



STRONG RESULTS IN AN IMPROVED MARKET

THIRD QUARTER IN SUMMARY

- Net sales rose by 79 percent to 3,734 MSEK (2,085).
- Average occupancy more than doubled, amounting to 55.1 percent compared with 27.1 percent during the previous quarter. The occupancy rate in the corresponding quarter last year was 36 percent.
- Adjusted EBITDA totaled 709 MSEK (90).
- The company's results were impacted positively by 132 MSEK of state aid received and the repayment of 44 MSEK related to over-consolidation from an insurance company. In addition, just over 150 MSEK of the profit is estimated to be attributable to temporary effects from Scandic's quarantine-related operations in Norway. Excluding the above-mentioned items, adjusted EBITDA amounted to approximately 380 MSEK, which corresponds to a margin of about 10 percent.
- Scandic's cash flow amounted to 547 MSEK and net debt decreased to 3,785 MSEK.
- Excluding IFRS 16, earnings per share totaled 1.41 SEK (-1.06).
- Scandic and Jan Johansson agreed that he will continue as CFO until February 28, 2022.

THE PERIOD IN SUMMARY

- Net sales grew by 3 percent to 6,303 MSEK (6,093).
- Adjusted EBITDA totaled -430 MSEK (-1,221).
- Excluding IFRS 16, earnings per share amounted to -6.40 SEK (-39.29).
- In March, Scandic carried out an offering of convertible bonds, raising 1,609 MSEK in gross proceeds.

EVENTS AFTER THE REPORTING DATE

- On October 26, Scandic announced that it had recruited Åsa Wirén as CFO. Åsa will start her new position in April 2022 at the latest.

GROUP KEY RATIOS

MSEK	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020	Oct-Sep 2020/2021
Financial key ratios						
Net sales	3,734	2,085	6,303	6,093	7,470	7,680
Adjusted EBITDA	709	90	-430	-1,221	-1,503	-712
Adjusted EBITDA margin, %	19.0	4.3	-6.8	-20.0	-20.1	-9.3
EBIT (Operating profit/loss)	649	19	-758	-4,423	-4,800	-1,134
Net profit/loss for the period	173	-254	-1,659	-5,424	-5,951	-2,186
Net profit/loss for the period excl. IFRS 16	303	-203	-1,222	-5,277	-5,739	-1,685
Earnings per share, SEK	0.85	-1.32	-8.68	-40.37	-40.03	-11.43
Earnings per share, SEK, excl. IFRS 16	1.41	-1.06	-6.40	-39.29	-38.62	-8.81
Net debt (excl. convertible loan)	3,875	3,426	3,875	3,426	4,714	
Hotel-related key ratios						
RevPAR (SEK)	540	323	314	298	271	284
ARR (Average Room Rate), SEK	980	896	936	971	945	918
OCC (Occupancy), %	55.1	36.1	33.5	30.6	28.7	30.9
Total number of rooms on reporting date	53,994	53,159	53,994	53,159	53,003	53,994

CEO'S COMMENTS

A good summer and positive development during the fall

We are pleased to say that occupancy and average revenue per available room (RevPAR) increased substantially in all countries over the summer as a result of good demand for domestic leisure travel. Above all, there was a clear improvement from last year's low levels in the capitals that was aided by the easing of restrictions on gatherings and restaurants. In total, our occupancy rate grew from 36 percent in June to just over 58 percent in July.

Occupancy levels have since remained above 50 percent throughout August and September at the same time as price levels have improved compared with the previous quarter. In connection with the holiday period nearing its end toward the middle of August, an increase in business travelers and meeting activity has compensated for the decline in leisure travel on weekdays.

Positive results and cash flow

Adjusted EBITDA amounted to 709 MSEK at the same time as positive cash flow contributed to reducing our net debt by more than 500 MSEK during the quarter. The company's results were impacted positively by 132 MSEK of state aid received and the repayment of 44 MSEK related to over-consolidation from an insurance company. In addition, just over 150 MSEK of the profit is estimated to be attributable to temporary effects from Scandic's quarantine-related operations in Norway. Even when adjusted for these items, underlying earnings were positive in all segments, with the highest profitability in our Norwegian operations. Earnings in Finland, however, were held back by continued restrictions.

Increased booking activity

There is a great pent-up need for meetings among our corporate customers after a long period of extensive restrictions and working from home. We've recently seen an increase in booking activity, not least for meetings, which has been driven by the fact that pandemic restrictions have been gradually eased and more people are now returning to normal working life at their workplaces. At the moment, our meetings business is approximately 70 percent of the level it was during the same period in 2019.

It feels great to be able to welcome so many employees to Scandic again as the hotel market has improved. We're continuing to scale up staffing while maintaining a focus on cost efficiency and a clear ambition to permanently strengthen our profitability level.

Positive view for remainder of year

Demand has strengthened during the first weeks of October thanks to increased business travel. In light of the increased booking activity, Scandic has a positive view of market development for the coming months. We expect occupancy to be about 58 percent in October and at least 60 percent in November. We continue to estimate that positive cash flow can be reached at an occupancy level of around 50 percent.

Jens Mathiesen
President & CEO



“Occupancy and RevPAR increased substantially in all countries”

“Reducing our net debt by more than 500 MSEK in the quarter”

“Positive view of market development for the rest of the year”

NORDIC HOTEL MARKET DEVELOPMENT

Significant improvement during quarter

During the third 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 had a positive effect.

For the quarter as a whole, the average occupancy rate was between 55 and 58 percent in Sweden, Norway and Denmark and about 50 percent in Finland. During the corresponding period last year, occupancy was between 37 and 43 percent in the Nordic countries.

The occupancy rate increased substantially in July in all markets in connection with the start of the holiday period, amounting to between 58 and 59 percent in Sweden, Norway and Finland and around 50 percent in the Danish market. Development was also positive in the German market.

Occupancy remained above 50 percent in August and September in all countries except Finland, where the level of activity was held back by continued restrictions.

Positive price development

Price levels in the Nordic markets have generally increased in recent months. During the third quarter, the average room rate was 10 to 17 percent higher than during the previous quarter. In the Norwegian market, the average room rate was higher than during the corresponding period in 2019, that is, before the Covid-19 pandemic broke out.

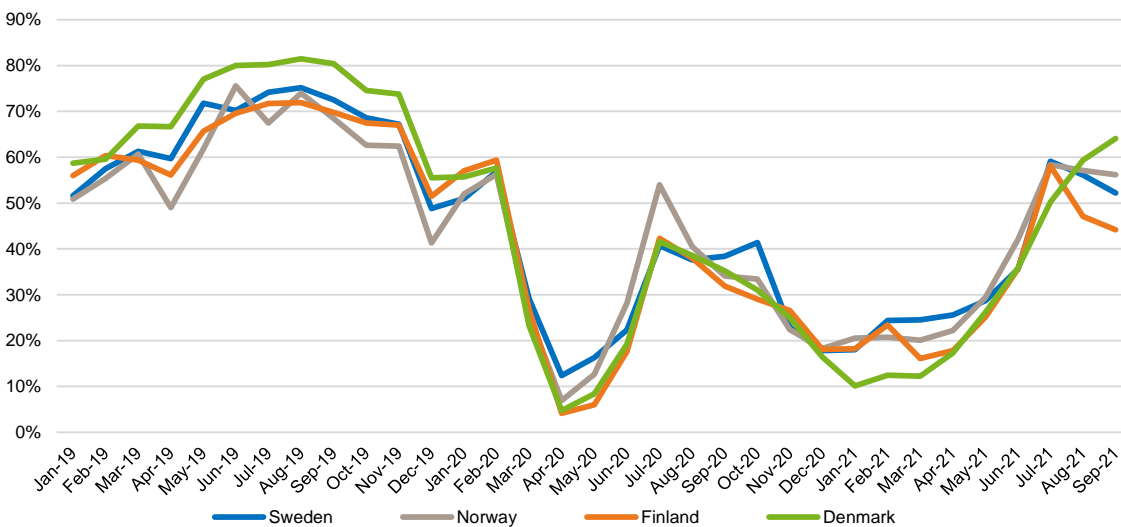
The market's RevPAR more than doubled in all countries compared with the previous quarter. Compared with the third quarter of 2019, RevPAR decreased by between 35 and 41 percent in Sweden, Finland and Denmark, while in the Norwegian market, RevPAR was just 7 percent lower than before the pandemic started.

Improvement from low levels in larger cities

The improvement in the hotel markets during the third quarter is largely attributable to higher levels of activity in the metropolitan regions.

During the third quarter, the market's occupancy rate in the Nordic capitals was between 40 and just over 50 percent, with the highest level in Oslo. During the corresponding period last year, occupancy was between 25 and 30 percent in the Nordic countries, which was a historically low level.

MARKET OCCUPANCY JANUARY 2019 – SEPTEMBER 2021



Source: Benchmarking Alliance

HOTEL PORTFOLIO

Existing hotel portfolio

At the end of the period, Scandic had 53,994 rooms in operation at 267 hotels, of which 243 had lease agreements.

In September, Scandic exited Scandic Forum in Stavanger in Norway, a hotel with 182 rooms. In total, the number of rooms in operation decreased by 132 during the quarter.

Portfolio changes	Number of rooms
Opening balance July 1, 2021	
Lease agreements	50,836
Franchise, management & other	3,290
Total	54,126
Change in lease agreements	-182
Change in other operating models	50
Total change during the quarter	-132
Closing balance September 30, 2021	
Lease agreements	50,654
Franchise, management & other	3,340
Total	53,994

Number of hotels in operation & pipeline

	Operational on Sep 30, 2021				Pipeline on Sep 30, 2021	
	Hotels	of which with lease contracts	Rooms	of which with lease contracts	Hotels	Rooms
Sweden	86	80	18,035	17,243	3	854
Norway	86	69	16,346	14,008	-1	262
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	267	243	53,994	50,654	9	3,694
<i>Change during the quarter</i>	<i>-1</i>	<i>-1</i>	<i>-132</i>	<i>-182</i>	<i>-1</i>	<i>56</i>

High-quality pipeline

At the end of the period, Scandic's pipeline comprised nine hotels with 3,694 rooms, corresponding to almost 7 percent of the current portfolio. The number of rooms in the pipeline grew by 56 during the quarter due to hotel extensions in Norway. The pipeline has been negatively affected by the planned exit of Scandic Ferrum in Kiruna (171 rooms) and by two Norwegian franchise hotels with a total of 190 rooms.

During the fourth quarter of 2021, Scandic Hamburger Börs will open in Turku (272 rooms) while the planned opening of Scandic Nørreport in Copenhagen (100 rooms) has been postponed from November 2021 until May 2022.

Investments in the pipeline are expected to total around 800 MSEK until 2024.

SALES & ADJUSTED EBITDA

Group

	Jul-Sep 2021	Jul-Sep 2020	%	Jan-Sep 2021	Jan-Sep 2020	%
Net sales (MSEK)	3,734	2,085	79.0%	6,303	6,093	3.4%
Currency effects	1		0.0%	-67		-1.1%
Organic growth	1,647		79.0%	276		4.5%
<i>New hotels</i>	83		4.0%	150		2.5%
<i>Exits</i>	-28		-1.3%	-99		-1.6%
LFL	1,591		76.3%	225		3.7%
Adjusted EBITDA	709	90		-430	-1,221	
% margin	19.0%	4.3%		-6.8%	-20.0%	
RevPAR (SEK)	540	323	66.9%	314	298	5.5%
Currency effects	-1		-0.2%	-3		-1.1%
New hotels/exits	-8		-2.4%	1		-0.2%
LFL	225		69.5%	20		6.7%

Third quarter

Net sales rose by 79.0 percent to 3,734 MSEK (2,085).

Organic sales growth excluding currency effects and acquisitions amounted to 79.0 percent. For comparable units, net sales grew by 76.3 percent.

Average Revenue Per Available Room (RevPAR) increased by 66.9 percent compared with the previous year. RevPAR for comparable units grew by 69.5 percent.

Revenue from restaurant and conference operations increased by 83.2 percent and the share of total net sales rose to 26.1 percent (25.6). The increase was due to eased government restrictions on restaurant opening hours and the maximum number of participants at meetings.

Rental costs excluding IFRS 16 rose to 1,089 MSEK (731). During the quarter, negotiated rent concessions of approximately 90 MSEK were received, reducing fixed and guaranteed rents. Rental costs relative to net sales fell to 29.2 percent (35.1 percent).

The period January – September

Net sales rose by 3.4 percent to 6,303 MSEK (6,093). Currency effects affected net sales negatively by -1.1 percent. Organic sales growth amounted to 4.5 percent. New hotels/exits contributed 51 MSEK net.

Average Revenue Per Available Room (RevPAR) increased by 5.5 percent compared with the previous

Costs for central functions dropped and amounted to -53 MSEK (-57).

Adjusted EBITDA improved to 709 MSEK (90), driven by higher net sales and good cost control. Adjusted EBITDA includes 132 MSEK in state aid for previous periods, whereof 120 MSEK is related to Other Europe. Adjusted EBITDA also includes a forthcoming repayment of 44 MSEK related to over-consolidation from the insurance company AFA (Sweden). In addition, just over 150 MSEK of the adjusted EBITDA is attributable to income from rooms that were part of Scandic's quarantine-related operations, but were not used. Excluding the items above, adjusted EBITDA was approximately 380 MSEK, which corresponds to an adjusted EBITDA margin of approximately 10 percent.

year. RevPAR for comparable units grew by 6.7 percent.

Revenue from restaurant and conference operations fell by 6.8 percent and the share of total net sales dropped to 26.7 percent (29.6). Government restrictions on opening hours and the maximum number

of participants at meetings had a negative impact, particularly during the first six months of the year.

Rental costs excluding IFRS 16 decreased and amounted to -2,384 MSEK (-2,533). During the period, negotiated rent concessions of approximately 390 MSEK and state aid of approximately 250 MSEK were received, reducing fixed and guaranteed rents. Rental costs relative to net sales fell to 37.8 percent (41.6 percent).

Costs for central functions dropped to -184 MSEK (-259).

Adjusted EBITDA improved, totaling -430 MSEK (1,221). Substantial cost savings primarily related to staff reductions reduced the negative effect of Covid-19 from the end of the first quarter 2020.

Adjusted EBITDA includes state aid received during the period. Various forms of furlough subsidies were received to a varying degree in all countries. Direct state aid, excluding furlough subsidies, was 582 MSEK (500) during the period, of which 250 MSEK referred to rent support. Adjusted EBITDA includes a forthcoming repayment of 44 MSEK related to over-consolidation from the insurance company AFA. In addition, just over 175 MSEK of adjusted EBITDA is attributable to income from rooms that were part of Scandic's quarantine operations in Norway, but that were not used.

Segment reporting

Quarterly, Jul-Sep MSEK	Net sales		Adjusted EBITDA		Adjusted EBITDA margin	
	2021	2020	2021	2020	2021	2020
Sweden	1,072	625	142	77	13.3%	12.3%
Norway	1,432	724	426	104	29.7%	14.4%
Finland	716	472	29	-95	4.0%	-20.1%
Other Europe	515	264	164	61	31.9%	23.1%
Central costs and Group adjustments	-	-	-53	-57	-	-
Total Group	3,734	2,085	709	90	19.0%	4.3%

Period, Jan-Sep MSEK	Net sales		Adjusted EBITDA		Adjusted EBITDA margin	
	2021	2020	2021	2020	2021	2020
Sweden	1,851	2,024	-326	-266	-17.6%	-13.1%
Norway	2,394	1,826	379	-55	15.8%	-3.0%
Finland	1,238	1,413	-356	-368	-28.8%	-26.0%
Other Europe	820	830	59	-274	7.1%	-33.0%
Central costs and Group adjustments	-	-	-184	-259	-	-
Total Group	6,303	6,093	-430	-1,221	-6.8%	-20.0%

EFFECTS OF IFRS 16

As of January 1, 2019, the Group applies IFRS 16 Leases. This 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.

It is Scandic's view that the income statement excluding IFRS 16 provides a more accurate picture of how the business is developing.

In connection with agreements for rent concessions, in some cases, leases have been extended. These extensions have mainly impacted net results for the years 2020 and 2021 and postpone the time at 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 third quarter 2021, net profit after tax for 2021 is estimated to be negatively affected by approximately 560 MSEK.

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 leases to the reported income statement according to IFRS.

Summary of the effects of IFRS 16

	Jan-Sep 2021		Jan-Sep 2020	
	Excl. effect IFRS 16	Effect IFRS 16	Reported	Reported
Total operating income	6,347	0	6,347	6,093
EBITDAR	1,954	0	1,954	1,312
Total rental charges	-2,384	2,085	-298	-104
Adjusted EBITDA	-430			
Pre-opening costs	-39	0	-39	-33
Items affecting comparability	7	0	7	-258
EBITDA	-461	2,085	1,624	917
Depreciation, amortization and impairment losses	-643	-1,739	-2,382	-5,340
EBIT	-1,104	346	-758	-4,423
Net financial items	-312	-895	-1,207	-1,020
EBT (Profit before tax)	-1,417	-549	-1,965	-5,443
Tax	195	112	306	19
Profit/loss for the period	-1,222	-437	-1,659	-5,424
Earnings per share, SEK	-6.40	-2.28	-8.68	-40.37

Result excluding effect of IFRS 16

	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020	Oct-Sep 2020/2021
Total operating income	3,778	2,085	6,347	6,093	7,470	7,724
EBITDAR	1,797	820	1,954	1,312	1,619	2,261
Total rental charges	-1,089	-731	-2,384	-2,533	-3,121	-2,972
Adjusted EBITDA	709	90	-430	-1,221	-1,503	-712
Pre-opening costs	-3	-4	-39	-33	-32	-38
Items affecting comparability	23	-70	7	-258	-269	-4
EBITDA	729	15	-461	-1,512	-1,804	-753
Depreciation, amortization and impairment losses	-216	-204	-643	-3,557	-3,761	-847
EBIT	513	-189	-1,104	-5,069	-5,565	-1,600
Net financial items	-110	-60	-312	-188	-245	-370
EBT (Profit before tax)	403	-249	-1,417	-5,257	-5,810	-1,970
Tax	-99	46	195	-20	71	285
Profit/loss for the period	303	-203	-1,222	-5,277	-5,739	-1,684
Earnings per share, SEK	1.41	-1.06	-6.40	-39.29	-38.62	-8.81

REPORTED RESULT

Third quarter

EBITDA was 1,444 MSEK (811) and 709 MSEK (90) excluding the effect of IFRS 16. EBITDA included pre-opening costs for new hotels of -3 MSEK (-4). Items affecting comparability amounted to 23 MSEK (-70) and refer to an adjustment of a restructuring provision for staff reductions in Norway.

EBIT was 649 MSEK (19) and 513 MSEK (189) excluding IFRS 16. Depreciation and amortization totaled -795 MSEK (-792). Excluding IFRS 16, depreciation and amortization amounted to -216 MSEK (-204).

The **Group's net financial expense** was -411 MSEK (-333) and -110 MSEK (-60) excluding IFRS 16. The interest expense, excluding IFRS 16, was -77 MSEK (-62) and was affected negatively by increased

indebtedness, interest expenses related to a convertible loan and a higher interest rate margin.

Profit before tax was 238 MSEK (loss: -314) and 403 MSEK (loss: -249) excluding IFRS 16.

Reported tax amounted to -66 MSEK (60).

Net profit was 173 MSEK (loss: -254). Excluding IFRS 16, net profit amounted to 303 MSEK (loss: -203).

Earnings per share after dilution amounted to 0.85 SEK (-1.32) per share and 1.41 SEK (-1.06) excluding IFRS 16. The calculation of earnings per share included the full dilutive effect, assuming a complete conversion (41,510,920 shares) of the convertibles, as there was a profit for the period.

The period January – September

EBITDA was 1,624 MSEK (917) and -461 MSEK (-1,512) excluding the effect of leases. EBITDA included pre-opening costs for new hotels of -39 MSEK (-33) and items affecting comparability of 7 MSEK (-258). Items affecting comparability referred to the net effect related to the reduction in the number of employees in Sweden, Norway and Denmark of which release of provision amounted to 23 MSEK.

EBIT was -758 MSEK (-4,423) and -1,104 MSEK (-5,069) excluding IFRS 16. The comparative period was affected by an impairment of intangible assets of 2,955 MSEK.

Depreciation and amortization totaled -2,382 MSEK (-5,340). Excluding IFRS 16, depreciation and amortization amounted to -643 MSEK (-3,557).

The **Group's net financial expense** amounted to -1,207 MSEK (-1,020) and -312 MSEK (-188) excluding IFRS 16. The interest expense, excluding IFRS 16, was -233 MSEK (-133) and was affected negatively by increased indebtedness, interest expenses related to a convertible loan and a higher interest rate margin.

Loss before tax was -1,965 MSEK (-5,443) and -1,417 MSEK (-5,257) excluding IFRS 16.

Reported tax amounted to 306 MSEK (19).

Net loss was -1,658 MSEK (-5,424) and -1,222 MSEK (-5,277) excluding IFRS 16.

Earnings per share after dilution amounted to 8.68 SEK (-40.37) per share and -6.40 SEK (-39.29) excluding IFRS 16.

Earnings per share

	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020	Oct-Sep 2020/2021
Earnings per share, SEK	0.85	-1.32	-8.68	-40.37	-40.03	-11.43
Effect IFRS 16	0.56	0.26	2.28	1.08	1.41	2.62
Earnings per share, SEK, excl. IFRS 16	1.41	-1.06	-6.40	-39.29	-38.62	-8.81
Average number of shares after dilution	232,769,549	191,243,149	191,248,223	134,301,997	148,618,805	191,250,686

CASH FLOW & FINANCIAL POSITION

Operating cash flow excluding IFRS 16 for the period January–September improved to -368 MSEK (-1,436), affected by a positive cash flow of 703 MSEK (-153) in the third quarter.

The cash flow contribution from the change in working capital amounted to 423 MSEK (622). Working capital was affected positively by advance payments from customers, higher operating liabilities and a temporary repayment of approximately 260 MSEK in VAT and social security contributions from the Swedish Tax Agency. A repayment of 44 MSEK related to over-consolidation from an insurance company will be made in October and has affected working capital negatively.

Taxes paid amounted to -50 MSEK (-55) and referred to the payment of taxes for 2019 in Sweden.

Net investments totaled -375 MSEK (-603), of which hotel renovations accounted for -84 MSEK (-406) and IT for -11 MSEK (-28). Investments in new hotels and increased room capacity totaled -279 MSEK (-169). The rate of investment has fallen since the second quarter 2020 to only encompass the completion of investments that were already contracted.

In total, free cash flow improved to -647 MSEK (-1,605).

Operating cash flow

MSEK	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020	Oct-Sep 2020/2021
Adjusted EBITDA	709	90	-430	-1,221	-1,503	-712
Pre-opening costs	-3	-4	-39	-33	-32	-38
Non-recurring items	23	-70	7	-258	-269	-4
Adjustments for non-cash items	0	21	-16	34	39	-11
Paid tax	0	2	-50	-55	-54	-49
Change in working capital	3	-131	423	622	-221	-420
Interest paid	-28	-61	-168	-91	-148	-225
Cash flow from operations	703	-153	-273	-1,002	-2,188	-1,459
Investments in hotel renovations	-35	-73	-84	-406	-414	-92
Investments in IT	-3	-2	-11	-28	-35	-18
Free cash flow before investments in expansions	666	-228	-368	-1,436	-2,637	-1,569
Investments in new capacity	-118	-65	-279	-169	-302	-412
Free cash flow	547	-293	-647	-1,605	-2,939	-1,981
Convertible issue	0	0	1,577	0	0	1,577
Rights issue	0	-44	0	1,702	1,701	-1
Other items in financing activities	5	-42	-54	-75	-58	-37
Financing costs	-4	-14	12	2	-4	6
Exchange difference in net debt	-13	-21	-49	29	84	6
Change net debt	536	-397	839	71	-1,217	-447

The balance sheet total on September 30, 2021 was 41,932 MSEK compared with 38,283 MSEK on December 31, 2020.

Interest-bearing net liabilities, excluding lease liabilities and convertible loans, decreased by 839 MSEK during the year to 3,875 MSEK.

Total agreed credit facilities amounted to 6,650 MSEK at the end of September 2021. Loans from credit institutions totaled 3,903 MSEK and cash and cash

equivalents amounted to 28 MSEK. Total available liquidity was approximately 2,670 MSEK.

Liabilities to landlords have decreased during the year from approximately 120 MSEK to about 60 MSEK due to the offsetting of liabilities against rent concessions and excessive advance payments. The liability for the payment respite for VAT and social security contributions amounted to approximately 500 MSEK and is expected to be repaid over 15 months starting in the first quarter 2022.

Net financial items, reported vs. cash flow

	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020	Oct-Sep 2020/2021
Financial net, reported	-411	-333	-1,207	-1,020	-1,281	-1,469
of which interest expenses, IFRS 16	-301	-274	-895	-833	-1,036	-1,099
Financial net, excl. IFRS 16	-110	-60	-312	-188	-245	-370
Adjustments to paid financial items						
Interest expenses, convertibel bond (non-cash)	34	0	65	0	0	31
Timing difference, interest on bank loans	39	-13	38	12	0	-26
Other	-1	-13	-27	26	39	-26
Total adjustments	73	-26	76	38	39	-21
Paid financial items, net	-37	-86	-235	-149	-206	-391

An extraordinary general meeting on April 26, 2021 approved the Board of Directors' proposal to take out a convertible loan, raising 1,609 MSEK in gross proceeds. After 32 MSEK in issue expenses, net proceeds totaled 1,577 MSEK. Of the net proceeds, 1,231 MSEK was allocated to a convertible loan and 346 MSEK to equity. The theoretical effective interest rate, which is charged to profit/loss, is 11 percent, and it is calculated for the part that has been allocated to the loan that at maturity amounts to 1,800 MSEK. No interest payments will be made during the life of the loan (maturity date: October 8, 2024); instead, the interest expense is accumulated to the convertible debt on an ongoing basis. The conversion rate is 43.36 SEK.

When fully converted, the convertibles will lead to dilution of approximately 17.83 percent and increase the number of shares by 41,510,920. The calculation of earnings per share will include the full dilutive effect for any periods with profits, which occurred for the first time in the third quarter 2021.

In April 2021, Scandic extended the existing bank loan, which has a total credit facility of 6,650 MSEK, to December 31, 2023. In connection with the extension, interest terms, securities and covenants were adjusted. Financial expenses in connection with the extension of the loan amounted to 65 MSEK in the third quarter and are included in the operating cash flow table in other items in financing activities.

SEGMENT REPORTING

Sweden

	Jul-Sep 2021	Jul-Sep 2020	%	Jan-Sep 2021	Jan-Sep 2020	%
Net sales (MSEK)	1,072	625	71.5%	1,851	2,024	-8.5%
Organic growth	447		71.5%	-173		-8.5%
<i>New hotels</i>	11		1.8%	15		0.8%
<i>Exits</i>	0		-	0		-
<i>LFL</i>	436		69.7%	-188		-9.3%
Adjusted EBITDA	142	77	84.08%	-326	-266	22.5%
% margin	13.3%	12.4%		-17.6%	-13.2%	
RevPAR (SEK)	504	308	63.6%	298	308	-3.1%
New hotels/exits	-6		-2.0%	-2		-0.7%
LFL	202		65.6%	-7		-2.4%
ARR (SEK)	887	822	8.0%	853	933	-8.6%
OCC %	56.8%	37.5%		35.0%	33.0%	

Third quarter

Net sales rose by 71.5 percent to 1,072 MSEK (625). For comparable units, net sales increased by 69.7 percent.

Average Revenue Per Available Room (RevPAR) increased by 63.6 percent compared with the same quarter the previous year. RevPAR for comparable units grew by 65.6 percent.

Adjusted EBITDA increased during the quarter, totaling 142 MSEK (77). Adjusted EBITDA includes a forthcoming repayment of 44 MSEK related to over-consolidation from the insurance company AFA. Rental costs rose by 127 MSEK to 352 MSEK as a result of higher revenues and consequently, higher variable rent.

The period January – September

Net sales fell by 8.5 percent to 1,851 MSEK (2,024). For comparable units, net sales declined by 9.3 percent.

Average Revenue Per Available Room (RevPAR) decreased by 3.1 percent compared with the previous year. RevPAR for comparable units fell 2.4 percent.

Adjusted EBITDA decreased to -326 MSEK (-266) including state aid. Adjusted EBITDA includes a forthcoming repayment of 44 MSEK related to over-consolidation from the insurance company AFA. Direct state aid excluding furlough subsidies reduced costs by 97 MSEK of which aid for rent amounted to 56 MSEK during the period.

Norway

	Jul-Sep 2021	Jul-Sep 2020	%	Jan-Sep 2021	Jan-Sep 2020	%
Net sales (MSEK)	1,432	724	97.8%	2,394	1,826	31.1%
Currency effects	23		3.2%	14		0.8%
Organic growth	685		94.6%	554		30.4%
<i>New hotels</i>	8		1.1%	14		0.8%
<i>Exits</i>	-3		-0.5%	-42		-2.3%
LFL	680		94.0%	582		31.9%
Adjusted EBITDA	426	104	308.9%	379	-55	-793.2%
% margin	29.7%	14.4%		15.8%	-3.0%	
RevPAR (SEK)	675	388	73.9%	397	296	34.3%
Currency effects	10		2.5%	2		0.8%
New hotels/exits	9		2.4%	5		1.8%
LFL	268		69.0%	94		31.7%
ARR (SEK)	1,104	945	16.8%	1,029	964	6.7%
OCC %	61.1%	41.1%		38.6%	30.7%	

Third quarter

Net sales rose by 97.8 percent to 1,432 MSEK (724). For comparable units, net sales grew by 94.0 percent. Sales have been positively affected by revenues from Scandic's quarantine-related operations.

Changes in the hotel portfolio contributed 5 MSEK to net sales.

Average Revenue Per Available Room (RevPAR) increased by 73.9 percent compared with the same

quarter during the previous year. RevPAR for comparable units grew by 69.0 percent.

Adjusted EBITDA improved, totaling 426 MSEK (104). Direct state aid excluding furlough subsidies reduced costs by 4 MSEK. Just over 150 MSEK of adjusted EBITDA is attributable to income from rooms that were part of Scandic's quarantine operations in Norway, but that were not used. Rental costs rose by 137 MSEK to 341 MSEK.

The period January – September

Net sales rose by 31.1 percent to 2,394 MSEK (1,826). For comparable units, net sales grew by 31.9 percent. Sales were positively affected by revenues from Scandic's quarantine-related operations.

Changes in the hotel portfolio contributed -28 MSEK to net sales. Scandic Holmenkollen Park, which closed for renovations during 2021, had the greatest negative impact.

Average Revenue Per Available Room (RevPAR) increased by 34.3 percent compared with the previous year. RevPAR for comparable units grew by 31.7 percent.

Adjusted EBITDA improved and amounted to 379 MSEK (-55) including state aid. Direct state aid excluding furlough subsidies reduced costs by 170 MSEK of which aid for rent totaled 95 MSEK during the period. Just over 175 MSEK of adjusted EBITDA is estimated to be attributable to income from rooms that were part of Scandic's quarantine operations in Norway, but that were not used.

Finland

	Jul-Sep 2021	Jul-Sep 2020	%	Jan-Sep 2021	Jan-Sep 2020	%
Net sales (MSEK)	716	472	51.3%	1,238	1,413	-12.4%
Currency effects	-13		-2.8%	-49		-3.5%
Organic growth	256		54.1%	-127		-9.0%
<i>New hotels</i>	44		9.3%	95		6.8%
<i>Exits</i>	-24		-5.1%	-56		-4.0%
LFL	236		50.0%	-166		-11.7%
Adjusted EBITDA	29	-95	-130.2%	-356	-368	-3.1%
% margin	4.0%	-20.1%		-28.8%	-26.1%	
RevPAR (SEK)	433	286	51.3%	253	290	-13.0%
Currency effects	-8		-2.9%	-10		-3.5%
New hotels/exits	-18		-6.2%	-2		-0.7%
LFL	173		60.4%	-26		-8.9%
ARR (SEK)	983	944	4.1%	951	1,041	-8.7%
OCC %	44.1%	30.4%		26.6%	27.9%	

Third quarter

Net sales rose by 51.3 percent to 716 MSEK (472). For comparable units, net sales grew by 50.0 percent.

Changes in the hotel portfolio contributed 20 MSEK to net sales. The positive effect is mainly attributable to the opening of the new Scandic Grand Central Helsinki hotel.

Average Revenue Per Available Room (RevPAR) increased by 51.3 percent compared with the same quarter the previous year. RevPAR for comparable units grew by 60.4 percent.

Adjusted EBITDA improved, totaling 29 MSEK (-95). Rental costs rose by 12 percent to 252 MSEK.

The period January – September

Net sales fell by 12.4 percent to 1,238 MSEK (1,413). Net sales for comparable units decreased by 11.7 percent.

New hotels/exits contributed 39 MSEK net. The positive effect is mainly attributable to the opening of the new Scandic Grand Central Helsinki hotel and the opening of the Scandic Eden hotel, which had been closed earlier.

Average Revenue Per Available Room (RevPAR) went down by 13.0 percent compared with the previous year. RevPAR for comparable units fell 8.9 percent.

Adjusted EBITDA decreased to -356 MSEK (-368) including state aid. In Finland, the state provided aid to cover the cost of employees who were furloughed with effect from the end of the first quarter 2020.

Other Europe

	Jul-Sep 2021	Jul-Sep 2020	%	Jan-Sep 2021	Jan-Sep 2020	%
Net sales (MSEK)	515	264	94.9%	820	830	-1.2%
Currency effects	-9		-3.4%	-32		-3.8%
Organic growth	260		98.3%	22		2.7%
<i>New hotels</i>	20		7.7%	25		3.1%
<i>Exits</i>	-		0.0%	-		0.0%
LFL	239		90.6%	-4		-0.4%
Adjusted EBITDA	164	61	168.1%	59	-274	-121.3%
% margin	31.9%	23.3%		7.1%	-33.0%	
RevPAR (SEK)	543	286	89.8%	292	289	1.2%
Currency effects	-10		-3.5%	-11		-3.9%
New hotels/exits	-12		-4.3%	-1		-0.3%
LFL	279		97.6%	16		5.4%
ARR (SEK)	934	899	3.9%	908	980	-7.4%
OCC %	58.1%	31.8%		32.2%	29.4%	

Third quarter

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

Net sales rose by 94.9 percent to 515 MSEK (264). For comparable units, net sales grew by 90.6 percent.

Average Revenue Per Available Room (RevPAR) increased by 89.8 percent compared with the same

quarter during the previous year. RevPAR for comparable units grew by 97.6 percent.

Adjusted EBITDA increased to 164 MSEK (61). Direct state aid excluding furlough subsidies reduced costs by 120 MSEK. Rental costs rose by 85 MSEK to 154 MSEK.

The period January – September

Net sales fell by 1.2 percent to 820 MSEK (830). Net sales for comparable units decreased by 0.4 percent.

Average Revenue Per Available Room (RevPAR) increased by 1.2 percent compared with the previous year. RevPAR for comparable units grew by 5.4 percent.

Adjusted EBITDA increased to 59 MSEK (-274) including state aid. Direct state aid excluding furlough subsidies reduced costs by 307 MSEK of which aid for rent amounted to 100 MSEK in the fourth quarter.

Central functions

Adjusted EBITDA for central functions was -53 MSEK (-57) during the quarter and -184 MSEK (259) during the period January to September. The cost level has been

reduced as a result of staff reductions and increased efficiency.

EMPLOYEES

The average number of employees was 6,040 on September 30, 2021 compared with 6,393 on September 30, 2020.

OUTLOOK

Scandic expects that occupancy will be about 58 percent in October and at least 60 percent in November, and that adjusted EBITDA for the fourth quarter will be positive. Scandic estimates that the company can achieve positive cash flow with an average occupancy rate of around 50 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 the third quarter will take place at 9:00 CEST on October 28, 2021 with President & CEO Jens Mathiesen and CFO Jan

Johansson available by phone at +46 8 5055 8350 in Sweden or +44 3333 0092 74 in the UK. Please call in five minutes before the start. The presentation will also be available afterwards at www.scandichotelsgroup.com

FINANCIAL CALENDAR

2022-02-10	Year-end Report 2021 (silent period from January 11, 2022)
2022-04-26	Interim Report Q1 2022 (silent period from March 27, 2022)
2022-05-10	Annual General Meeting
2022-07-15	Interim Report Q2 2022 (silent period from June 16, 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 September 30, 2021, Scandic's goodwill and intangible assets amounted to 6,781 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.

The hotel market improved sharply during the third quarter 2021. However, the recovery is at an early stage and there is still uncertainty regarding the strength of the recovery in demand and thus the development over the next 12-month period of average room revenue (RevPAR). Thus, there is still a risk of negative cash flows, and as a possible consequence, difficulties in financing the 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	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020	Oct-Sep 2020/2021
INCOME						
Room revenue	2,490	1,472	4,223	4,039	4,923	5,107
Restaurant and conference revenue*	975	532	1,680	1,803	2,234	2,111
Franchise and management fees	11	8	17	14	19	22
Other hotel-related revenue	258	73	382	237	294	439
Net sales	3,734	2,085	6,303	6,093	7,470	7,680
Other income	44	-	44	-	-	44
TOTAL OPERATING INCOME	3,778	2,085	6,347	6,093	7,470	7,724
OPERATING COSTS						
Raw materials and consumables	-294	-172	-517	-498	-611	-630
Other external costs	-667	-685	-1,416	-2,075	-1,751	-1,092
Personnel costs	-1,019	-408	-2,460	-2,208	-3,489	-3,741
Fixed and guaranteed rental charges	-43	213	168	251	494	411
Variable rental charges	-331	-148	-467	-355	-424	-536
Pre-opening costs	-3	-4	-39	-33	-32	-38
Items affecting comparability	23	-70	7	-258	-269	-4
EBITDA	1,444	811	1,624	917	1,387	2,095
Depreciation, amortization and impairment losses**	-795	-792	-2,382	-5,340	-6,187	-3,229
TOTAL OPERATING COSTS	-3,129	-2,066	-7,105	-10,516	-12,269	-8,858
EBIT (Operating profit/loss)	649	19	-758	-4,423	-4,800	-1,134
Financial items						
Financial income	2	1	6	4	5	7
Financial expenses	-413	-334	-1,214	-1,024	-1,286	-1,476
Net financial items	-411	-333	-1,207	-1,020	-1,281	-1,469
EBT (Profit/loss before taxes)	238	-314	-1,965	-5,443	-6,081	-2,603
Taxes	-66	60	306	19	130	417
PROFIT/LOSS FOR PERIOD	173	-254	-1,659	-5,424	-5,951	-2,186
Profit/loss for period relating to:						
Parent Company shareholders	172	-253	-1,661	-5,423	-5,949	-2,187
Non-controlling interest	1	-1	2	-1	-2	1
Profit/loss for period	173	-254	-1,659	-5,424	-5,951	-2,186
Average number of outstanding shares before dilution	191,248,223	191,243,149	191,248,223	134,301,997	148,618,805	191,250,686
Average number of outstanding shares after dilution	232,769,549	191,243,149	191,248,223	134,301,997	148,618,805	191,250,686
Earnings per share before dilution, SEK	1.04	-1.32	-8.68	-40.37	-40.02	-11.43
Earnings per share after dilution, SEK	0.85	-1.32	-8.68	-40.37	-40.03	-11.43

*) 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	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020	Oct-Sep 2020/2021
Profit/loss for period	173	-254	-1,659	-5,424	-5,951	-2,186
Items that may be reclassified to the income statement	40	13	162	-54	-237	-21
Items that may not be reclassified to the income statement	2	29	81	20	-10	51
Other comprehensive income	43	42	243	-34	-247	30
Total comprehensive income for period	215	-212	-1,417	-5,458	-6,198	-2,156
Relating to:						
Parent Company shareholders	217	-207	-1,416	-5,453	-6,200	-2,163
Non-controlling interest	-1	-5	-2	-5	2	5

Consolidated balance sheet, summary

MSEK	30 Sep 2021	30 Sep 2020	31 Dec 2020
ASSETS			
Intangible assets	6,781	6,813	6,687
Buildings and land	28,589	25,513	25,762
Equipment, fixtures and fittings	4,453	4,736	4,625
Financial fixed assets	774	375	479
Total fixed assets	40,597	37,437	37,553
Current assets	1,245	998	716
Derivative instruments	62	-	-
Cash and cash equivalents	28	171	14
Total current assets	1,335	1,169	730
TOTAL ASSETS	41,932	38,606	38,283
EQUITY AND LIABILITIES			
Equity attributable to owners of the Parent Company	1,008	2,772	2,035
Non-controlling interest	40	38	36
Total equity	1,047	2,810	2,071
Liabilities to credit institutions	3,903	3,261	4,526
Convertible loan	1,297	0	0
Lease liabilities	29,426	25,505	26,169
Other long-term liabilities	1,078	1,117	1,159
Total long-term liabilities	35,703	29,883	31,854
Derivative instruments	0	33	18
Current liabilities for leases	1,968	2,136	1,850
Commercial papers	0	336	201
Other current liabilities	3,212	3,409	2,289
Total current liabilities	5,182	5,914	4,358
TOTAL EQUITY AND LIABILITIES	41,932	38,606	38,283
Equity per share, SEK	5.3	14.5	10.6
Total number of shares outstanding, end of period	191,257,993	191,257,993	191,257,993
Working capital	-1,967	-2,411	-1,573
Interest-bearing net liabilities (excl. convertible loan)	3,875	3,426	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	-	-	-	-5,423	-5,423	-1	-5,424
Other comprehensive income	-	-	-49	20	-29	-5	-34
Total comprehensive income for the year	-	-	-49	-5,403	-5,452	-6	-5,458
<i>Transactions with shareholders</i>	22	1,679	-	-34	1,668	-	1,668
CLOSING BALANCE 09/30/2020	48	9,544	99	-6,918	2,773	37	2,810
Profit/loss for the period	-	-	-	-526	-526	-1	-527
Other comprehensive income	-	-	-183	-30	-213	-	-213
Total comprehensive income for the year	-	-	-183	-556	-739	-1	-740
Other adjustments	-	-	-71	-	-71	-	-71
<i>Total transactions with shareholders</i>	-	-	-	71	71	-	71
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	-	-	-	-1,661	-1,661	2	-1,659
Other comprehensive income	-	-	162	81	243	-2	241
Total comprehensive income for the year	-	-	162	-1,580	-1,418	-	-1,418
Other adjustments	-	-	47	-	47	-2	47
Convertible issue	-	346	-	-	346	-	346
<i>Total transactions with shareholders</i>	-	346	-	-	346	-	346
CLOSING BALANCE 09/30/2021	48	9,890	54	-8,983	1,010	36	1,047

Consolidated cash flow statement

	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020	Oct-Sep 2020/2021
OPERATING ACTIVITIES						
EBIT (Operating profit/loss)	649	19	-758	-4,423	-4,800	-1,134
Depreciation, amortization and impairment losses	795	792	2,382	5,340	6,187	3,229
Items not included in cash flow	-	21	-16	34	39	-11
Paid tax	-	2	-50	-55	-54	-49
Change in working capital	3	-131	423	622	-221	-420
Cash flow from operating activities	1,447	703	1,981	1,518	1,151	1,615
INVESTING ACTIVITIES						
Net investments	-157	-140	-375	-603	-751	-523
Cash flow from investing operations	-157	-140	-375	-603	-751	-523
FINANCING OPERATIONS						
Paid interest	-28	-61	-168	-91	-148	-225
Paid interest, leases	-301	-273	-895	-833	-1,036	-1,098
Rights issue	-	-44	-	1,702	1,701	-1
Convertible issue	-	-	1,577	-	-	1,577
Financing costs	-8	-25	-65	-38	-38	-65
Dividend, share swap agreement	-	-	-3	-20	-37	-20
Net borrowing/amortization	-414	-75	-621	269	1,572	682
Amortization, leases	-524	-523	-1,190	-1,596	-2,155	-1,749
Issue of commercial papers	-	87	-201	-151	-285	-335
Cash flow from financing operations	-1,275	-914	-1,566	-758	-426	-1,234
CASH FLOW FOR PERIOD	15	-351	40	157	-26	-143
Cash and cash equivalents at beginning of period	20	525	14	26	26	171
Translation difference in cash and cash equivalents	-7	-4	-26	-12	14	-
Cash and cash equivalents at end of the period	28	171	28	171	14	28

Parent Company income statement, summary

MSEK	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020	Oct-Sep 2020/2021
Net sales	9	12	29	36	35	28
Expenses	-8	-12	-27	-36	-32	-23
EBIT (Operating profit/loss)	1	0	2	0	3	5
Financial income	18	31	111	198	243	156
Financial expenses	-36	-58	-180	-179	-236	-237
Net financial items	-19	-27	-69	19	7	-81
EBT (profit/loss before tax)	-18	-27	-67	19	10	-75
Tax	-	12	-	2	-3	-5
PROFIT/LOSS FOR PERIOD	-18	-15	-67	21	7	-80

Parent Company statement of comprehensive income

MSEK	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020	Oct-Sep 2020/2021
Profit/loss for period	-18	-15	-67	21	7	-80
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	-18	-15	-67	21	7	-80

Parent Company balance sheet, summary

MSEK	30 Sep 2021	30 Sep 2020	31 Dec 2020
ASSETS			
Investments in subsidiaries	8,415	8,415	8,415
Group company receivables	1,324	3,294	4,537
Other receivables	16	20	19
Total fixed assets	9,755	11,729	12,971
Group company receivables	10	8	4
Current receivables	6	10	9
Cash and cash equivalents	0	135	0
Total current assets	16	153	13
TOTAL ASSETS	9,771	11,881	12,983
EQUITY AND LIABILITIES			
Equity	8,385	8,129	8,106
Liabilities to credit institutions	1,297	3,261	4,526
Other liabilities	15	20	18
Total long-term liabilities	1,312	3,281	4,544
Liabilities for commercial papers	-	336	201
Liabilities to Group companies	13	-	-
Other liabilities	46	57	27
Accrued expenses and prepaid income	15	78	104
Total current liabilities	74	471	333
TOTAL EQUITY AND LIABILITIES	9,771	11,881	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	-	-	21	21
Other comprehensive income	-	-	-	-
Total other comprehensive income	-	-	21	21
<i>Total transactions with shareholders</i>	22	1,679	46	1,747
CLOSING BALANCE 09/30/2020	48	3,213	4,868	8,129
Profit/loss for period	-	-	-14	-14
Other comprehensive income	-	-	-	-
Total other comprehensive income	-	-	-14	-14
<i>Total transactions with shareholders</i>	-	-	-9	-9
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	-	-	-67	-67
Other comprehensive income	-	-	-	-
Total other comprehensive income	-	-	-67	-67
Convertible issue	-	346	-	346
<i>Total transactions with shareholders</i>	-	346	-	346
CLOSING BALANCE 09/30/2021	48	3,559	4,779	8,385

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 29 (36) MSEK. The operating profit was 2 MSEK (0).

Net financial items for the period totaled -69 (19) MSEK. The Parent Company's loss before taxes was -67 MSEK (profit: 21).

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 32 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

Jul-Sep	Sweden		Norway		Finland		Other Europe		Central functions		Group	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
MSEK												
Room revenue	781	474	878	514	492	312	338	172	-	-	2,490	1,472
Restaurant and conference revenue	265	135	351	183	194	130	165	85	-	-	975	533
Franchise and management fees	5	3	3	3	-	-	3	2	-	-	11	8
Other hotel-related income	20	13	200	24	30	30	9	5	-	-	258	72
Net sales	1,072	625	1,432	724	716	472	515	264			3,734	2,085
Other income	44	-	-	-	-	-	-	-	-	-	44	-
Internal transactions	-	-	-	-	-	-	-	-	9	12	9	12
Group eliminations	-	-	-	-	-	-	-	-	-9	-12	-9	-12
Total income	1,116	625	1,432	724	716	472	515	264			3,778	2,085
Expenses	-973	-548	-1,006	-620	-687	-566	-350	-203	-53	-57	-3,069	-1,995
Adjusted EBITDA	142	77	426	104	29	-95	164	61	-53	-57	709	90
Adjusted EBITDA margin, %	13.3	12.3	29.7	14.4	4.0	-20.1	31.9	23.1	-	-	19.0	4.3
EBITDA											1,444	813
EBITDA margin, %	-	-	-	-	-	-	-	-	-	-	38.2	39.0
Depreciation, amortization and write-downs	-	-	-	-	-	-	-	-	-	-	-795	-792
EBIT (operating profit/loss)	-	-	-	-	-	-	-	-	-	-	649	19
Net financial items	-	-	-	-	-	-	-	-	-	-	-411	-333
EBT (Profit/loss before tax)											238	-314

Jan-Sep	Sweden		Norway		Finland		Other Europe		Central functions		Group	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
MSEK												
Room revenue	1,347	1,420	1,515	1,150	833	933	529	536	-	-	4,223	4,039
Restaurant and conference revenue	460	567	609	549	339	409	273	277	-	-	1,680	1,802
Franchise and management fees	7	5	6	6	-	-	3	4	-	-	17	15
Other hotel-related income	38	32	264	121	65	71	15	13	-	-	382	237
Net sales	1,851	2,024	2,394	1,826	1,238	1,413	820	830			6,303	6,093
Other income	44	-	-	-	-	-	-	-	-	-	44	-
Internal transactions	-	-	-	-	-	-	-	-	29	36	29	36
Group eliminations	-	-	-	-	-	-	-	-	-29	-36	-29	-36
Total income	1,895	2,024	2,394	1,826	1,238	1,413	820	830			6,347	6,093
Expenses	-2,222	-2,290	-2,015	-1,881	-1,594	-1,781	-762	-1,103	-184	-259	-6,776	-7,314
Adjusted EBITDA	-326	-266	379	-55	-356	-368	59	-274	-184	-259	-430	-1,221
Adjusted EBITDA margin, %	-17.6	-13.2	15.8	-3.0	-28.8	-26.0	7.1	-33.1	-	-	-6.8	-20.0
EBITDA											1,624	917
EBITDA margin, %	-	-	-	-	-	-	-	-	-	-	25.6	15.1
Depreciation, amortization and write-downs	-	-	-	-	-	-	-	-	-	-	-2,382	-5,340
EBIT (operating profit/loss)	-	-	-	-	-	-	-	-	-	-	-758	-4,423
Net financial items	-	-	-	-	-	-	-	-	-	-	-1,207	-1,020
EBT (Profit/loss before tax)											-1,965	-5,443

Assets & investments by segment

30 Sep	Sweden		Norway		Finland		Other Europe		Central functions		Group	
MSEK	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Fixed assets	10,807	10,818	8,417	8,820	15,374	13,577	6,540	4,776	-542	-587	40,597	37,404
Investments in fixed assets	125	148	35	109	64	225	111	47	11	30	345	559

Revenue by country

MSEK	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020	Oct-Sep 2020/2021
Sweden	1,116	625	1,895	2,024	2,489	2,361
Norway	1,432	724	2,394	1,826	2,236	2,804
Finland	716	472	1,238	1,413	1,714	1,538
Denmark	397	202	653	602	776	827
Germany	101	53	141	202	226	166
Poland	17	9	26	27	29	29
Total countries	3,778	2,085	6,347	6,093	7,470	7,724
Other	-1	12	35	36	35	34
Group eliminations	1	-12	-35	-36	-35	-34
Group	3,778	2,085	6,347	6,093	7,470	7,724

Revenue by type of agreement

MSEK	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020	Oct-Sep 2020/2021
Lease agreements	3,759	2,078	6,313	6,072	7,443	7,684
Management agreements	6	2	7	5	7	9
Franchise and partner agreements	4	5	9	8	11	12
Owned	9	-	18	8	9	19
Total	3,778	2,085	6,347	6,093	7,470	7,724
Other	-1	12	35	36	35	34
Group eliminations	1	-12	-35	-36	-35	-34
Group	3,778	2,085	6,347	6,093	7,470	7,724

Summary of reported EBITDA & adjusted EBITDA

	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020	Oct-Sep 2020/2021
EBITDA	1,444	811	1,624	917	1,387	2,095
Effect of leases, fixed and guaranteed rental charges	-715	-796	-2,085	-2,429	-3,191	-2,847
Pre-opening costs	3	4	39	33	32	38
Items affecting comparability	-23	70	-7	258	269	4
Adjusted EBITDA	709	90	-430	-1,221	-1,503	-712

Total rental charges

	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020	Oct-Sep 2020/2021
Total rental charges						
Fixed and guaranteed rental charges according to income statement*	-43	213	168	251	494	411
Fixed and guaranteed rental charges, reversed effect IFRS 16	-715	-796	-2,085	-2,429	-3,191	-2,847
Total fixed and guaranteed rental charges	-758	-583	-1,917	-2,178	-2,697	-2,436
Variable rental charges	-331	-148	-467	-355	-424	-536
Total rental charges	-1,089	-731	-2,384	-2,533	-3,121	-2,972
*Of which received state aid and negotiated discounts	93	248	637	342	665	960
Fixed and guaranteed rental charges	20.3%	28.0%	30.4%	35.7%	36.1%	31.7%
Variable rental charges	8.9%	7.1%	7.4%	5.8%	5.7%	7.0%
Total rental charges	29.2%	35.1%	37.8%	41.6%	41.8%	38.7%

Financial items

	Jul-Sep 2021	Jul-Sep 2020	Jan-sep 2021	Jan-sep 2020	Jan-dec 2020	Oct-sep 2020/2021
Financial items, income statement						
Interest expenses, credit institutions	-58	-36	-167	-80	-111	-198
Interest expenses, convertible bond	-34	0	-65	0	0	-65
Other interest expenses, net	-5	-5	-39	-67	-73	-45
Exchange rate gains/losses, net	1	1	1	2	3	2
Other items	-13	-19	-42	-43	-64	-63
Total, excluding IFRS 16	-109	-60	-312	-188	-245	-369
Interest expenses, IFRS 16	-301	-274	-895	-833	-1,036	-1,099
Total	-411	-333	-1,207	-1,020	-1,281	-1,469
Paid financial items, cash flow						
Paid interest	-27	-60	-166	-90	-148	-224
Other items	-10	-26	-69	-59	-75	-84
Total	-36	-86	-235	-149	-206	-308

Quarterly data

MSEK	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Net sales	3,734	1,640	930	1,377	2,085	665
Adjusted EBITDA	709	-364	-775	-282	90	-1,138
Adjusted EBITDA margin, %	19.0	-22.2	-83.4	-20.5	4.3	-171.1
EBIT (operating profit/loss)	649	-489	-919	-377	19	-1,114
Profit/loss for the period	173	-752	-1,080	-528	-254	-1,243
Profit/loss for the period, excl. effect IFRS 16	303	-590	-935	-462	-203	-1,197
Earnings per share, SEK	0.85	-3.93	-5.65	-2.75	-1.32	-11.49
Earnings per share, SEK, excl. effect IFRS 16	1.41	-3.08	-4.90	-2.42	-1.06	-11.08
Net debt/adjusted EBITDA, LTM	neg	neg	neg	neg	neg	189.4
RevPAR (Revenue per available room), SEK	540	245	147	193	323	96
ARR (Average room revenue), SEK	980	903	841	842	896	924
OCC (Occupancy), %	55.1	27.1	17.5	23.0	36.1	10.3

Quarterly data per segment

	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Net sales						
Sweden	1,072	460	319	466	625	246
Norway	1,432	644	319	410	724	215
Finland	716	313	209	300	472	107
Other Europe	515	223	83	201	264	97
Total net sales	3,734	1,640	930	1,377	2,085	665
Adjusted EBITDA						
Sweden	142	-255	-214	-136	77	-344
Norway	426	27	-74	6	104	-94
Finland	29	-168	-217	-89	-95	-309
Other Europe	164	88	-194	-24	61	-296
Central functions	-53	-57	-75	-39	-57	-95
Total adj. EBITDA	709	-364	-775	-282	90	-1,138
<i>Adjusted EBITDA margin, %</i>	<i>19.0%</i>	<i>-22.2%</i>	<i>-83.4%</i>	<i>-20.5%</i>	<i>4.3%</i>	<i>-171.1%</i>

Exchange rates

	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
SEK/EUR			
Income statement (average)	10.1515	10.5567	10.4867
Balance sheet (at end of period)	10.2010	10.5410	10.0375
SEK/NOK			
Income statement (average)	0.9924	0.9866	0.9786
Balance sheet (at end of period)	1.0009	0.9513	0.9546
SEK/DKK			
Income statement (average)	1.3650	1.4155	1.4068
Balance sheet (at end of period)	1.3718	1.4156	1.3492

Alternative performance measures

	30 Sep 2021	30 Sep 2020	31 Dec 2020
Interest-bearing net liabilities			
Liabilities to credit institutions	3,903	3,261	4,526
Liabilities, commercial papers	0	336	201
Cash and cash equivalents	-28	-171	-14
Interest-bearing net liabilities	3,875	3,426	4,713
Working capital			
Current assets, excl. cash and bank balances	1,245	998	716
Current liabilities	-3,212	-3,409	-2,289
Working capital	-1,967	-2,411	-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).

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 during the entire vesting period and retaining the savings shares.

Senior managers have invested in the program and participants may be allocated a maximum of 309,761 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 third 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 the LTIP 2019 and the delivery of shares to the participants have 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, October 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

Therese Cedercreutz
Board member

Jens Mathiesen
President & CEO

Auditor's review report

Scandic Hotels Group AB (publ) Corp. Id. 556703-1702

INTRODUCTION

We have reviewed the condensed interim financial information (interim report) of Scandic Hotels Group AB (publ) as of 30 September 2021 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

EMPHASIS OF MATTER

Without impacting our opinions stated above, we wish to bring attention to page 17, under paragraph Significant risks and uncertainty factors, where it is stated that although the hotel market improved sharply during the third quarter 2021, the recovery is at an early stage. Thus, there is still a risk of negative cash flows, and as a possible consequence, difficulties in financing the business.

Stockholm, 28 October 2021

PricewaterhouseCoopers AB

Sofia Götmar-Blomstedt
Authorized Public Accountant

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

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 more 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 more than 2 million members.

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

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

Press releases (selection)

- 2021-10-26** Åsa Wirén new CFO at Scandic Hotels
- 2021-10-15** Scandic reports strong results and cash flow for the third quarter
- 2021-09-15** Scandic comments on current market situation – positive development during summer and promising start to the autumn
- 2021-08-26** Scandic strengthens commercial management team
- 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** Bulletin from Scandic's extraordinary general meeting
- 2021-04-14** Scandic recruits new Chief HR Officer
- 2021-03-26** Scandic has successfully completed an offering of convertible bonds raising approximately SEK 1,609 million in gross proceeds
- 2021-03-11** Scandic Hotels tops the Swedish sustainability list – for the eleventh year in a row

scandichotelsgroup.com



Follow us in social media:



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