation, amortization and impairment losses**	-790	-3 771	-6 187	-3 206
TOTAL OPERATING COSTS	**-1 848**	**-6 672**	**-12 269**	**-7 445**
EBIT (Operating profit/loss)	**-919**	**-3 329**	**-4 800**	**-2 388**
Financial items				
Financial income	1	-	5	6
Financial expenses	-360	-315	-1 286	-1 331
Net financial items	**-359**	**-315**	**-1 281**	**-1 325**
EBT (Profit/loss before taxes)	**-1 277**	**-3 644**	**-6 081**	**-3 713**
Taxes	197	-283	130	610
PROFIT/LOSS FOR PERIOD	**-1 080**	**-3 927**	**-5 951**	**-3 104**
Profit/loss for period relating to:				
Parent Company shareholders	-1 080	-3 928	-5 949	-3 101
Non-controlling interest	1	1	-2	-2
Profit/loss for period	**-1 079**	**-3 927**	**-5 951**	**-3 103**
Average number of outstanding shares before dilution	191 257 993	102 985 075	148 618 805	191 257 993
Average number of outstanding shares after dilution	191 288 379	103 021 361	148 645 691	191 288 379
Earnings per share before dilution, SEK	**-5,65**	**-38,14**	**-40,02**	**-16,21**
Earnings per share after dilution, SEK	**-5,65**	**-38,14**	**-40,02**	**-16,21**

**) Revenue from bars, restaurants, breakfasts and conferences including rental of premises.*

***) In the result periods for 2020, the write-down in March of intangible assets of 2,955 MSEK is included.*

Consolidated statement of comprehensive income

MSEK	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020	Apr-Mar 2020/2021
Profit/loss for period	-1,080	-3,927	-5,951	-3,104
Items that may be reclassified to the income statement	167	-67	-237	-3
Items that may not be reclassified to the income statement	36	-9	-10	35
Other comprehensive income	**203**	**-76**	**-247**	**31**
Total comprehensive income for period	**-878**	**-4,003**	**-6,198**	**-3,073**
Relating to:				
Parent Company shareholders	-877	-4,004	-6,200	-3,073
Non-controlling interest	-1	1	2	0

Consolidated balance sheet, summary

MSEK	31 Mar 2021	31 Mar 2020	31 Dec 2020
ASSETS			
Intangible assets	6,858	6,988	6,687
Buildings and land	28,885	27,269	25,762
Equipment, fixtures and fittings	4,649	4,921	4,625
Financial fixed assets	678	216	479
Total fixed assets	**41,070**	**39,394**	**37,553**
Current assets	740	1,495	716
Cash and cash equivalents	8	19	14
Total current assets	**748**	**1,514**	**730**
TOTAL ASSETS	**41,818**	**40,908**	**38,283**
EQUITY AND LIABILITIES			
Equity attributable to owners of the Parent Company	1,196	2,560	2,035
Non-controlling interest	39	39	36
Total equity	**1,235**	**2,599**	**2,071**
Liabilities to credit institutions	5,549	3,290	4,526
Lease liabilities	29,568	27,158	26,169
Other long-term liabilities	1,122	1,229	1,159
Total long-term liabilities	**36,239**	**31,677**	**31,854**
Derivative instruments	10	72	18
Current liabilities for leases	1,791	2,204	1,850
Commercial papers	226	979	201
Other current liabilities	2,316	3,377	2,289
Total current liabilities	**4,343**	**6,632**	**4,358**
TOTAL EQUITY AND LIABILITIES	**41,818**	**40,908**	**38,283**
Equity per share, SEK	6.3	24.9	10.6
Total number of shares outstanding, end of period	191,257,993	102,985,075	191,257,993
Working capital	-1,576	-1,882	-1,573
Interest-bearing net liabilities	5,768	4,250	4,714
Interest-bearing net liabilities/adjusted EBITDA	neg	2.5	neg

Changes is Group Equity

MSEK	Share capital	Share premium reserve	Translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
OPENING BALANCE 01/01/2020	**26**	**7,865**	**148**	**-1,481**	**6,557**	**43**	**6,601**
Profit/loss for the period	**-**	**-**	**-**	**-3,928**	**-3,928**	**1**	**-3,927**
Other comprehensive income	-	-	-62	-9	-71	-5	-76
Total comprehensive income for the year	**-**	**-**	**-62**	**-3,937**	**-3,999**	**-4**	**-4,003**
Transactions with shareholders	*-*	*-*	*-*	*2*	*2*	*-*	*2*
CLOSING BALANCE 03/31/2020	**26**	**7,865**	**86**	**-5,416**	**2,560**	**39**	**2,599**
Profit/loss for the period	**-**	**-**	**-**	**-2,021**	**-2,021**	**-3**	**-2,024**
Other comprehensive income	-	-	-170	-1	-171	-	-171
Total comprehensive income for the year	**-**	**-**	**-170**	**-2,022**	**-2,192**	**-3**	**-2,195**
Other adjustments	-	-	-71	-	-71	-	-71
Total transactions with shareholders	*22*	*1,679*	*-*	*35*	*1,737*	*-*	*1,737*
CLOSING BALANCE 12/31/2020	**48**	**9,544**	**-155**	**-7,403**	**2,035**	**36**	**2,071**
OPENING BALANCE 01/01/2021	**48**	**9,544**	**-**	**-7,403**	**2,035**	**36**	**2,071**
Profit/loss for the period	**-**	**-**	**-**	**-1,080**	**-1,080**	**1**	**-1,079**
Other comprehensive income	-	-	167	36	203	-1	202
Total comprehensive income for the year	**-**	**-**	**167**	**-1,044**	**-878**	**-**	**-878**
Other adjustments	-	-	42	-	42	-1	42
Total transactions with shareholders	*-*	*-*	*-*	*-*	*-*	*-*	*-*
CLOSING BALANCE 03/31/2021	**48**	**9,544**	**54**	**-8,447**	**1,200**	**36**	**1,235**

Consolidated cash flow statement

	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020	Apr-Mar 2020/2021
OPERATING ACTIVITIES				
EBIT (Operating profit/loss)	-919	-3,329	-4,800	-2,390
Depreciation, amortization and impairment losses	790	3,771	6,187	3,206
Items not included in cash flow	1	6	39	34
Paid tax	-50	-81	-54	-23
Change in working capital	-4	-24	-221	-201
Cash flow from operating activities	**-182**	**343**	**1,151**	**626**
INVESTING ACTIVITIES				
Net investments	-85	-239	-751	-597
Cash flow from investing operations	**-85**	**-239**	**-751**	**-597**
OPERATIVE CASH FLOW	**-267**	**104**	**400**	**29**
FINANCING OPERATIONS				
Paid interest, credit institutions	-28	-18	-148	-158
Paid interest, leases	-289	-286	-1,036	-1,039
Dividends from investments	-	-	1,701	1,701
Net borrowing/amortization, credit institutions	984	288	1,572	2,268
Amortization, leases	-396	-540	-2,155	-2,011
Issue of commercial papers	25	493	-285	-753
Cash flow from financing operations	**297**	**-63**	**-426**	**-66**
CASH FLOW FOR PERIOD	**30**	**41**	**-26**	**-37**
Cash and cash equivalents at beginning of period	**14**	**26**	**26**	**19**
Translation difference in cash and cash equivalents	-36	-48	14	26
Cash and cash equivalents at end of the period	8	19	14	8

Parent company income statement, summary

MSEK	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020	Apr-Mar 2020/2021
Net sales	10	9	35	36
Expenses	-10	-12	-32	-30
EBIT (Operating profit/loss)	**-0**	**-3**	**3**	**6**
Financial income	57	71	243	229
Financial expenses	-65	-26	-236	-275
Net financial items	**-8**	**45**	**7**	**-46**
EBT (profit/loss before tax)	**-8**	**42**	**10**	**-39**
Tax	-	-9	-3	6
PROFIT/LOSS FOR PERIOD	**-8**	**33**	**7**	**-33**

Parent Company statement of comprehensive income

MSEK	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020	Apr-Mar 2020/2021
Profit/loss for period	**-8**	**33**	**7**	**-33**
Items that may be reclassified to the income statement	-	-	-	-
Items that may not be reclassified to the income statement	-	-	-	-
Other comprehensive income	**-**	**-**	**-**	**-**
Total comprehensive income for period	**-8**	**33**	**7**	**-33**

Parent Company balance sheet, summary

MSEK	31 Mar 2021	31 Mar 2020	31 Dec 2020
ASSETS			
Investments in subsidiaries	8,415	5,039	8,415
Group company receivables	4,861	5,791	4,537
Other receivables	17	22	19
Total fixed assets	**13,293**	**10,852**	**12,971**
Group company receivables	721	2	4
Current receivables	-	5	-
Cash and cash equivalents	9	8	9
Total current assets	**729**	**15**	**13**
TOTAL ASSETS	**14,022**	**10,867**	**12,983**
EQUITY AND LIABILITIES			
Equity	**8,099**	**6,396**	**8,106**
Liabilities to credit institutions	5,549	3,290	4,526
Other liabilities	16	22	18
Total long-term liabilities	**5,565**	**3,312**	**4,544**
Liabilities for commercial papers	226	979	201
Other liabilities	29	141	27
Accrued expenses and prepaid income	102	39	104
Total current liabilities	**358**	**1,159**	**333**
TOTAL EQUITY AND LIABILITIES	**14,022**	**10,867**	**12,983**

Changes in Parent Company's equity

MSEK	Share capital	Share premium reserve	Retained earnings	Total equity
OPENING BALANCE 01/01/2020	**26**	**1,534**	**4,801**	**6,361**
Profit/loss for period	**-**	**-**	**33**	**33**
Other comprehensive income	-	-	-	-
Total other comprehensive income		**-**	**33**	**33**
Total transactions with shareholders	*-*		*2*	*2*
CLOSING BALANCE 03/31/2020	**26**	**1,534**	**4,836**	**6,396**
Profit/loss for period	**-**	**-**	**-26**	**-26**
Other comprehensive income	-	-	-	-
Total other comprehensive income	**-**	**-**	**-26**	**-26**
Total transactions with shareholders	*22*	*1,679*	*35*	*1,736*
CLOSING BALANCE 12/31/2020	**48**	**3,213**	**4,846**	**8,106**
OPENING BALANCE 01/01/2021	**48**	**3,213**	**4,846**	**8,106**
Profit/loss for period	**-**	**-**	**-8**	**-8**
Other comprehensive income	-	-	-	-
Total other comprehensive income	**-**	**-**	**-8**	**-8**
Total transactions with shareholders	*-*	*-*	*-*	*-*
CLOSING BALANCE 03/31/2021	**48**	**3,213**	**4,839**	**8,099**

PARENT COMPANY

The operations of the Parent Company, Scandic Hotels Group AB, include management services for the rest of the Group. Revenues for the period amounted to 10 (9) MSEK. The operating profit was 0 MSEK (-3).

Net financial items for the period totaled -8 (45) MSEK. The Parent Company's loss before taxes was -8 MSEK (profit: 42).

Transactions between related parties

The group Braganza AB is treated as a related party based on its ownership and representation on the Board during the year. Accommodation revenues from related parties totaled 0 MSEK and costs for purchasing services from related parties amounted to 0 MSEK for the period. The OECD's recommendations for Transfer Pricing are applied for transactions with subsidiaries.

ACCOUNTING PRINCIPLES

The Group applies International Financial Reporting Standards, IFRS, as endorsed by the EU. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act.

The accounting principles and methods of calculation applied in this report are the same as those used in the preparation of the Annual Report and consolidated financial statements for 2019 and are outlined in Note 1, Accounting principles.

The Parent Company applies the Annual Accounts Act and RFR 2, Accounting for legal entities. This means that IFRS is applied with certain exceptions and additions.

This interim report gives a true and fair view of the Parent Company and Group's operations, financial position and results of operations and also describes the significant risks and uncertainties to which the Parent Company and Group companies are exposed. All amounts in this report are expressed in MSEK unless otherwise stated. Rounding differences may occur.

The information about the interim period on pages 1 to 28 is an integral part of these financial statements.

ALTERNATIVE PERFORMANCE MEASURES

The company uses alternative performance measures for its financial statements. Since the second quarter 2016, Scandic has applied the European Securities and Markets Authority's (ESMA) new guidelines for alternative performance measures.

Alternative performance measures are reported to help investors evaluate the performance of the company. In addition, they are used by the management for the internal evaluation of operating activities and for forecasting and budgeting. Alternative performance measures are also used in part as criteria in LTIP programs.

Alternative performance measures aim to measure Scandic's activities and may therefore differ from the way that other companies calculate similar dimensions.

The definitions and explanations of alternative performance measures can be found at scandichotelsgroup.com/en/definitions.

CALCULATION OF FAIR VALUE

The fair value of financial instruments is determined by their classification in the hierarchy of actual value. The different levels are defined as follows:

Level 1: Quoted prices for identical assets or liabilities in active markets.

Level 2: Observable data other than quoted prices for assets or liabilities included in Level 1, either directly or indirectly.

Level 3: Data for assets or liabilities not based on observable market data.

The Group's derivative instruments and loans from credit institutions are classified as Level 2. Liabilities to credit institutions are booked at the fair value.

SEGMENT DISCLOSURES

Segments are reported in accordance with IFRS 8 Operating segments. Segment information is reported in the same way as it is analyzed and studied internally by executive decision-makers, mainly the CEO, the Executive Committee and the Board of Directors.

Scandic's main markets in which the Group operates are:

Sweden – Swedish hotels operated under the Scandic brand.

Norway – Norwegian hotels operated under the Scandic brand.

Finland – Finnish hotels operated under the Scandic brand as well as hotels operated under the Hilton, Crowne Plaza and Holiday Inn brands.

Other Europe – hotels operated under the Scandic brand in Denmark, Poland and Germany.

Central functions – Costs for finance, business development, IR, communication, technical development, human resources, branding, marketing, sales, IT and purchasing. These central functions support all of the hotels in the Group including those under lease agreements as well as management and franchise agreements.

The division of revenues between segments is based on the location of the business activities and segment disclosures are determined after eliminating inter-Group transactions. Net sales are derived from a large number of customers in all segments. The segments are reviewed and analyzed based on adjusted EBITDA.

Segment disclosures

Jan-Mar	Sweden		Norway		Finland		Other Europe		Central functions		Group	
MSEK	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**		**2021**	**2020**
Room revenue	233	755	218	526	131	542	55	297	-	-	637	2,120
Restaurant and conference revenue	78	383	80	338	60	260	25	165	-	-	243	1,146
Franchise and managment fees	1	2	1	3	-	-	-	1	-	-	2	6
Other hotel-related income	7	14	20	21	18	31	3	5	-	-	48	71
Net sales	**319**	**1,154**	**319**	**888**	**209**	**833**	**83**	**468**	**-**	**-**	**930**	**3,343**
Other income	-	-	-	-	-	-	-	-	-	-	-	-
Internal transactions	-	-	-	-	-	-	-	-	10	9	10	9
Group eliminations	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-10**	**-9**	**-10**	**-9**
Total income	**319**	**1,154**	**319**	**888**	**209**	**833**	**83**	**468**	**-**	**-**	**930**	**3,343**
Expenses	-533	-1,153	-393	-952	-426	-797	-277	-507	-75	-107	-1,704	-3,517
Adjusted EBITDA	**-214**	**1**	**-74**	**-64**	**-217**	**36**	**-194**	**-40**	**-75**	**-107**	**-775**	**-174**
Adjusted EBITDA margin, %	-67.1	0.1	-23.2	-7.2	-103.8	4.3	-233.7	-8.5			-83.4	-5.2
EBITDA	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-129**	**442**
EBITDA margin, %	-	-	-	-	-	-	-	-	-	-	-13.9	13.2
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	-790	-3,771
EBIT (Operating profit/loss)	-	-	-	-	-	-	-	-	-	-	-919	-3,329
Net financial items	-	-	-	-	-	-	-	-	-	-	-359	-315
EBT (Profit/loss before tax)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-1,277**	**-3,644**

Assets & Investments by segment

31 Mar	Sweden		Norway		Finland		Other Europe		Central functions		Group	
MSEK	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Fixed assets	11,247	10,777	8,973	9,232	14,331	14,507	7,018	5,321	-497	-443	41,072	39,394
Investments in fixed assets	16	56	25	34	31	101	9	25	3	23	85	239

Revenue by country

MSEK	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020	Apr-Mar 2020/2021
Sweden	319	1,154	2,489	1,655
Norway	319	888	2,236	1,667
Finland	209	833	1,714	1,090
Denmark	67	320	776	521
Germany	13	135	226	105
Poland	3	13	29	20
Total countries	**930**	**3,343**	**7,470**	**5,057**
Other	-1	9	35	61
Group eliminations	1	-9	-35	-61
Group	**930**	**3,343**	**7,470**	**5,057**

Revenue by type of agreement

MSEK	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020	Apr-Mar 2020/2021
Lease agreements	923	3,329	7,443	5,037
Management agreements	1	2	7	6
Franchise and partner agreements	2	4	11	9
Owned	5	8	9	6
Total	**930**	**3,343**	**7,470**	**5,057**
Other	-1	9	35	61
Group eliminations	1	-9	-35	-61
Group	**930**	**3,343**	**7,470**	**5,057**

Summary of reported EBITDA & adjusted EBITDA

	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020	Apr-Mar 2020/2021
EBITDA	-129	442	1,387	816
Effect of leases, fixed and guaranteed rental charges	-685	-826	-3,191	-3,050
Pre-opening costs	23	26	32	29
Items affecting comparability	16	184	269	101
Adjusted EBITDA	**-775**	**-174**	**-1,503**	**-2,104**

Total rent charges

Total rental charges	**Jan-Mar 2021**	**Jan-Mar 2020**	**Jan-Dec 2020**	**Apr-Mar 2020/2021**
Fixed and guaranteed rental charges according to income statement*	146	-19	494	659
Fixed and guaranteed rental charges, reversed effect IFRS 16	-685	-826	-3,191	-3,050
Total fixed and guaranteed rental charges	**-539**	**-845**	**-2,697**	**-2,391**
Variable rental charges	-36	-186	-424	-274
Total rental charges	**-575**	**-1,031**	**-3,121**	**-2,665**
*Of which received state aid and negotiated discounts	288	0	665	810
Fixed and guaranteed rental charges	57.9%	25.3%	36.1%	47.3%
Variable rental charges	3.9%	5.6%	5.7%	5.4%
Total rental charges	61.8%	30.8%	41.8%	52.7%

Quarterly data

MSEK	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Net sales	930	1,377	2,085	665	3,343	4,831
Adjusted EBITDA	-775	-282	90	-1,138	-174	504
Adjusted EBITDA margin, %	-83.4	-20.5	4.3	-171.1	-5.2	10.4
EBIT (Operating profit/loss)	-919	-377	19	-1,114	-3,329	498
Profit/loss for the period	-1,080	-528	-254	-1,243	-3,927	126
Profit/loss for the period, excl. effect IFRS 16	-935	-462	-203	-1,197	-3,876	189
Earnings per share, SEK	-5.65	-2.75	-1.32	-11.49	-38.14	1.21
Earnings per share, SEK, excl. effect IFRS 16	-4.90	-2.42	-1.06	-11.08	-37.63	1.84
Net debt/adjusted EBITDA, LTM	neg	neg	neg	189.4	2.5	1.7
RevPAR (Revenue per available room), SEK	147	193	323	96	474	672
ARR (Average room revenue), SEK	841	842	896	924	1,043	1,080
OCC (Occupancy), %	17.5	23.0	36.1	10.3	45.5	62.2

Quarterly data per segment

	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Net sales						
Sweden	319	466	625	246	1,154	1,622
Norway	319	410	724	215	888	1,277
Finland	209	300	472	107	833	1,222
Other Europe	83	201	264	97	468	710
Total net sales	**930**	**1,377**	**2,085**	**665**	**3,343**	**4,831**
Adjusted EBITDA						
Sweden	-214	-136	77	-344	1	239
Norway	-74	6	104	-94	-64	115
Finland	-217	-89	-95	-309	36	216
Other Europe	-194	-24	61	-296	-40	60
Central functions	-75	-39	-57	-95	-107	-126
Total adjusted EBITDA	**-775**	**-282**	**90**	**-1,138**	**-174**	**504**
Adjusted EBITDA margin, %	*-83.4%*	*-20.5%*	*4.3%*	*-171.1%*	*-5.2%*	*10.4%*

Exchange rates

SEK/EUR	**Jan-Mar 2021**	**Jan-Mar 2020**
Income statement (average)	10.1176	10.6647
Balance sheet (at end of period)	10.2376	11.0832
SEK/NOK		
Income statement (average)	0.9865	1.0213
Balance sheet (at end of period)	1.0229	0.9594
SEK/DKK		
Income statement (average)	1.3604	1.4136
Balance sheet (at end of period)	1.3765	1.4269

Alternative performance measures

Interest-bearing net liabilities	**31 Mar 2021**	**31 Mar 2020**	**31 Dec 2020**
Liabilities to credit institutions	5,766	3,290	4,526
Liabilities, commercial papers	226	979	201
Cash and cash equivalents	-8	-19	-14
Interest-bearing net liabilities	**5,984**	**4,250**	**4,713**

Working capital	**31 Mar 2021**	**31 Mar 2020**	**31 Dec 2020**
Current assets, excl. cash and bank balances	740	1,495	716
Current liabilities	-4,343	-3,377	-4,358
Working capital	**-3,603**	**-1,882**	**-3,642**

Definitions and alternative performance measures can be found on Scandic's website at scandichotelsgroup.com/en/definitions

LONG-TERM INCENTIVE PROGRAM

Scandic has implemented long-term incentive programs in the Group since the end of 2015. The current incentive programs were adopted by the annual general meetings in 2018 (LTIP 2018) and 2019 (LTIP 2019).

The long-term incentive programs enable participants to receive matching shares and performance shares provided they make their own investments in shares or allocate shares already held to the program. For each savings share, the participants may receive a matching share, where 50 percent of the allocation depends on a requirement related to the total return on the company's shares (TSR) being met and 50 percent is free of consideration. In addition, participants may receive a number of performance shares, free of consideration, depending on the degree of meeting certain performance criteria adopted by the Board of Directors related to EBITDA and cash flow for the financial years 2018–2022 (LTIP 2018 and LTIP 2019). Scandic has implemented long-term incentive programs in the Group since the end of 2015. The current incentive programs were adopted by the annual general meetings in 2018 (LTIP 2018) and 2019 (LTIP 2019).

Matching shares and performance shares will be allocated after the end of a vesting period until the date of publication of Scandic's interim report for the first quarters 2021 and 2022 respectively, subject to the participant remaining a permanent employee within the Group and retaining the savings shares.

Senior managers have invested in the program and may be allocated a maximum of 276,259 shares for the LTIP 2018 and 309,761 shares for the LTIP 2019, corresponding to approximately 0.3 percent of Scandic's share capital and votes. Scandic has taken into account the new share issue that was carried out at the turn of the month June–July 2020 and has therefore increased the maximum number of additional shares.

The cost of the program is expected to amount to 3.1 MSEK, including social security contributions, and the cost included in the Group's income statement in accordance with IFRS2 was 0.3 MSEK for the period January–March 2021, including social security contributions. The maximum cost of the program, including social security contributions, is estimated to be 56 MSEK.

For more information, see Note 6 in Scandic's Annual Report 2019. The expected financial exposure to shares that may be allotted under LTIP 2018 and LTIP 2019 and the delivery of shares to the participants has been hedged by Scandic's entering into a share swap agreement with a third party on market terms.

The Board of Directors and the CEO affirm that this interim report gives a true and fair view of the Parent Company and Group's operations, financial position and results of operations and that it also describes the significant risks and uncertainties to which the Parent Company and Group companies are exposed.

Stockholm, April 28, 2021

Per G. Braathen
Chairman of the Board

Ingalill Berglund
Board member

Grant Hearn
Board member

Kristina Patek
Board member

Martin Svalstedt
Board member

Fredrik Wirdenius
Board member

Marianne Sundelius
Employee representative

Jens Mathiesen
President & CEO

AUDITORS' REVIEW

This report has not been the subject of any review by the company's auditors.

Definitions

HOTEL-RELATED KEY RATIOS

ARR (Average Room Rate)
The average room rate is the average room revenue per sold room.

LFL (Like-for-Like)
LFL refers to the hotels that were in operation during the entire period as well as during the corresponding period of the previous year.

OCC (Occupancy)
Refers to sold rooms in relation to the number of available rooms. Expressed as percentage.

RevPAR (Revenue Per Available Room)
Refers to the average room revenue per available room.

Pre-opening costs
Refers to costs for contracted and newly opened hotels before opening day.

FINANCIAL KEY RATIOS & ALTERNATIVE PERFORMANCE MEASURES

EBITDAR
Earnings before interest, taxes, depreciation and amortization and rent.

Adjusted EBITDA
Earnings before pre-opening costs, items affecting comparability, interest, taxes, depreciation and amortization as well as adjusted for the effects of finance leases.

Adjusted EBITDA margin
Adjusted EBITDA as a percentage of net sales.

EBITDA
Earnings before interest, taxes, depreciation and amortization.

EBIT
Earnings before interest and taxes.

EBT
Earnings before tax.

Items affecting comparability
Items that are not directly related to the normal operations of the company, for example, costs for transactions, integration, restructuring and capital gains/losses from the sale of operations.

Interest-bearing net liabilities
Liabilities to credit institutions and commercial papers less cash and cash equivalents.

Working capital, net
Total current assets, excluding derivative instruments and cash and cash equivalents, less total current liabilities, excluding derivative instruments, the current portion of finance lease liabilities and commercial papers.

EQUITY-RELATED KEY RATIOS

Earnings per share
The profit/loss during the period related to the shareholders of the Parent Company divided by the average number of shares.

Equity per share
Equity related to the shareholders of the Parent Company divided by the number of shares outstanding at the end of the period.

A comprehensive list of definitions is available at scandichotelsgroup.com/en/definitions

Scandic Hotels Group

Scandic is the largest hotel company in the Nordic countries with about 58,000 rooms at approximately 280 hotels in operation and under development. In 2020, the Group had annual sales of SEK 7.5 billion.

We operate within the mid-market hotel segment under our industry-leading Scandic brand. We have a high share of returning guests and our Scandic Friends loyalty program is the largest in the Nordic hospitality industry with 2 million members.

Since it was founded in 1963, Scandic has been a pioneer and driven developments in the hotel industry.

Scandic was listed on the Nasdaq Stockholm exchange on December 2, 2015.

Press releases (selection)

2021-04-21 The Extraordinary General Meeting held on April 21 passed the Board of Directors' resolution to issue convertible bonds.

2021-04-14 Scandic recruits new Chief HR Officer

2021-03-26 Scandic has successfully completed an offering of convertible bonds raising approximately 1,609 MSEK in gross proceeds

2021-03-11 Scandic Hotels tops the Swedish sustainability list – for the eleventh year in a row

2021-01-15 Scandic Arlandastad opens its doors

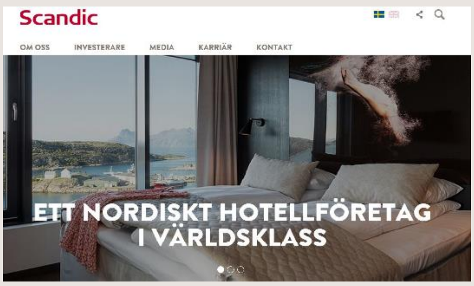
2020-11-03 Scandic to take over hotel at Stockholm Arlanda Airport

2020-09-28 Scandic strengthens commercial focus by recruiting Anna Spjuth as Chief Commercial Officer

2020-09-09 Scandic expects occupancy of 30-35 percent for September

2020-09-08 Scandic Hotels launches the largest network of coworking spaces in the Nordic countries

scandichotelsgroup.com



Follow us in social media:

Scandic Hotels
Group AB (Publ.)
Corp. ID. 556703-1702
Location: Stockholm

Head office:
Sveavägen 167
102 33 Stockholm
Tel: +46 8 517 350 00

Scandic