



RECOVERY GAINING MOMENTUM

SECOND QUARTER IN SUMMARY

- Net sales rose by 147 percent to 1 640 MSEK (665).
- Average occupancy increased to 27.1 percent compared with 17.5 percent during the previous quarter. The rate of increase accelerated at the end of the quarter, with occupancy reaching 35.9 percent in June.
- Adjusted EBITDA was -364 MSEK (-1,138). Results for the quarter were impacted positively by state aid of 203 MSEK and rent discounts of approximately 105 MSEK.
- Excluding IFRS 16, earnings per share totaled -3.08 SEK (-11.08).
- Several new hotels opened: Scandic Grand Central in Helsinki, Scandic Strandpark in Copenhagen and Scandic Landvetter in Gothenburg. In total, the number of rooms in operation increased by 1 188.
- Scandic's CFO Jan Johansson announced he would leave Scandic, but is continuing in his current position during the period of notice.
- Fredrik Wetterlundh was recruited as Chief Human Resource Officer starting in August.

THE FIRST SIX MONTHS IN SUMMARY

- Net sales dropped by 36 percent to 2,569 MSEK (4,008) and adjusted EBITDA amounted to -1,138 MSEK (-1,311).
- Excluding IFRS 16, earnings per share totaled -7.98 SEK (-46.94).
- In March, Scandic carried out an offering of convertible bonds, raising 1,609 MSEK in gross proceeds. At the same time, Scandic's existing credit facilities were extended until December 31, 2023.

GROUP KEY RATIOS

MSEK	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020	Jul-Jun 2020/2021
Financial key ratios						
Net sales	1,640	665	2,569	4,008	7,470	6,031
Adjusted EBITDA	-364	-1,138	-1,138	-1,311	-1,503	-1,330
Adjusted EBITDA margin, %	-22.2	-171.1	-44.3	-32.7	-20.1	-22.1
EBIT (Operating profit/loss)	-489	-1,114	-1,407	-4,442	-4,800	-1,764
Net profit/loss for the period	-752	-1,243	-1,832	-5,170	-5,951	-2,612
Net profit/loss for the period excl. IFRS 16	-590	-1,197	-1,526	-5,073	-5,739	-2,192
Earnings per share, SEK	-3.93	-11.49	-9.58	-48.98	-40.02	-13.66
Earnings per share, SEK, excl. IFRS 16	-3.08	-11.08	-7.98	-46.94	-38.62	-11.46
Net debt	4,410	3,030	4,410	3,030	4,714	
Hotel-related key ratios						
RevPAR (SEK)	245	96	197	284	271	228
ARR (Average Room Rate), SEK	903	924	879	1,021	945	877
OCC (Occupancy), %	27.1	10.3	22.4	27.9	28.7	26.0
Total number of rooms on reporting date	54,126	52,980	54,126	52,980	53,003	54,126

CEO'S COMMENTS

A promising start to the summer

Increased occupancy

As expected, demand for hotels improved during the second quarter as restrictions from authorities were eased in all markets. After a very weak start to the year, Scandic's occupancy rate rose to around 20 percent in April, 25 percent in May and 36 percent in June. The increase has been across the board, with similar development in all of the Nordic countries and improved occupancy at almost all destinations both on weekdays and weekends.

Positive outlook for July

As the holiday period is getting off to a start, we've continued to see improvement during the first two weeks of July. Based on current bookings, we expect occupancy in July to be around 55 percent compared with 42 percent during the same month last year. The most significant improvement this month compared with July last year is evident in the big cities thanks to more entertainment options on offer including now-open amusement parks and easing of restrictions on gatherings and dining in restaurants. Until now, demand has to a very large extent come from domestic travel.

That said, I'd like to emphasize that we see significant potential for continued improvement in the important metropolitan regions going forward as more events are held in the cities and business travel recovers. In June, market occupancy in the Nordic capitals was considerably higher than in the same month last year, but it was still only about one-third of what it was before the pandemic.

Moving toward an improved hotel market

We are convinced that the growth in leisure travel that we saw before the pandemic will continue now that the market is stabilizing, both during the holiday period and other parts of the year. Scandic is well positioned for this and we have a sharp focus on further strengthening our position in this segment. Ahead of the summer, Scandic launched attractive offers for families and was the first Nordic hotel chain to launch "multi-booking" online which makes it possible for travelers to book up to five different hotel stays in one booking.

There is great pent-up demand for meetings among our corporate customers, and we've seen an increase in booking requests for the fall. During the year, Scandic introduced a number of initiatives to offer new, more flexible solutions for meetings. Corporate customers, however, are continuing to operate with short lead-times, which makes it difficult to assess the pace at which business will pick up after the summer.

A stronger Scandic

At the end of the quarter, Scandic's available liquidity totaled more than 2,100 MSEK and with an occupancy rate of more than 50 percent, we expect to generate positive cash flow. After just over a year with a sharp focus on costs, Scandic today is a more cost-efficient company than before the pandemic, giving us a good opportunity to achieve higher profitability than earlier when the hotel market improves.

Jens Mathiesen
President & CEO



"Improved occupancy at almost all destinations on both weekdays and weekends"

"Based on current bookings, we expect occupancy in July to be around 55 percent"

"A more cost-efficient company than before the pandemic"

NORDIC HOTEL MARKET DEVELOPMENT IN THE QUARTER

Improved market

During the second quarter, both the average occupancy rate and average revenue per available room (RevPAR) improved in Scandic's markets compared with the previous quarter. In all countries, the reduced spread of infection and eased restrictions from authorities had a positive effect especially toward the end of the quarter.

For the quarter as a whole, the average occupancy rate was between 30 and 31 percent in Sweden and Norway and between 26 and 27 percent in Denmark and Finland. During the corresponding period last year, the average occupancy rate in the Nordic countries was between 9 and 16 percent following the sharp decrease in occupancy in March 2020 due to the outbreak of the Covid-19 pandemic.

Occupancy increased during the quarter and in June amounted to between 35 and 42 percent in the Nordic countries. Activity levels also increased in Germany but remained low in June as well.

RevPAR increased by between 150 and 200 percent compared with extremely low levels during the corresponding period last year. Compared with the first quarter of 2021, the market's RevPAR grew by about 40

percent in Sweden and Finland, and by just over 60 percent in Norway. In Denmark, market RevPAR more than doubled as a result of easing of very extensive restrictions at the beginning of the year.

Increase from low level in the big cities

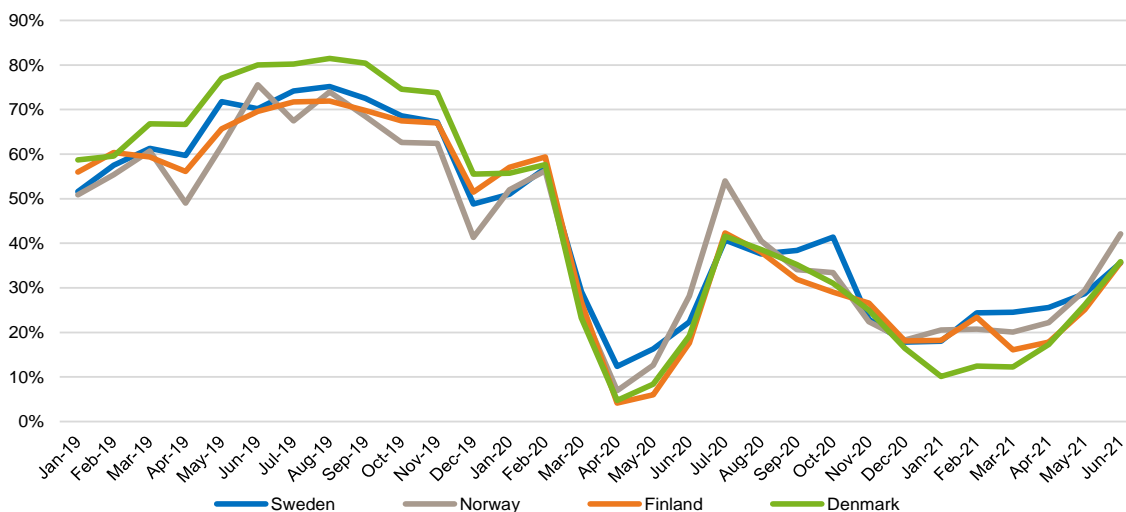
There have been large disparities in occupancy between Scandic's various markets. Although occupancy in the metropolitan regions in the Nordic countries and Germany has gradually increased during the year, it continues to remain at historically low levels.

During the second quarter, the market occupancy rate in Oslo, Helsinki and Copenhagen was between 16 and 19 percent, while in Stockholm, it amounted to just over 23 percent. The level of activity increased gradually during the quarter and in June, occupancy in the capitals was between 22 and 29 percent.

Continued improvement in July

Occupancy continued to improve during the first two weeks of July, and it has been at a higher level than during the corresponding period last year with the largest increase in the big cities.

MARKET OCCUPANCY JANUARY 2019 - JUNE 2021



Source: Benchmarking Alliance

HOTEL PORTFOLIO

Existing hotel portfolio

At the end of the period, Scandic had a total of 54,126 rooms in operation at 268 hotels, of which 244 had lease agreements.

During the quarter, a number of hotels were opened: Scandic Grand Central in Helsinki with 491 rooms,

Scandic Strandpark in Copenhagen with 357 rooms and Scandic Landvetter in Gothenburg with 223 rooms. In total, the number of rooms in operation increased by 1,188 during the quarter.

Portfolio changes	Number of rooms
Opening balance April 1, 2021	
Lease agreements	49,648
Franchise, management & other	3,290
Total	52,938
Change in lease agreements	1,188
Change in other operating models	0
Total change during the quarter	1,188
Closing balance June 30, 2021	
Lease agreements	50,836
Franchise, management & other	3,290
Total	54,126

Number of hotels in operation & pipeline

	Operational on Jun 30, 2021				Pipeline on Jun 30, 2021	
	of which with		of which with		Hotels	Rooms
	Hotels	Lease contracts	Rooms	Lease contracts		
Sweden	86	80	18,035	17,243	3	854
Norway	87	70	16,478	14,190	0	206
Finland	61	61	12,583	12,583	2	622
Denmark	28	27	5,312	5,102	3	1,217
Other Europe	6	6	1,718	1,718	2	739
Total	268	244	54,126	50,836	10	3,638
<i>Change during the quarter</i>	3	3	1,188	1,188	-3	-1,183

High-quality pipeline

At the end of the period, Scandic's pipeline comprised 10 hotels with 3,638 rooms, corresponding to almost 7 percent of the current portfolio. The number of rooms in the pipeline decreased by 1,183 rooms as a result of hotel openings during the quarter.

Two hotels in the pipeline, Scandic Nørreport in Copenhagen (100 rooms) and Scandic Hamburger Börs in Turku (272 rooms), will open in the fourth quarter 2021.

Investments in the pipeline are expected to be 800-900 MSEK between 2021 and 2024.

SALES AND ADJUSTED EBITDA

Group

	Apr-Jun 2021	Apr-Jun 2020	%	Jan-Jun 2021	Jan-Jun 2020	%
Net sales (MSEK)	1,640	665	146.9%	2,569	4,008	-35.9%
Currency effects	40		6.0%	-42		-1.0%
Organic growth	936		140.9%	-1,397		-34.9%
<i>New hotels</i>	47		7.1%	66		1.6%
<i>Exits</i>	-2		-0.4%	-71		-1.8%
<i>LFL</i>	891		134.2%	-1,391		-34.7%
Adjusted EBITDA	-364	-1,138	-68.0%	-1,138	-1,311	-13.2%
% margin	-22.2%	-171.1%		-44.3%	-32.7%	
RevPAR (SEK)	245	96	156.0%	197	284	-30.9%
Currency effects	6		6.4%	-3		-1.1%
New hotels/exits	-1		-0.7%	2		0.7%
<i>LFL</i>	144		150.3%	-87		-30.5%

Second quarter

Net sales rose by 146.9 percent to 1,640 MSEK (665). Currency effects affected net sales positively by 6.0 percent.

Organic sales growth, i.e. excluding currency effects and acquisitions, amounted to 140.9 percent. For comparable units, net sales grew by 134.2 percent. The sales improved gradually during the quarter.

Average Revenue Per Available Room (RevPAR) increased by 156.0 percent compared with the previous year. RevPAR for comparable units grew by 150.3 percent.

Revenue from restaurant and conference operations grew by 267.2 percent and the share of total net sales rose to 28.2 percent (18.9). The increase was due to eased government restrictions on restaurant opening hours.

Rental costs excluding IFRS 16 fell to 720 MSEK (772). The low level of net sales meant that for nearly all hotels,

only fixed and guaranteed rent was paid. During the quarter, negotiated rent concessions of approximately 105 MSEK were received, reducing fixed and guaranteed rents. Rental costs were reduced by approximately 105 MSEK due to state aid.

Results for central functions improved to -57 MSEK (-94). Staff costs were reduced since the end of the first quarter 2020 due to terminations and furlough subsidies.

Adjusted EBITDA improved to -364 MSEK (-1,138). 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 203 MSEK during the second quarter, of which 105 MSEK referred to rent support.

The period January – June

Net sales fell by 35.9 percent to 2,569 MSEK (4,008). Currency effects affected net sales negatively by 1.0 percent.

Organic sales growth amounted to -34.9 percent. Organic growth was affected negatively by Covid-19 in all countries.

New hotels/exits contributed -5 MSEK net.

Average Revenue Per Available Room (RevPAR) fell by 30.9 percent compared with the previous year. RevPAR for comparable units dropped by 30.5 percent.

Revenue from restaurant and conference operations fell by 44.5 percent and the share of total net sales fell to 27.5 percent (31.7).

Rental costs excluding IFRS 16 fell to -1,295 MSEK (-1,802). The low level in net sales meant that for almost all hotels, only fixed and guaranteed rent was paid from the second quarter. Rental costs were reduced by approximately 250 MSEK due to state aid during the period.

Costs for central functions fell to -132 MSEK (-201). Staff costs were reduced at the end of the first quarter 2020 due to terminations and furlough subsidies.

Adjusted EBITDA improved to -1,138 MSEK (-1,311). Substantial cost savings, mainly staff reductions,

reduced the negative effect of Covid-19 after the end of the first quarter 2020.

Adjusted EBITDA included state subsidies during the period. Different forms of furlough subsidies were received to a varying degree in all countries. Direct state aid excluding furlough subsidies was 450 MSEK during the period, of which 248 MSEK referred to rent support.

Segment reporting

Quarterly, Apr-Jun MSEK	Net sales		Adjusted EBITDA		Adjusted EBITDA margin	
	2021	2020	2021	2020	2021	2020
Sweden	460	246	-255	-344	-55.3%	-139.8%
Norway	644	215	27	-94	4.2%	-43.7%
Finland	313	107	-168	-309	-53.7%	-288.2%
Other Europe	223	97	88	-296	39.5%	-305.2%
Central costs and Group adjustments	-	-	-57	-95	-	-
Total Group	1,640	665	-364	-1,138	-22.2%	-171.1%

Period, Jan-Jun MSEK	Net sales		Adjusted EBITDA		Adjusted EBITDA margin	
	2021	2020	2021	2020	2021	2020
Sweden	780	1,399	-469	-344	-60.1%	-24.6%
Norway	962	1,102	-47	-159	-4.9%	-14.4%
Finland	522	940	-385	-272	-74.0%	-28.9%
Other Europe	305	567	-106	-335	-34.6%	-59.1%
Central costs and Group adjustments	-	-	-132	-201	-	-
Total Group	2,569	4,008	-1,138	-1,311	-44.3%	-32.7%

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 2020 and 2021 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 second quarter of 2021, net profit after tax for 2021 is estimated

to be negatively affected by approximately 550 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-Jun 2021		Jan-Jun 2020	
	Excl. effect IFRS 16	Effect IFRS 16	Reported	Reported
Total operating income	2,569	0	2,569	4,008
EBITDAR	157	0	157	492
Total rental charges	-1,295	1,370	75	-169
Adjusted EBITDA	-1,138			
Pre-opening costs	-36	0	-36	-29
Items affecting comparability	-16	0	-16	-188
EBITDA	-1,190	1,370	180	106
Depreciation, amortization and impairment losses	-427	-1,160	-1,587	-4,548
EBIT	-1,617	210	-1,407	-4,442
Net financial items	-203	-594	-797	-687
EBT (Profit before tax)	-1,820	-384	-2,203	-5,129
Tax	294	78	371	-41
Profit/loss for the period	-1,526	-307	-1,832	-5,170
Earnings per share, SEK	-7.98	-1.60	-9.58	-48.99

Result excluding effect of finance leases

	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020	Jul-Jun 2020/2021
Total operating income	1,640	665	2,569	4,008	7,470	6,031
EBITDAR	357	-366	157	492	1,619	1,284
Total rental charges	-721	-772	-1,295	-1,802	-3,121	-2,614
Adjusted EBITDA	-364	-1,138	-1,138	-1,311	-1,503	-1,330
Pre-opening costs	-13	-2	-36	-29	-32	-39
Items affecting comparability	1	-4	-16	-188	-269	-97
EBITDA	-377	-1,144	-1,190	-1,528	-1,804	-1,466
Depreciation, amortization and impairment losses	-214	-187	-427	-3,353	-3,761	-835
EBIT	-591	-1,331	-1,617	-4,882	-5,565	-2,300
Net financial items	-133	-97	-203	-128	-245	-320
EBT (Profit before tax)	-724	-1,427	-1,820	-5,009	-5,810	-2,621
Tax	135	230	294	-66	71	431
Profit/loss for the period	-590	-1,197	-1,527	-5,073	-5,739	-2,193
Earnings per share, SEK	-3.08	-11.08	-7.98	-46.94	-38.62	-11.46

REPORTED RESULT

Second quarter

EBITDA was 308 MSEK (-337) and -377 MSEK (-1,144) excluding the effect of IFRS 16. EBITDA included pre-opening costs for new hotels of -13 MSEK (-2). Items affecting comparability amounted to 1 MSEK (-4).

EBIT was -489 MSEK (-1,114) and -591 MSEK (-1,331) excluding the effect of IFRS 16. Depreciation and amortization totaled -797 MSEK (-777). Excluding IFRS 16, depreciation and amortization amounted to -214 MSEK (-187).

The Group's net finance costs amounted to -438 MSEK (-371) and -133 MSEK (-97) excluding IFRS 16. The interest expense, excluding IFRS 16, was -85

MSEK (-42) and was affected negatively by the increased indebtedness and higher interest rate margin.

Loss before tax was -927 MSEK (-1,485) and -724 MSEK (-1,427) excluding IFRS 16.

Reported tax amounted to 175 MSEK (242).

Net profit was -752 MSEK (-1,243). Excluding IFRS 16, net loss was -590 MSEK (-1,197).

Earnings per share after dilution amounted to -3.93 SEK (-11.49) per share and -3.08 SEK (-11.08) excluding IFRS 16.

The period January – June

EBITDA was 180 MSEK (106) and -1,190 MSEK (-1,528) excluding the effect of leases. EBITDA included pre-opening costs for new hotels of -36 MSEK (-29) and items affecting comparability of -16 MSEK (-188). Items affecting comparability primarily referred to costs related to the reduction in the number of employees in Sweden, Norway and Denmark.

EBIT was -1,407 MSEK (-4,442) and -1,617 MSEK (-4,882) excluding the effect of leases. 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 -1,587 MSEK (-1,553). Excluding the effect of leases, depreciation and amortization amounted to -427 MSEK (-398).

The Group's net finance costs amounted to -797 MSEK (-687) MSEK and -203 (-99) excluding the effect of leases. The interest expense, excluding the effect of leases, was -156 MSEK (-71).

The loss before tax was -2,204 MSEK (-5,129) and -1,820 MSEK (-5,009) excluding the effect of leases.

Reported tax amounted to 372 MSEK (-41).

Net loss dropped to -1,832 MSEK (-5,171) and to -1,526 MSEK (-5,073) excluding the effect of leases.

Earnings per share after dilution amounted to -9.58 SEK (-48.99) per share and -7.98 SEK (-46.94) excluding IFRS 16.

Earnings per share

	Apr-jun 2021	Apr-jun 2020	Jan-jun 2021	Jan-jun 2020	Jan-dec 2020	Jul-jun 2020/2021
Resultat per aktie, SEK	-3,93	-11,49	-9,58	-48,98	-40,02	-13,66
Effekt av IFRS 16	0,85	0,41	1,60	-0,91	1,40	2,19
Resultat per aktie, SEK, exkl. IFRS 16	-3,08	-11,08	-7,98	-46,94	-38,62	-11,46

CASH FLOW & FINANCIAL POSITION

Operating cash flow excluding IFRS 16 for the period January–June was -976 MSEK (-849). The cash flow contribution from the change in working capital amounted to 420 MSEK (753). Working capital was affected positively by prepayments from customers, higher operating liabilities and a temporary repayment of approximately 260 MSEK in VAT and social security contributions from the Swedish Tax Agency.

Taxes paid amounted to -50 MSEK (-57) and referred to payment of taxes for 2019 in Sweden.

Net investments totaled -218 MSEK (-463), of which hotel renovations accounted for -49 MSEK (-333) and IT for -8 MSEK (-26). Investments in new hotels and increased room capacity totaled -161 MSEK (-104). The rate of investment fell after the second quarter 2020 and included only the completion of investments that were already contracted.

In total, free cash flow improved to -1 194 MSEK (-1,312).

Operating cash flow

MSEK	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020	Jul-Jun 2020/2021
Adjusted EBITDA	-364	-1,138	-1,138	-1,311	-1,503	-1,330
Pre-opening costs	-13	-2	-36	-29	-32	-39
Non-recurring items	1	-4	-16	-188	-269	-97
Adjustments for non-cash items	-17	7	-16	13	39	10
Paid tax	0	24	-50	-57	-54	-47
Change in working capital	424	777	420	753	-221	-554
Interest paid	-112	-12	-140	-30	-148	-258
Cash flow from operations	-80	-348	-976	-849	-2,188	-2,315
Investments in hotel renovations	-31	-151	-49	-333	-414	-130
Investments in IT	-5	-3	-8	-26	-35	-17
Free cash flow before investments in expansions	-116	-502	-1,033	-1,208	-2,637	-2,462
Investments in new capacity	-97	-70	-161	-104	-302	-359
Free cash flow	-214	-572	-1,194	-1,312	-2,939	-2,821
Convertible issue	1,577	-	1,577	-	-	1,577
Rights issue	-	1,746	-	1,746	1,701	-45
Other items in financing activities	-59	-33	-59	-33	-58	-84
Financing costs	22	19	16	16	-4	-4
Exchange difference in net debt	30	58	-36	48	84	0
Change net debt	1,356	1,218	304	465	-1,217	-1,377

The balance sheet total on June 30, 2021, was 42,633 MSEK, compared with 38,283 MSEK on December 31, 2020.

Interest-bearing net liabilities, excluding lease liabilities and convertible loan, decreased by 304 MSEK during the year to 4,410 MSEK.

Total agreed credit facilities amounted to 6,650 MSEK at the end of June 2021. Loans from credit institutions totaled 4,536 MSEK, commercial papers amounted to 0 MSEK and cash and cash equivalents totaled 20

MSEK. Total available liquidity was approximately 2,130 MSEK.

Liabilities to property owners fell in the second quarter 2021 from approximately 120 MSEK to approximately 70 MSEK due to offsetting liabilities against rent concessions and excessive payments on account. The liability for the payment respite for VAT and social security contributions amounted to approximately 500 MSEK. The payment respite was extended until the first half-year 2022.

Net financial items, reported vs. cash flow

	Apr-Jun 2021	Apr-Jun 2020	Jan-jun 2021	Jan-jun 2020	Jan-dec 2020	Jul-jun 2020/2021
Financial net, reported	-438	-371	-797	-687	-1,281	-1,391
of which interest expenses, IFRS 16	-305	-273	-594	-559	-1,036	-1,071
Financial net, excl. IFRS 16	-134	-98	-203	-128	-245	-320
Adjustments to paid financial items						
Interest expenses, Convertibel bond (non-cash)	31	0	31	0	0	31
Timing difference, interest on bank loans	-37	25	-1	25	0	-26
Other	-31	29	-26	39	39	-26
Total adjustments	-37	53	4	65	39	-21
Paid financial items, net	-171	-45	-199	-63	-206	-341

At an Extraordinary General Meeting held on April 26, 2021, the Board of Directors' proposal to take out a convertible loan with a gross payment of 1,609 MSEK was approved. After issue costs of 32 MSEK, the net proceeds amounted to 1,577 MSEK. Of the net proceeds, 1,231 MSEK has been allocated to a convertible loan and 346 MSEK to equity. The theoretical effective interest rate, which is charged to the income statement, amounts to approximately 11 percent and is calculated on the the share that is allocated to loan. No interest will be paid during the term (maturity: October 8, 2024), but the interest expense will be accumulated on an ongoing basis to the convertible debt. The conversion price amounts to SEK

43.36. Upon full conversion, the convertibles will entail dilution of approximately 17.83 percent and an increase in the number of shares of 41,510,920. Calculation of earnings per share will include the full dilution effect for periods of positive earnings.

During April 2021, Scandic extended its existing bank loan, with a total credit facility of 6,650 MSEK, until December 31, 2023. In connection with the extension, interest rates, collateral and covenants were adjusted. Financing costs in connection with the extension of the loan of 56 MSEK were incurred in the second quarter and are included in the operating cash flow statement under Other items in financing activities.

SEGMENT REPORTING

Sweden

	Apr-Jun 2021	Apr-Jun 2020	%	Jan-Jun 2021	Jan-Jun 2020	%
Net sales (MSEK)	460	246	87.7%	780	1,399	-44.3%
Organic growth	215		87.7%	-619		-44.3%
<i>New hotels</i>	3		1.3%	4		0.3%
<i>Exits</i>	0		-	0		-
<i>LFL</i>	212		86.4%	-623		-44.6%
Adjusted EBITDA	-255	-344	-26.21%	-469	-344	36.4%
% margin	-55.3%	-140.3%		-60.1%	-24.6%	
RevPAR (SEK)	224	122	83.9%	192	308	-37.6%
New hotels/exits	-2		-1.4%	-1		-0.4%
LFL	104		85.3%	-115		-37.2%
ARR (SEK)	818	895	-8.6%	811	1,001	-19.0%
OCC %	27.4%	13.6%		23.7%	30.7%	

Second quarter

Net sales rose by 87.7 percent to 460 MSEK (246). For comparable units, net sales increased by 86.4 percent.

Average Revenue Per Available Room (RevPAR) increased by 83.9 percent compared with the same

quarter the previous year. RevPAR for comparable units grew by 85.3 percent.

Adjusted EBITDA improved to -255 MSEK (-344). Rental costs fell by 13 MSEK to 264 MSEK.

The period January – June

Net sales fell by 44.3 percent to 780 MSEK (1,399). For comparable units, net sales decreased by 44.6 percent.

Average Revenue Per Available Room (RevPAR) fell by 37.6 percent compared with the previous year. RevPAR for comparable units dropped by 37.2 percent.

Adjusted EBITDA dropped to -469 MSEK (-344) including government furlough subsidies. Direct state aid excluding furlough subsidies reduced costs by 97 MSEK, of which rent support was 56 MSEK during the period.

Norway

	Apr-Jun 2021	Apr-Jun 2020	%	Jan-Jun 2021	Jan-Jun 2020	%
Net sales (MSEK)	644	215	200.4%	962	1,102	-12.7%
Currency effects	66		30.8%	1		0.1%
Organic growth	363		169.6%	-141		-12.8%
<i>New hotels</i>	6		3.0%	6		0.5%
<i>Exits</i>	-2		-0.8%	-39		-3.6%
<i>LFL</i>	359		167.4%	-108		-9.7%
Adjusted EBITDA	27	-94	-128.3%	-47	-159	-70.4%
% margin	4.2%	-44.1%		-4.9%	-14.4%	
RevPAR (SEK)	328	84	291.7%	253	248	2.0%
Currency effects	35		42.0%	0		0.1%
New hotels/exits	2		1.9%	4		1.5%
LFL	208		247.8%	1		0.4%
ARR (SEK)	988	881	12.1%	941	980	-4.0%
OCC %	33.2%	9.5%		26.9%	25.3%	

Second quarter

Net sales rose by 200.4 percent to 644 MSEK (215). For comparable units, net sales grew by 167.4 percent. The net sales were positively impacted by revenue from Scandic's quarantine business.

Changes in the hotel portfolio contributed 4 MSEK net to net sales.

Average Revenue Per Available Room (RevPAR) increased by 291.7 percent compared with the same

quarter the previous year. RevPAR for comparable units grew by 247.8 percent.

Adjusted EBITDA improved to 27 MSEK (-94). Direct state aid excluding furlough subsidies reduced costs by 42 MSEK, of which rent support was 21 MSEK, during the second quarter. Rental costs rose by 111 MSEK to 224 MSEK.

The period January – June

Net sales fell by 12.7 percent to 962 MSEK (1,102). Net sales for comparable units dropped by 9.7 percent. The net sales were positively impacted by revenue from Scandic's quarantine business.

Changes in the hotel portfolio contributed net -33 MSEK. The largest negative impact came from Scandic Holmenkollen Park that were closed for renovation during 2021.

Average Revenue Per Available Room (RevPAR) increased by 2.0 percent compared with the previous year. RevPAR for comparable units grew by 0.4 percent.

Adjusted EBITDA improved to -47 MSEK (-159) including state aid. Direct state aid excluding furlough subsidies reduced costs by 166 MSEK, of which rent support was 95 MSEK, during the period.

Finland

	Apr-Jun 2021	Apr-Jun 2020	%	Jan-Jun 2021	Jan-Jun 2020	%
Net sales (MSEK)	313	107	191.5%	522	940	-44.5%
Currency effects	-15		-14.0%	-27		-2.9%
Organic growth	221		205.5%	-391		-41.6%
<i>New hotels</i>	33		30.5%	51		5.5%
<i>Exits</i>	-1		-0.7%	-32		-3.4%
<i>LFL</i>	189		175.7%	-410		-43.6%
Adjusted EBITDA	-168	-309	-45.7%	-385	-272	41.3%
% margin	-53.6%	-287.5%		-73.7%	-29.0%	
RevPAR (SEK)	191	72	163.7%	158	293	-45.8%
Currency effects	-9		-12.7%	-8		-2.8%
New hotels/exits	0		-0.5%	4		1.4%
LFL	128		176.9%	-130		-44.4%
ARR (SEK)	921	1,128	-18.4%	909	1,098	-17.2%
OCC %	20.7%	6.4%		17.4%	26.7%	

Second quarter

Net sales rose by 191.5 percent to 313 MSEK (107). For comparable units, net sales grew by 175.7 percent.

Changes in the hotel portfolio contributed 32 MSEK net to net sales. The positive effect is mainly due to the opening of the new hotel Grand Central and also the reopening of hotel Eden that was previously closed.

Average Revenue Per Available Room (RevPAR) increased by 163.7 percent compared with the same

The period January – June

Net sales fell by 44.5 percent to 522 MSEK (940). Net sales for comparable units dropped by 43.6 percent.

New hotels/exits contributed 19 MSEK net. The positive effect is mainly due to the opening of the new hotel Grand Central and also the reopening of hotel Eden that was previously closed.

quarter during the previous year. RevPAR for comparable units grew by 176.9 percent.

Adjusted EBITDA improved to -168 MSEK (-309). In Finland, the state bore the cost of employees that were furloughed during the quarter. Rental costs fell by 26 MSEK to 206 MSEK.

Average Revenue Per Available Room (RevPAR) fell by 45.8 percent compared with the previous year. RevPAR for comparable units dropped by 44.4 percent.

Adjusted EBITDA dropped to -385 MSEK (-272) including state aid. In Finland, the state bore the cost of furloughed employees with effect from the end of the first quarter 2020.

Other Europe

	Apr-Jun 2021	Apr-Jun 2020	%	Jan-Jun 2021	Jan-Jun 2020	%
Net sales (MSEK)	223	97	129.1%	305	567	-46.1%
Currency effects	-11		-11.2%	-15		-2.7%
Organic growth	136		140.3%	-245		-43.4%
<i>New hotels</i>	5		4.9%	5		0.8%
<i>Exits</i>	-		0.0%	-		0.0%
LFL	132		135.4%	-250		-44.2%
Adjusted EBITDA	88	-296	-129.8%	-106	-335	-68.5%
% margin	39.5%	-304.4%		-34.6%	-59.2%	
RevPAR (SEK)	223	97	131.0%	159	290	-45.1%
Currency effects	-11		-11.3%	-8		-2.8%
New hotels/exits	-3		-3.0%	-1		-0.2%
LFL	140		145.3%	-122		-42.1%
ARR (SEK)	878	886	-0.9%	863	1,026	-15.9%
OCC %	25.4%	10.9%		18.5%	28.3%	

Second quarter

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

Net sales rose by 129.1 percent to 223 MSEK (97). For comparable units, net sales grew by 135.4 percent.

Average Revenue Per Available Room (RevPAR) increased by 131.0 percent compared with the same

quarter the previous year. RevPAR for comparable units grew by 145.3 percent.

Adjusted EBITDA improved to 88 MSEK (-296). Direct state aid excluding furlough subsidies reduced costs by 161 MSEK, of which rent support was 84 MSEK, during the second quarter. Rental costs fell by 121 MSEK to 24 MSEK.

The period January – June

Net sales fell by 46.1 percent to 305 MSEK (567). Net sales for comparable units dropped by 44.2 percent.

Average Revenue Per Available Room (RevPAR) fell by 45.1 percent compared with the previous year. RevPAR for comparable units dropped by 42.1 percent.

Adjusted EBITDA dropped to -106 MSEK (-335) including state aid. Direct state aid excluding furlough subsidies reduced costs by 187 MSEK, of which rent support was 99 MSEK, during the period.

Central functions

Adjusted EBITDA for central functions was -57 MSEK (-95) during the quarter and -132 MSEK (-201) during the period January–June.

EMPLOYEES

The average number of employees was 5,090 on June 30, 2021 compared with 6,152 on December 31, 2020.

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 expects occupancy in July to be around 55 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 Q2 will take place at 9:00 CET on July 16, 2021 with President & CEO Jens Mathiesen and CFO Jan Johansson available by phone at +46 851 999 383 in Sweden or +44 3333 0092 66 in the UK. Please call in five minutes before the start. The presentation will also be available afterwards at www.scandichotelsgroup.com

FINANCIAL CALENDAR

- | | |
|------------|--|
| 2021-10-28 | Interim Report Q3 2021 (silent period from September 27, 2021) |
| 2022-02-10 | Year-end Report 2021 (silent period from January 11, 2022) |

FOR MORE INFORMATION

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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 June 30, 2021, Scandic's goodwill and intangible assets amounted to 6,776 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	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020	Jul-Jun 2020/2021
INCOME						
Room revenue	1,097	445	1,734	2,566	4,923	4,091
Restaurant and conference revenue*	463	126	706	1,271	2,234	1,669
Franchise and management fees	4	1	6	7	19	18
Other hotel-related revenue	76	93	123	164	294	253
Net sales	1,640	665	2,569	4,008	7,470	6,031
Other income	-	-	-	-	-	-
TOTAL OPERATING INCOME	1,640	665	2,569	4,008	7,470	6,031
OPERATING COSTS						
Raw materials and consumables	-138	-37	-222	-327	-611	-506
Other external costs	-392	-700	-749	-1,594	-1,751	-906
Personnel costs	-753	-294	-1,441	-1,595	-3,489	-3,335
Fixed and guaranteed rental charges	65	56	211	38	494	667
Variable rental charges	-100	-21	-136	-207	-424	-353
Pre-opening costs	-13	-2	-36	-29	-32	-39
Items affecting comparability	1	-4	-16	-188	-269	-97
EBITDA	308	-337	180	106	1,387	1,462
Depreciation, amortization and impairment losses**	-797	-777	-1,587	-4,548	-6,187	-3,226
TOTAL OPERATING COSTS	-2,129	-1,779	-3,977	-8,450	-12,269	-7,796
EBIT (Operating profit/loss)	-489	-1,114	-1,407	-4,442	-4,800	-1,764
Financial items						
Financial income	2	-	4	2	5	7
Financial expenses	-441	-371	-800	-689	-1,286	-1,397
Net financial items	-438	-371	-797	-687	-1,281	-1,391
EBT (Profit/loss before taxes)	-927	-1,485	-2,204	-5,129	-6,081	-3,155
Taxes	175	242	371	-41	130	542
PROFIT/LOSS FOR PERIOD	-752	-1,243	-1,832	-5,170	-5,951	-2,612
Profit/loss for period relating to:						
Parent Company shareholders	-752	-1,242	-1,832	-5,170	-5,949	-2,612
Non-controlling interest	0	-1	1	-1	-2	-0
Profit/loss for period	-752	-1,243	-1,832	-5,170	-5,951	-2,612
Average number of outstanding shares before dilution	191,243,258	108,052,041	191,243,258	105,518,558	148,618,805	191,243,258
Average number of outstanding shares after dilution	191,254,084	108,068,075	191,254,084	105,534,592	148,645,691	191,254,084
Earnings per share before dilution, SEK	-3.93	-11.49	-9.58	-48.98	-40.02	-13.66
Earnings per share after dilution, SEK	-3.93	-11.49	-9.58	-48.98	-40.02	-13.66

*) 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	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020	Jul-Jun 2020/2021
Profit/loss for period	-752	-1,243	-1,832	-5,170	-5,951	-2,612
Items that may be reclassified to the income statement	167	23	122	-44	-237	-71
Items that may not be reclassified to the income statement	36	0	79	-9	-10	77
Other comprehensive income	203	23	200	-53	-247	6
Total comprehensive income for period	-549	-1,220	-1,632	-5,223	-6,198	-2,605
Relating to:						
Parent Company shareholders	-548	-1,216	-1,632	-5,219	-6,200	-2,613
Non-controlling interest	-1	-4	-1	-4	2	5

Consolidated balance sheet, summary

MSEK	30 Jun 2021	30 Jun 2020	31 Dec 2020
ASSETS			
Intangible assets	6,776	6,828	6,687
Buildings and land	29,510	25,928	25,762
Equipment, fixtures and fittings	4,510	4,791	4,625
Financial fixed assets	825	291	479
Total fixed assets	41,622	37,838	37,553
Current assets	972	834	716
Cash and cash equivalents	20	525	14
Total current assets	1,012	1,359	730
TOTAL ASSETS	42,633	39,197	38,283
EQUITY AND LIABILITIES			
Equity attributable to owners of the Parent Company	788	3,019	2,035
Non-controlling interest	38	38	36
Total equity	826	3,057	2,071
Liabilities to credit institutions	4,430	3,306	4,526
Convertible loan	1,261	0	0
Lease liabilities	30,254	25,857	26,169
Other long-term liabilities	1,083	1,085	1,159
Total long-term liabilities	37,027	30,249	31,854
Derivative instruments	0	47	18
Current liabilities for leases	1,890	2,136	1,850
Commercial papers	0	249	201
Other current liabilities	2,890	3,459	2,289
Total current liabilities	4,780	5,891	4,358
TOTAL EQUITY AND LIABILITIES	42,633	39,197	38,283
Equity per share, SEK	4.1	20.7	10.6
Total number of shares outstanding, end of period	191,257,993	146,083,731	191,257,993
Working capital	-1,919	-2,625	-1,573
Interest-bearing net liabilities (excl. convertible loan)	4,410	3,030	4,714

Changes in 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	6,558	43	6,601
Profit/loss for the period	-	-	-	-5,170	-5,170	-1	-5,171
Other comprehensive income	-	-	-43	9	-34	-4	-38
Total comprehensive income for the year	-	-	-43	-5,161	-5,204	-5	-5,209
Transactions with shareholders	22	1,679	-	-35	1,666	-	1,666
CLOSING BALANCE 06/30/2020	48	9,544	105	-6,677	3,019	38	3,057
Profit/loss for the period	-	-	-	-779	-779	-1	-780
Other comprehensive income	-	-	-189	-19	-208	-1	-209
Total comprehensive income for the year	-	-	-189	-798	-987	-2	-989
Other adjustments	-	-	-71	-	-71	-	-71
Total transactions with shareholders	-	-	-	72	73	-	73
CLOSING BALANCE 12/31/2020	48	9,544	-155	-7,403	2,035	36	2,071
OPENING BALANCE 01/01/2021	48	9,544	-155	-7,403	2,035	36	2,071
Profit/loss for the period	-	-	-	-1,832	-1,832	1	-1,832
Other comprehensive income	-	-	122	79	200	-	200
Total comprehensive income for the year	-	-	122	-1,754	-1,632	-	-1,632
Other adjustments	-	-	41	-	41	-	41
Convertible issue	-	346	-	-	346	-	346
Total transactions with shareholders	-	346	-	-	346	-	346
CLOSING BALANCE 06/30/2021	48	9,890	7	-9,157	789	38	826

Consolidated cash flow statement

	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020	Jul-Jun 2020/2021
OPERATING ACTIVITIES						
EBIT (Operating profit/loss)	-489	-1,114	-1,407	-4,442	-4,800	-1,765
Depreciation, amortization and impairment losses	797	777	1,587	4,548	6,187	3,226
Items not included in cash flow	-17	7	-16	13	39	10
Paid tax	-	24	-50	-57	-54	-47
Change in working capital	424	777	420	753	-221	-554
Cash flow from operating activities	715	471	534	815	1,151	870
INVESTING ACTIVITIES						
Net investments	-133	-224	-218	-463	-751	-506
Cash flow from investing operations	-133	-224	-218	-463	-751	-506
FINANCING OPERATIONS						
Paid interest	-112	-12	-140	-30	-148	-258
Paid interest, leases	-305	-274	-594	-560	-1,036	-1,070
Rights share issue	-	1,746	-	1,746	1,701	-45
Convertible issue	1,577	-	1,577	-	-	1,577
Financing costs	-56	-13	-56	-13	-38	-81
Dividend, share swap agreement	-3	-20	-3	-20	-37	-20
Net borrowing/amortization	-1,081	56	-97	344	1,572	1,131
Amortization, leases	-380	-533	-776	-1,073	-2,155	-1,858
Issue of commercial papers	-226	-731	-201	-238	-285	-248
Cash flow from financing operations	-587	219	-291	156	-426	-873
CASH FLOW FOR PERIOD	-5	466	25	508	-26	-509
Cash and cash equivalents at beginning of period	8	19	14	26	26	525
Translation difference in cash and cash equivalents	17	40	-19	-9	14	4
Cash and cash equivalents at end of the period	20	525	20	525	14	20

Parent company income statement, summary

MSEK	2021	2020	2021	2020	2020	2020/2021
Net sales	10	15	20	24	35	31
Expenses	-9	-11	-19	-24	-32	-27
EBIT (Operating profit/loss)	0	4	1	0	3	4
Financial income	36	96	94	78	243	259
Financial expenses	-79	-95	-144	-31	-236	-349
Net financial items	-42	1	-50	47	7	-90
EBT (profit/loss before tax)	-42	5	-49	47	10	-85
Tax	-	-1	-	-10	-3	7
PROFIT/LOSS FOR PERIOD	-42	4	-49	37	7	-78

Parent Company statement of comprehensive income

MSEK	2021	2020	2021	2020	2020	2020/2021
Profit/loss for period	-42	4	-49	37	7	-78
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	-42	4	-49	37	7	-78

Parent Company balance sheet, summary

MSEK	30 Jun 2021	30 Jun 2020	31 Dec 2020
ASSETS			
Investments in subsidiaries	8,415	5,039	8,415
Group company receivables	1,337	6,882	4,537
Other receivables	17	21	19
Total fixed assets	9,769	11,942	12,971
Group company receivables	12	13	4
Current receivables	14	11	9
Cash and cash equivalents	0	0	0
Total current assets	26	24	13
TOTAL ASSETS	9,795	11,966	12,983
EQUITY AND LIABILITIES			
Equity	8,403	8,143	8,106
Liabilities to credit institutions	1,261	3,306	4,526
Other liabilities	16	21	18
Total long-term liabilities	1,277	3,327	4,544
Liabilities for commercial papers	-	249	201
Liabilities to Group companies	20	-	-
Other liabilities	50	80	27
Accrued expenses and prepaid income	45	167	104
Total current liabilities	115	496	333
TOTAL EQUITY AND LIABILITIES	9,795	11,966	12,983

Changes in Parent Company's equity

	Share capital	Share premium reserve	Retained earnings	Total equity
MSEK				
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
<i>Total transactions with shareholders</i>	-	-	2	2
CLOSING BALANCE 06/30/2020	26	1,534	4,836	6,396
Profit/loss for period	-	-	-26	-26
Other comprehensive income	-	-	-	-
Total other comprehensive income	-	-	-26	-26
<i>Total transactions with shareholders</i>	22	1,679	35	1,736
CLOSING BALANCE 12/31/2020	48	3,213	4,846	8,106
OPENING BALANCE 01/01/2021				
Profit/loss for period	-	-	-49	-49
Other comprehensive income	-	-	-	-
Total other comprehensive income	-	-	-49	-49
Convertible issue	-	346	-	346
<i>Total transactions with shareholders</i>	-	346	-	346
CLOSING BALANCE 06/30/2021	48	3,559	4,797	8,403

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 (24) MSEK. The operating profit was 0 MSEK (0).

Net financial items for the period totaled -42 (profit: 47) MSEK. The Parent Company's loss before taxes was -42 MSEK (profit: 47).

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 2020 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 31 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

Apr-Jun	Sweden		Norway		Finland		Other Europe		Central functions		Group	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
MSEK												
Room revenue	333	191	419	110	210	78	135	67	-	-	1,097	446
Restaurant and conference revenue	116	50	179	29	85	19	83	28	-	-	463	126
Franchise and management fees	1	-	2	-	-	-	-	-	-	-	3	-
Other hotel-related income	10	5	44	76	18	10	5	2	-	-	77	93
Net sales	460	246	644	215	313	107	223	97			1,640	665
Other income	-	-	-	-	-	-	-	-	-	-	-	-
Internal transactions	-	-	-	-	-	-	-	-	10	9	10	9
Group eliminations	-	-	-	-	-	-	-	-	-10	-9	-10	-9
Total income	460	246	644	215	313	107	223	97			1,640	665
Expenses	-715	-590	-617	-309	-481	-415	-135	-393	-57	-95	-2,004	-1,803
Adjusted EBITDA	-255	-344	27	-94	-168	-309	88	-296	-57	-95	-364	-1,138
Adjusted EBITDA margin, %	-55.3	-139.8	4.2	-43.7	-53.7	-288.2	39.5	-305.2	-	-	-22.2	-171.1
EBITDA											308	-337
EBITDA margin, %	-	-	-	-	-	-	-	-	-	-	18.8	-50.7
Depreciation, amortization and write-downs	-	-	-	-	-	-	-	-	-	-	-797	-777
EBIT (operating profit/loss)	-	-	-	-	-	-	-	-	-	-	-489	-1,114
Net financial items	-	-	-	-	-	-	-	-	-	-	-438	-371
EBT (Profit/loss before tax)											-927	-1,485

Jan-Jun	Sweden		Norway		Finland		Other Europe		Central functions		Group	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
MSEK												
Room revenue	565	946	636	635	341	620	190	364	-	-	1,732	2,565
Restaurant and conference revenue	194	433	258	367	145	279	108	193	-	-	705	1,272
Franchise and management fees	2	2	3	3	-	-	1	2	-	-	6	7
Other hotel-related income	18	18	64	97	36	41	7	8	-	-	125	164
Net sales	780	1,399	962	1,102	522	940	305	567			2,569	4,008
Other income	-	-	-	-	-	-	-	-	-	-	-	-
Internal transactions	-	-	-	-	-	-	-	-	10	-	10	-
Group eliminations	-	-	-	-	-	-	-	-	-10	-	-10	-
Total income	780	1,399	962	1,102	522	940	305	567			2,569	4,008
Expenses	-1,249	-1,743	-1,009	-1,261	-907	-1,212	-411	-901	-132	-201	-3,707	-5,319
Adjusted EBITDA	-469	-344	-47	-159	-385	-272	-106	-335	-132	-201	-1,138	-1,311
Adjusted EBITDA margin, %	-60.1	-24.6	-4.9	-14.4	-73.8	-28.9	-34.6	-59.1	-	-	-44.3	-32.7
EBITDA											180	106
EBITDA margin, %	-	-	-	-	-	-	-	-	-	-	7.0	2.6
Depreciation, amortization and write-downs	-	-	-	-	-	-	-	-	-	-	-1,587	-4,548
EBIT (operating profit/loss)	-	-	-	-	-	-	-	-	-	-	-1,407	-4,442
Net financial items	-	-	-	-	-	-	-	-	-	-	-797	-687
EBT (Profit/loss before tax)											-2,204	-5,129

Assets & Investments by segment

30 Jun	Sweden		Norway		Finland		Other Europe		Central functions		Group	
MSEK	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Fixed assets	11,255	10,822	8,614	9,027	15,443	13,638	6,847	4,941	-537	-449	41,622	37,979
Investments in fixed assets	93	111	30	65	50	170	34	39	8	27	216	412

Revenue by country

MSEK	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020	Jul-Jun 2020/2021
Sweden	460	246	780	1,399	2,489	1,870
Norway	644	215	962	1,102	2,236	2,096
Finland	313	107	522	940	1,714	1,295
Denmark	190	77	256	398	776	633
Germany	27	14	40	149	226	117
Poland	6	5	9	18	29	20
Total countries	1,640	665	2,569	4,008	7,470	6,031
Other	-1	15	35	24	35	46
Group eliminations	1	-15	-35	-24	-35	-46
Group	1,640	665	2,569	4,008	7,470	6,031

Revenue by type of agreement

MSEK	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020	Jul-Jun 2020/2021
Lease agreements	1,631	665	2,554	3,993	7,443	6,004
Management agreements	1	-	1	3	7	5
Franchise and partner agreements	3	-	5	4	11	12
Owned	5	-	9	8	9	10
Total	1,640	665	2,569	4,008	7,470	6,031
Other	-1	15	35	24	35	46
Group eliminations	1	-15	-35	-24	-35	-46
Group	1,640	665	2,569	4,008	7,470	6,031

Summary of reported EBITDA & adjusted EBITDA

	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020	Jul-Jun 2020/2021
EBITDA	308	-337	180	106	1,387	1,461
Effect of leases, fixed and guaranteed rental charges	-685	-807	-1,370	-1,633	-3,191	-2,928
Pre-opening costs	13	2	36	29	32	39
Items affecting comparability	-1	4	16	188	269	97
Adjusted EBITDA	-364	-1,138	-1,138	-1,311	-1,503	-1,330

Total rent charges

	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020	Jul-Jun 2020/2021
Total rental charges						
Fixed and guaranteed rental charges according to income statement*	65	56	211	38	494	667
Fixed and guaranteed rental charges, reversed effect IFRS 16	-685	-807	-1,370	-1,633	-3,191	-2,928
Total fixed and guaranteed rental charges	-621	-751	-1,159	-1,595	-2,697	-2,261
Variable rental charges	-100	-21	-136	-207	-424	-353
Total rental charges	-721	-772	-1,295	-1,802	-3,121	-2,614
*Of which received state aid and negotiated discounts	410	129	698	129	665	1,234
Fixed and guaranteed rental charges	37.8%	112.9%	45.1%	39.8%	36.1%	37.5%
Variable rental charges	6.1%	3.2%	5.3%	5.2%	5.7%	5.9%
Total rental charges	44.0%	116.1%	50.4%	45.0%	41.8%	43.3%

Financial items

	Apr-Jun 2021	Apr-Jun 2020	Jan-jun 2021	Jan-jun 2020	Jan-dec 2020	Jul-jun 2020/2021
Financial items, income statement						
Interest expenses, credit institutions	-61	-31	-109	-43	-111	-177
Interest expenses, convertible bond	-31	0	-31	0	0	-31
Other interest expenses, net	-26	-57	-34	-61	-73	-45
Exchange rate gains/losses, net	0	2	0	1	3	2
Other items	-17	-14	-29	-25	-64	-69
Total, excluding IFRS 16	-134	-98	-203	-128	-245	-320
Interest expenses, IFRS 16	-305	-273	-594	-559	-1,036	-1,071
Total	-438	-371	-797	-687	-1,281	-1,391
Paid financial items, cash flow						
Paid interest	-112	-12	-140	-30	-148	-258
Other items	-59	-33	-59	-33	-75	-101
Total	-171	-45	-199	-63	-206	-358

Quarterly data

MSEK	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Net sales	1,640	930	1,377	2,085	665	3,343
Adjusted EBITDA	-364	-775	-282	90	-1,138	-174
Adjusted EBITDA margin, %	-22.2	-83.4	-20.5	4.3	-171.1	-5.2
EBIT (operating profit/loss)	-489	-919	-377	19	-1,114	-3,329
Profit/loss for the period	-752	-1,080	-528	-254	-1,243	-3,927
Profit/loss for the period, excl. effect IFRS 16	-590	-935	-462	-203	-1,197	-3,876
Earnings per share, SEK	-3.93	-5.65	-2.75	-1.32	-11.49	-38.14
Earnings per share, SEK, excl. effect IFRS 16	-3.08	-4.90	-2.42	-1.06	-11.08	-37.63
Net debt/adjusted EBITDA, LTM	neg	neg	neg	neg	189.4	2.5
RevPAR (Revenue per available room), SEK	245	147	193	323	96	474
ARR (Average room revenue), SEK	903	841	842	896	924	1,043
OCC (Occupancy), %	27.1	17.5	23.0	36.1	10.3	45.5

Quarterly data per segment

	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Net sales						
Sweden	460	319	466	625	246	1,154
Norway	644	319	410	724	215	888
Finland	313	209	300	472	107	833
Other Europe	223	83	201	264	97	468
Total net sales	1,640	930	1,377	2,085	665	3,343
Adjusted EBITDA						
Sweden	-255	-214	-136	77	-344	1
Norway	27	-74	6	104	-94	-64
Finland	-168	-217	-89	-95	-309	36
Other Europe	88	-194	-24	61	-296	-40
Central functions	-57	-75	-39	-57	-95	-107
Total adj. EBITDA	-364	-775	-282	90	-1,138	-174
<i>Adjusted EBITDA margin, %</i>	<i>-22.2%</i>	<i>-83.4%</i>	<i>-20.5%</i>	<i>4.3%</i>	<i>-171.1%</i>	<i>-5.2%</i>

Exchange rates

SEK/EUR	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Income statement (average)	10.1281	10.6598	10.4867
Balance sheet (at end of period)	10.1249	10.4804	10.0375
SEK/NOK			
Income statement (average)	0.9956	0.9947	0.9786
Balance sheet (at end of period)	0.9942	0.9595	0.9546
SEK/DKK			
Income statement (average)	1.3619	1.4280	1.4068
Balance sheet (at end of period)	1.3616	1.4063	1.3492

Alternative performance measures

Interest-bearing net liabilities	30 Jun 2021	30 Jun 2020	31 Dec 2020
Liabilities to credit institutions	4,430	3,306	4,526
Liabilities, commercial papers	0	249	201
Cash and cash equivalents	-20	-525	-14
Interest-bearing net liabilities	4,410	3,030	4,713
Working capital	30 Jun 2021	30 Jun 2020	31 Dec 2020
Current assets, excl. cash and bank balances	972	834	716
Current liabilities	-2,890	-3,459	-2,289
Working capital	-1,919	-2,625	-1,573

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 program was adopted by the annual general meeting in 2019 (LTIP 2019). LTIP 2018 ended in connection with the publication of Scandic's interim report for the first quarter of 2021.

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 2019–2022 (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 quarter 2022,

subject to the participant remaining a permanent employee within the Group and retaining the savings shares.

Senior managers have invested in the program and participants may be allocated a maximum of 243,149 shares for the LTIP 2019, corresponding to approximately 0.2 percent of Scandic's share capital and votes.

The cost of the program is expected to amount to 1.5 MSEK, including social security contributions, and the cost included in the Group's income statement in accordance with IFRS2 was 0.1 MSEK for the second quarter 2021, including social security contributions. The maximum cost of the program, including social security contributions, is estimated to be 29 MSEK.

For more information, see Note 5 in Scandic's Annual Report 2020. The expected financial exposure to shares that may be allotted under 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.

Forty employees in total participated in the LTIP 2018. The total cost of the program, including social security contributions, was 1.3 MSEK. The dilution effect of the program amounted to 29,309 shares, which is equivalent to 0.01 percent of the number of outstanding shares on May 31, 2021. The number of issued shares in the company, however, did not change due to the allocation of shares in LTIP 2018 since a share swap agreement exists with a third party.

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, July 16, 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

Auditor's 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 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

EBT

Earnings before tax.

EBIT

Earnings before interest and taxes.

EBITDA

Earnings before interest, taxes, depreciation and amortization.

Adjusted EBITDA

Earnings before interest, taxes, depreciation and amortization, adjusted for the effects of leasing.

Adjusted EBITDA margin

Adjusted EBITDA as a percentage of net sales.

EBITDAR

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

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 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)

- 2021-05-31** Scandic Landvetter now open – exciting new landmark in Gothenburg
- 2021-05-25** Jan Johansson to leave position of CFO at Scandic Hotels Group AB (publ) at the end of 2021
- 2021-04-25** Scandic's Nomination Committee proposes Therese Cedercreutz as new Board member
- 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

scandichotelsgroup.com



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