Scandic

The leading hotel company in the Nordics

January - December 2021

POSITIVE RESULTS & STRENGTHENED CASH FLOW

FOURTH QUARTER IN SUMMARY

- Net sales rose by 175 percent to 3,783 MSEK (1,377).
- Average occupancy was 51.1 percent compared with 55.1 percent during the previous quarter and 23.0 percent the fourth quarter 2020. Occupancy was impacted negatively by restrictions that were reintroduced at the end of the quarter.
- Average revenue per available room (RevPAR) was 510 SEK (193).
- Adjusted EBITDA totaled 436 MSEK (-282). The company's results were impacted positively by state aid of 111 MSEK (226).
- Free cash flow totaled 831 MSEK and net debt decreased during the quarter to 3,053 MSEK.
- Excluding IFRS 16, earnings per share totaled 0.65 SEK (-2.42).
- Scandic signed a lease agreement with Skanska for a new 210-room climate-neutral hotel in Sundsvall that is expected to open in 2024.

SUMMARY OF THE YEAR

- Net sales rose by 35 percent to 10,086 MSEK (7,470).
- Adjusted EBITDA totaled 6 MSEK (-1,503).
- Received state aid amounted to 693 MSEK (726).
- Average occupancy in 2021 was 38.0 percent (28.7) while RevPAR was 364 SEK (271).
- Excluding IFRS 16, earnings per share amounted to -5.75 SEK (-38.62).
- Free cash flow was 185 MSEK in 2021 despite a very weak start to the year.
- In March, Scandic carried out an offering of convertibles, raising approximately 1,609 MSEK in gross proceeds.

GROUP KEY RATIOS

MSEK	Oct-Dec 2021	Oct-Dec 2020	% change	Jan-Dec 2021	Jan-Dec 2020	% change
Financial key ratios						
Net sales	3,783	1,377	174.8%	10,086	7,470	35.0%
Adjusted EBITDA	436	-282		6	-1,503	
Adjusted EBITDA margin, %	11.5	-20.5		0.1	-20.1	
EBIT (Operating profit/loss)	319	-378		-440	-4,800	
Net profit/loss for the period	-20	-527		-1,679	-5,951	
Net profit/loss for the period excl. IFRS 16	123	-462		-1,098	-5,739	
Earnings per share, SEK	-0.11	-2.75		-8.79	-40.02	
Earnings per share, SEK, excl. IFRS 16	0.65	-2.42		-5.75	-38.62	
Net debt (excl. convertible loan)	3,053	4,714		3,053	4,714	
Hotel-related key ratios						
RevPAR (SEK)	510	193	164.4%	364	271	34.2%
ARR (Average Room Rate), SEK	999	842	18.6%	957	945	1.3%
OCC (Occupancy), %	51.1	23.0		38.0	28.7	
Total number of rooms on reporting date	54,265	53,003	2.4%	54,265	53,003	2.4%

Q4

CEO'S COMMENTS

Positive view for the coming year

We are pleased to report that our earnings continued to improve in Q4, despite a weak end to the quarter. The significant strengthening of demand that started during the summer continued into October and November; however, the rapid spread of the Omicron variant led to new restrictions during December, which resulted in lower occupancy during the final weeks of 2021.

Looking into 2022 with confidence

Despite a weak start to the year, we believe that the hotel market will recover rapidly now that virtually all restrictions imposed at the end of the year have been lifted. Last summer's development clearly demonstrated that underlying demand is strong and that when the market turns, it goes quickly.

Bookings for meetings in the second quarter are strong and this summer, we expect more activity related to events than last year, which is expected to drive demand for hotels.

Robust cash flow

Cash flow, which has been one of our top priorities, remained robust during the quarter. In fact, in only six months, we managed to reduce net debt by just over 1,300 MSEK. This will give us greater flexibility to manage the temporary weak start to the year combined with investments in new hotels that will open in 2022.

New hotels and lease renegotiations in 2022

Scandic is now in an active phase with several new hotels slated to open during the first half of the year, cementing our position at key destinations. An excellent example is one that will be our largest hotel yet – the newly built Scandic Spectrum, which will open before the summer at a unique location in downtown Copenhagen.

We recently announced that we signed an agreement for an exciting new hotel in Sundsvall that we plan to open in 2024. We also aim to fortify our pipeline that, for obvious reasons, has had few new additions due to the Covid-19 pandemic. Additionally, we will renegotiate about 15 percent of our leases that will expire in 2022/23.

Well-equipped for the future

I would like to extend a big thank you to all of our team members who, during a year of extreme volatility, have continued to provide stellar service to our guests.

Scandic launched a number of commercial initiatives during the year. We are continuing to maintain a high focus on further developing our offering to meet the structural growth in leisure travel and to cater to new meeting behavior patterns among our corporate customers. We attach great importance to further strengthening the resilience of our business model to ensure higher and more stable earnings over time.

With a well-invested hotel portfolio and high efficiency, Scandic is well equipped for an exciting 2022.

Jens Mathiesen
President & CEO

"Underlying demand is strong and when the market turns, it goes quickly"

"In only six months, we managed to reduce net debt by just over 1,300 MSEK"

"We attach great importance to further strengthening the resilience of our business model"

Scandic

NORDIC HOTEL MARKET DEVELOPMENT

Continued good occupancy in October and November

The recovery of the hotel market, which began during the summer, continued into October and November. Denmark was the Nordic market with the highest occupancy during the autumn months thanks to good demand in Copenhagen.

In October and November, the average occupancy rate in the Danish market was 65 and 66 percent respectively. In Sweden and Norway, occupancy was between 57 and 58 percent in October and about 60 percent in November while it was between 50 and 53 percent in the Finnish market.

During the corresponding period last year, occupancy was between 28 and 32 percent in the Nordic markets, while in October and November 2019 (that is, before the pandemic), it was between 63 and 74 percent.

Weakened market in December

The rapid spread of the Omicron variant of the coronavirus led to the reintroduction of a number of restrictions in December, which had a substantial negative effect on hotel markets, particularly in Norway, Denmark and Germany. In December, the average occupancy rate was 28 percent in Norway, 37 percent in Denmark and between 40 and 41 percent in Sweden and Finland. The German market was also impacted significantly by restrictions introduced toward the end of the year.

For the quarter as a whole, the average occupancy rate was 49 to 57 percent in the Nordic region compared with 24 to 27 percent during the corresponding quarter in 2020 and 55 to 68 percent in the fourth quarter of 2019.

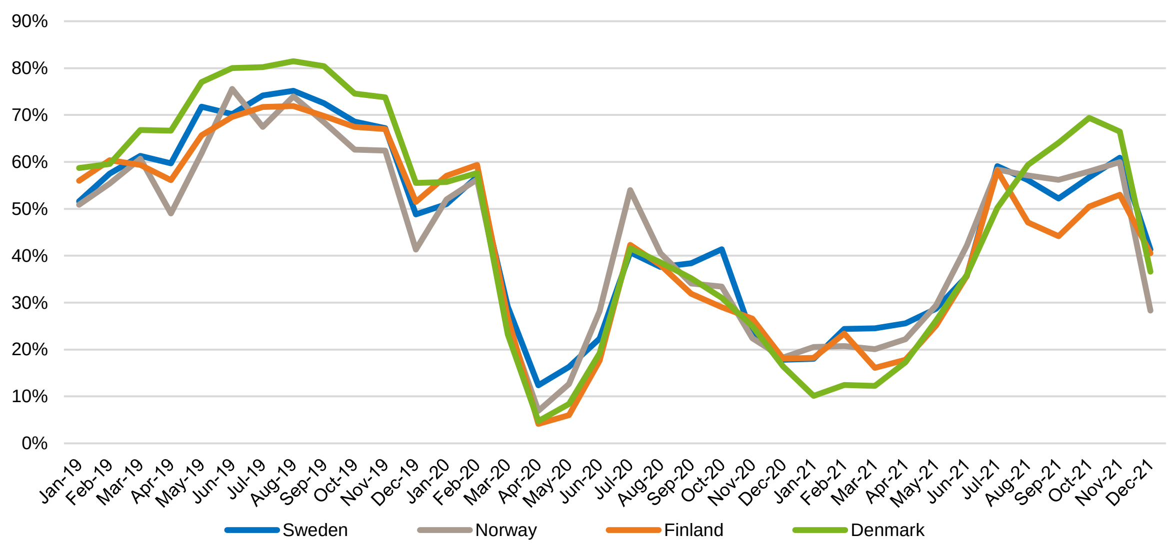
In January 2021, the occupancy rate in the Nordic markets was between 24 and 28 percent.

Positive price development

In general, price development was positive in Scandic's markets during the second half of the year. In the fourth quarter, the average room rate in local currency grew by between 17 and 19 percent in Sweden, Norway and Finland compared with the corresponding quarter last year. In Denmark, the increase was approximately 25 percent. Compared with the fourth quarter of 2019, that is, before the pandemic started, the average room rate increased by 8 percent in Norway and went down by between 3 and 5 percent in the other Nordic markets.

Average revenue per available room, RevPAR, went up between 130 and 190 percent in the fourth quarter, with the highest increase in Denmark, compared with the historically low levels in the corresponding quarter last year. Compared with the fourth quarter of 2019, RevPAR dropped by between 6 and 26 percent in the Nordic countries.

MARKET OCCUPANCY JANUARY 2019 – DECEMBER 2021



Source: Benchmarking Alliance

HOTEL PORTFOLIO

Existing hotel portfolio

At the end of the period, Scandic had 54,265 rooms in operation at 268 hotels, of which 244 had lease agreements.

The number of hotel rooms in operation increased by 271 following the opening of Scandic Hamburger Börs in Turku, Finland, during the fourth quarter.

Portfolio changes	Number of rooms
Opening balance October 1, 2021	
Lease agreements	50,654
Franchise, management & other	3,340
Total	**53,994**
Change in lease agreements	271
Change in other operating models	0
Total change during the quarter	**271**
Closing balance December 31, 2021	
Lease agreements	50,925
Franchise, management & other	3,340
Total	**54,265**

Number of hotels in operation & pipeline

	Operational on Dec 31, 2021			
	Hotels	of which with lease contracts	Rooms	of which with lease contracts
Sweden	86	80	18,034	17,242
Norway	86	69	16,346	14,008
Finland	62	62	12,855	12,855
Denmark	28	27	5,312	5,102
Other Europe	6	6	1,718	1,718
Total	**268**	**244**	**54,265**	**50,925**
Change during the quarter	*1*	*1*	*271*	*271*

	Pipeline on Dec 31, 2021					
	New hotels	Planned exits	Total	New rooms	Planned exits	Total
Sweden	5	-1	4	1,271	-171	1,100
Norway	1	-3	-2	452	-501	-49
Finland	1	-1	0	350	-191	159
Denmark	3	0	3	1,219	0	1,219
Other Europe	2	0	2	739	0	739
Total	**12**	**-5**	**7**	**4,031**	**-863**	**3,168**
Change during the quarter	*0*	*-2*	*-2*	*-24*	*-502*	*-526*

High-quality pipeline

At the end of the period, Scandic's pipeline comprised a net of seven hotels with 3,168 rooms, corresponding to almost 6 percent of the current portfolio. The number of rooms in the pipeline decreased by 526 during the quarter. The pipeline has been negatively affected by the planned exit of Scandic Ferrum in Kiruna (171 rooms), Scandic Siunto in Finland (191 rooms) and three Norwegian franchise hotels that together have 501 rooms.

During the quarter, Scandic signed a lease agreement with Skanska for a new 210-room hotel in Sundsvall that is expected to open in 2024.

A total of eight hotels in the pipeline are scheduled to open during the first six months of 2022.

SALES & ADJUSTED EBITDA

Group

	Oct-Dec 2021	Oct-Dec 2020	%	Jan-Dec 2021	Jan-Dec 2020	%
Net sales (MSEK)	**3,783**	**1,377**	**174.8%**	**10,130**	**7,470**	**35.6%**
Currency effects	68		5.0%	-47		-0.6%
Organic growth	2,338		169.8%	2,707		36.3%
New hotels	*137*		*10.0%*	*290*		*3.9%*
Exits	*-8*		*-0.6%*	*-107*		*-1.4%*
LFL	*2,209*		*160.5%*	*2,523*		*33.8%*
Adjusted EBITDA	**436**	**-282**		**6**	**-1,503**	
% margin	11.5%	-20.4%		0.1%	-20.1%	
RevPAR (SEK)	**510**	**193**	**163.9%**	**364**	**271**	**34.0%**
Currency effects	9		4.5%	-2		-0.7%
New hotels/exits	-2		-1.1%	0		-0.2%
LFL	311		160.6%	95		34.9%

Fourth quarter

Net sales rose by 174.8 percent to 3,783 MSEK (1,377).

Organic sales growth, excluding currency effects and acquisitions, amounted to 169.8 percent. For comparable units, net sales grew by 160.5 percent.

Average Revenue Per Available Room (RevPAR) increased by 163.9 percent compared with the previous year. RevPAR for comparable units grew by 160.6 percent.

Revenue from restaurant and conference operations grew by 193.5 percent and the share of total net sales rose to 33.4 percent (31.2). The increase was due to eased government restrictions on restaurant opening hours and the maximum number of participants in meetings.

Rental costs excluding IFRS 16 rose and amounted to 1,055 MSEK (589). During the quarter, negotiated rent concessions of approximately 120 MSEK were received, reducing fixed and guaranteed rents. Rental costs relative to net sales fell to 27.9 percent (42.7).

Cost for central functions increased to -71 MSEK (-39).

Adjusted EBITDA improved and totaled 436 MSEK (-282), driven by higher net sales and good cost control. Adjusted EBITDA includes 111 MSEK in state aid, of which 90 MSEK is attributable to Other Europe. Additionally, it is estimated that approximately 55 MSEK of the adjusted EBITDA can be attributed to quarantine operations in Norway and relates to income from rooms that were not used. Excluding the items above, adjusted EBITDA was approximately 270 MSEK, which corresponds to an adjusted EBITDA margin of about 7 percent.

The period January – December

Net sales rose by 35.6 percent to 10,130 MSEK (7,470). Currency effects impacted net sales negatively by -0.6 percent. Organic sales growth amounted to 36.3 percent. New hotels/exits contributed 183 MSEK net.

Average Revenue Per Available Room (RevPAR) increased by 34.0 percent compared with the previous year. RevPAR for comparable units grew by 34.9 percent.

Revenue from restaurant and conference operations grew by 31.9 percent and the share of total net sales fell to 29.2 percent (29.9). Government restrictions on opening hours and the maximum number of participants in meetings had a negative impact, particularly during the first six months of the year.

Rental costs excluding IFRS 16 rose to -3,440 MSEK (-3,121). During the year, negotiated rent concessions of approximately 510 MSEK and state aid of approximately 270 MSEK were received, reducing fixed and guaranteed rents. Rental costs relative to net sales decreased and amounted to 34.1 percent (41.8).

Costs for central functions fell to -255 MSEK (-298).

Adjusted EBITDA improved and totaled 6 MSEK (-1 503). 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 year. Various forms of furlough subsidies were received to a varying degree in all countries. Direct state aid, excluding furlough subsidies, was 693 MSEK (726) during the year, of which 270 MSEK referred to aid for rent. Adjusted EBITDA includes a repayment of 44 MSEK related to over-consolidation from the insurance company AFA (Sverige). In addition, just over 230 MSEK of the adjusted EBITDA is attributable to Scandic's quarantine-related operations and relates to income for hotel rooms that were not used.

Segment reporting

Quarterly, Oct-Dec	**Net sales**		**Adjusted EBITDA**		**Adjusted EBITDA margin**	
MSEK	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Sweden	1,225	465	152	-136	12.4%	-29.2%
Norway	1,136	410	147	6	12.9%	1.5%
Finland	844	300	65	-89	7.6%	-29.6%
Other Europe	577	201	143	-24	24.8%	-12.0%
Central costs and Group adjustments	-	-	-71	-39	-	-
Total Group	**3,783**	**1,376**	**436**	**-282**	**11.5%**	**-20.5%**

Period, Jan-Dec	**Net sales**		**Adjusted EBITDA**		**Adjusted EBITDA margin**	
MSEK	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Sweden	3,077	2,489	-174	-402	-5.7%	-16.1%
Norway	3,530	2,236	526	-48	14.9%	-2.2%
Finland	2,082	1,714	-292	-456	-14.0%	-26.6%
Other Europe	1,397	1,031	202	-298	14.4%	-28.8%
Central costs and Group adjustments	-	-	-255	-298	-	-
Total Group	**10,086**	**7,470**	**6**	**-1,503**	**0.1%**	**-20.1%**

EFFECTS OF IFRS 16

Since January 1, 2019, the Group has applied IFRS 16 Leases. According to the accounting principle, 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.

Scandic is of the opinion that the income statement excluding IFRS 16 provides a more accurate picture of how its 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 fourth quarter 2021, net profit after tax for 2022 is expected to be negatively affected by approximately 380 MSEK (581).

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-Dec 2021			Jan-Dec 2020
	Excl. effect IFRS 16	Effect IFRS 16	Reported	Reported
Total operating income	**10,130**	**0**	**10,130**	**7,470**
EBITDAR	**3,446**	**0**	**3,446**	**1,619**
Total rental charges	-3,440	2,739	-701	70
Adjusted EBITDA	**6**			
Pre-opening costs	-52	0	-52	-32
Items affecting comparability	7	0	7	-269
EBITDA	**-39**	**2,739**	**2,700**	**1,387**
Depreciation, amortization and impairment losses	-864	-2,275	-3,139	-6,187
EBIT	**-903**	**464**	**-439**	**-4,800**
Net financial items	-412	-1,194	-1,606	-1,281
EBT (Profit before tax)	**-1,315**	**-731**	**-2,045**	**-6,081**
Tax	217	150	367	130
Profit/loss for the period	**-1,098**	**-581**	**-1,678**	**-5,951**
Earnings per share, SEK	-5.75	-3.04	-8.79	-40.02

Result excluding effect of IFRS 16

	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Total operating income	**3,783**	**1,377**	**10,130**	**7,470**
EBITDAR	**1,491**	**307**	**3,446**	**1,619**
Total rental charges	-1,055	-589	-3,440	-3,121
Adjusted EBITDA	**436**	**-282**	**6**	**-1,503**
Pre-opening costs	-13	1	-52	-32
Items affecting comparability	0	-11	7	-269
EBITDA	**423**	**-292**	**-39**	**-1,804**
Depreciation, amortization and impairment losses	-221	-204	-864	-3,761
EBIT	**202**	**-496**	**-903**	**-5,565**
Net financial items	-100	-58	-412	-245
EBT (Profit before tax)	**102**	**-554**	**-1,315**	**-5,810**
Tax	22	91	217	71
Profit/loss for the period	**123**	**-463**	**-1,098**	**-5,739**
Earnings per share, SEK	0.65	-2.42	-5.75	-38.62

REPORTED RESULT

Fourth quarter

EBITDA was 1,075 MSEK (470) and 423 MSEK (-292) excluding IFRS 16. EBITDA includes pre-opening costs for new hotels of -13 MSEK (1). Items affecting comparability amounted to 0 MSEK (-11).

EBIT was 319 MSEK (-377) and 202 MSEK (496) excluding IFRS 16. Depreciation and amortization totaled -757 MSEK (-847). Excluding IFRS 16, depreciation and amortization amounted to -221 MSEK (-204) .

The **Group's net financial expense** was -399 MSEK (-261) and -100 MSEK (-58) excluding IFRS 16. The interest expense, excluding IFRS 16, was -104 MSEK (-60) and was impacted negatively by increased indebtedness, interest expenses related to a convertible loan and a higher interest rate margin.

Loss before tax was -80 MSEK (-638) and 102 MSEK (-554) excluding IFRS 16.

Reported tax amounted to 60 MSEK (111).

Net profit was -20 MSEK (loss: -527). Excluding IFRS 16, net profit amounted to 123 MSEK (loss: -463) .

Earnings per share after dilution amounted to -0.11 SEK (-2.75) per share and 0.65 SEK (-2.42) excluding IFRS 16.

The period January – December

EBITDA was 2,699 MSEK (1,387) and -39 MSEK (-1,804) excluding the effect of IFRS 16. EBITDA included pre-opening costs for new hotels of -52 MSEK (-32) and items affecting comparability of 7 MSEK (-269). Items affecting comparability referred to the net effect related to the reduction in the number of employees in Sweden, Norway and Denmark, of which 23 MSEK referred to release of accrued expenses.

EBIT was -440 MSEK (-4,800) and 903 MSEK (-5,565) excluding IFRS 16. The comparative period was affected by an impairment of intangible assets of 2,955 MSEK.

Depreciation and amortization totaled -3,139 MSEK (-6,187). Excluding IFRS 16, depreciation and amortization amounted to 864 MSEK (3,761).

The **Group's net financial expense** amounted to -1,606 MSEK (1,281) and -412 MSEK (-245) excluding IFRS 16. The interest expense, excluding IFRS 16, was -402 MSEK (-193) and was affected negatively by increased indebtedness, interest expenses related to a convertible loan and a higher interest rate margin.

Loss before tax was -2,046 MSEK (loss: -6,081) and -1,315 MSEK (loss: -5,810) excluding IFRS 16.

Reported tax amounted to 366 MSEK (130).

Net loss was -1,679 MSEK (-5,951) and -1,098 MSEK (-5,739) excluding IFRS 16.

Earnings per share after dilution amounted to -8.79 SEK per share (-40.02) and -5.75 SEK (-38.62) excluding IFRS 16.

Earnings per share

	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Earnings per share, SEK	**-0.11**	**-2.75**	**-8.79**	**-40.02**
Effect IFRS 16	0.76	0.33	3.04	1.40
Earnings per share, SEK, excl. IFRS 16	**0.65**	**-2.42**	**-5.75**	**-38.62**
Average number of shares after dilution	**191,250,686**	**191,257,993**	**191,250,686**	**148,618,805**

CASH FLOW & FINANCIAL POSITION

Operating cash flow excluding IFRS 16 for the period January–December improved and amounted to 697 MSEK (-2,188), affected by a positive cash flow of 969 MSEK (-1,186) in the fourth quarter.

The cash flow contribution from the change in working capital amounted to 1,072 MSEK (-221). Working capital was affected positively by advance payments from customers and increased operating liabilities resulting from the rise in sales.

A repayment of 44 MSEK related to over-consolidation from an insurance company was made in October. In addition, a temporary repayment of approximately 260 MSEK from the Swedish Tax Authorities related to VAT and social security contributions, affected the operating cash flow positively.

Taxes paid amounted to -51 MSEK (-54) and referred to the payment of taxes for 2019 in Sweden.

Net investments totaled -562 MSEK (-735). Net investments paid amounted to -513 MSEK (-751), of which hotel renovations accounted for -46 MSEK (-414) and IT for -12 MSEK (-35). Investments in new hotels and increased room capacity totaled -454 MSEK (-302). The rate of investment has fallen since the second quarter 2020 to only encompass the completion of investments that were already contracted.

In total, cash flow improved and amounted to 185 MSEK (-2,939). The cash flow for 2021 were affected positively by temporary effects on the working capital of approximately 600 MSEK. These effects consist of technical payment postponements from December 2021 to January 2022, a large proportion of accrued investments and reduced preliminary rent payments for variable rent compared with the final reconciliation of rents.

Operating cash flow

MSEK	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Adjusted EBITDA	436	-282	6	-1,503
Pre-opening costs	-13	1	-52	-32
Non-recurring items	0	-11	7	-269
Adjustments for non-cash items	-3	5	-19	39
Paid tax	-1	1	-51	-54
Change in working capital	649	-843	1,072	-221
Interest paid	-99	-57	-266	-148
Cash flow from operations	**969**	**-1,186**	**697**	**-2,188**
Paid investments in hotel renovations	38	-8	-46	-414
Paid investments in IT	-1	-7	-12	-35
Free cash flow before investments in expansions	**1,006**	**-1,201**	**639**	**-2,637**
Paid investments in new capacity	-175	-133	-454	-302
Free cash flow	**831**	**-1,334**	**185**	**-2,939**
Convertible issue	0	0	1,577	0
Rights issue	0	-1	0	1,701
Other items in financing activities	10	0	-44	-58
Financing costs	-4	-6	8	-4
Exchange difference in net debt	-16	55	-64	84
Change net debt	**821**	**-1,287**	**1,662**	**-1,217**

The balance sheet total on December 31, 2021 was 44,755 MSEK compared with 38,283 MSEK on December 31, 2020. Excluding IFRS 16, the balance sheet total amounted to 10,506 MSEK.

Interest-bearing net liabilities, excluding lease liabilities and convertible loans, decreased by 1,661 MSEK during the year to 3,053 MSEK.

Total agreed credit facilities were reduced through repayments of 706 MSEK during the fourth quarter 2021 and amounted to 5,944 MSEK at the end of December 2021. Loans from credit institutions totaled 3,378 MSEK and cash and cash equivalents amounted to 216 MSEK. Total available liquidity was approximately 2,780 MSEK.

The liability for the payment respite for VAT and social security contributions amounted to approximately 500 MSEK. The payment respite is expected to be extended until the first half-year of 2023.

Net financial items, reported vs. cash flow

	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Financial net, reported	**-399**	**-261**	**-1,606**	**-1,281**
of which interest expenses, IFRS 16	-299	-204	-1,194	-1,036
Financial net, excl. IFRS 16	**-100**	**-58**	**-412**	**-245**
Adjustments to paid financial items				
Interest expenses, convertibel bond (non-cash)	36	0	101	0
Timing difference, interest on bank loans	-43	-12	-5	0
Other	8	13	-18	39
Total adjustments	**1**	**1**	**78**	**39**
Paid financial items, net	**-99**	**-58**	**-334**	**-206**

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. No interest payments are made during the life of the loan (maturity date: October 8, 2024); instead, the interest expense is accumulated on an ongoing basis to the convertible debt, which will be 1,800 MSEK at maturity. The conversion rate is 43.36 SEK. When fully converted, the convertibles will result in dilution of approximately 17.83 percent and will 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.

In April 2021, Scandic extended the existing bank loan, which has a total initial 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

	Oct-Dec 2021	Oct-Dec 2020	%	Jan-Dec 2021	Jan-Dec 2020	%
Net sales (MSEK)	**1,225**	**465**	**163.4%**	**3,077**	**2,489**	**23.6%**
Organic growth	760		163.4%	588		23.6%
New hotels	*17*		*3.7%*	*32*		*1.3%*
Exits	*0*		*-*	*0*		*-*
LFL	*743*		*159.7%*	*555*		*22.3%*
Adjusted EBITDA	**152**	**-136**	**-212.23%**	**-174**	**-402**	**-56.7%**
% margin	12.4%	-29.2%		-5.7%	-16.2%	
RevPAR (SEK)	**542**	**215**	**151.6%**	**360**	**285**	**26.6%**
New hotels/exits	-4		-2.0%	-2		-0.8%
LFL	331		153.6%	78		27.4%
ARR (SEK)	979	831	17.8%	897	911	-1.5%
OCC %	55.3%	25.9%		40.2%	31.2%	

Fourth quarter

Net sales rose by 163.4 percent to 1,225 MSEK (465). For comparable units, net sales increased by 159.7 percent.

Average Revenue Per Available Room (RevPAR) increased by 151.6 percent compared with the same quarter during the previous year. RevPAR for comparable units grew by 153.6 percent.

Adjusted EBITDA improved, totaling 152 MSEK (-136). Rental costs increased by 109 MSEK to 349 MSEK as a result of greater turnover and, consequently, higher variable rents.

The period January – December

Net sales rose by 23.6 percent to 3,077 MSEK (2,489). For comparable units, net sales increased by 22.3 percent.

Average Revenue Per Available Room (RevPAR) grew 26.6 percent compared with the previous year. RevPAR for comparable units rose 27.4 percent.

Adjusted EBITDA improved, totaling -174 MSEK (-402) including state aid. Adjusted EBITDA includes a 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 for the year.

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Norway

	Oct-Dec 2021	Oct-Dec 2020	%	Jan-Dec 2021	Jan-Dec 2020	%
Net sales (MSEK)	**1,136**	**410**	**177.1%**	**3,530**	**2,236**	**57.9%**
Currency effects	74		18.0%	69		3.1%
Organic growth	652		159.1%	1,225		54.8%
New hotels	*10*		*2.4%*	*24*		*1.1%*
Exits	*-4*		*-0.9%*	*-46*		*-2.0%*
LFL	*646*		*157.6%*	*1,247*		*55.8%*
Adjusted EBITDA	**147**	**6**	**2275.5%**	**526**	**-48**	**-1184.6%**
% margin	12.9%	1.5%		14.9%	-2.2%	
RevPAR (SEK)	**503**	**197**	**154.6%**	**423**	**271**	**56.0%**
Currency effects	34		17.0%	8		3.1%
New hotels/exits	6		2.8%	5		1.8%
LFL	266		134.8%	139		51.1%
ARR (SEK)	1,005	829	21.2%	1,022	937	9.0%
OCC %	50.0%	23.8%		41.4%	29.0%	

Fourth quarter

Net sales rose by 177.1 percent to 1,136 MSEK (410). For comparable units, net sales grew by 157.6 percent. Sales were positively affected by revenues from Scandic's quarantine-related operations.

Changes in the hotel portfolio contributed 6 MSEK to net sales.

Average Revenue Per Available Room (RevPAR) increased by 154.6 percent compared with the same quarter during the previous year. RevPAR for comparable units grew by 134.8 percent.

Adjusted EBITDA improved, totaling 147 MSEK (6). Direct state aid excluding furlough subsidies reduced costs by 11 MSEK. Approximately 55 MSEK of adjusted EBITDA is estimated to be attributable to income from rooms that were part of Scandic's quarantine-related operations, but were not used. Rental costs rose by 205 MSEK to 313 MSEK.

The period January – December

Net sales rose by 57.9 percent to 3,530 MSEK (2,236). For comparable units, net sales grew by 55.8 percent. Sales were positively affected by revenues from Scandic's quarantine-related operations.

Changes in the hotel portfolio contributed -22 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 56.0 percent compared with the previous year. RevPAR for comparable units grew by 51.1 percent.

Adjusted EBITDA improved and amounted to 526 MSEK (-48) including state aid. Direct state aid excluding furlough subsidies reduced costs by 181 MSEK of which aid for rent amounted to 95 MSEK for the year. Just over 230 MSEK of adjusted EBITDA is estimated to be attributable to income from rooms that were part of Scandic's quarantine-related operations, but were not used.

Finland

	Oct-Dec 2021	Oct-Dec 2020	%	Jan-Dec 2021	Jan-Dec 2020	%
Net sales (MSEK)	**844**	**300**	**181.0%**	**2,082**	**1,714**	**21.5%**
Currency effects	-3		-0.9%	-70		-4.1%
Organic growth	547		182.0%	438		25.4%
New hotels	*88*		*29.1%*	*185*		*10.8%*
Exits	*-5*		*-1.5%*	*-61*		*-3.6%*
LFL	*464*		*154.4%*	*314*		*18.3%*
Adjusted EBITDA	**65**	**-89**	**-172.7%**	**-292**	**-456**	**-36.1%**
% margin	7.6%	-29.6%		-14.0%	-26.6%	
RevPAR (SEK)	**453**	**164**	**176.1%**	**304**	**258**	**17.9%**
Currency effects	-1		-0.7%	-10		-4.0%
New hotels/exits	-1		-0.4%	0		0.1%
LFL	291		177.1%	56		21.8%
ARR (SEK)	1,022	883	15.7%	977	1,011	-3.4%
OCC %	44.3%	18.6%		31.1%	25.5%	

Fourth quarter

Net sales rose by 181.0 percent to 844 MSEK (300). For comparable units, net sales grew by 154.4 percent.

Changes in the hotel portfolio contributed 83 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 176.1 percent compared with the same quarter during the previous year. RevPAR for comparable units grew by 177.1 percent.

Adjusted EBITDA improved, totaling 65 MSEK (-89). Direct state aid excluding furlough subsidies reduced costs by 10 MSEK. Rental costs rose by 116 MSEK to 258 MSEK.

The period January – December

Net sales rose by 21.5 percent to 2,082 MSEK (1,714). For comparable units, net sales grew by 18.3 percent.

New hotels/exits contributed 124 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) increased by 17.9 percent compared with the previous year. RevPAR for comparable units grew by 21.8 percent.

Adjusted EBITDA improved and amounted to -292 MSEK (-456) including state aid. Direct state aid excluding furlough subsidies reduced costs by 18 MSEK. 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

	Oct-Dec 2021	Oct-Dec 2020	%	Jan-Dec 2021	Jan-Dec 2020	%
Net sales (MSEK)	**577**	**201**	**187.0%**	**1,397**	**1,031**	**35.5%**
Currency effects	-3		-1.3%	-46		-4.4%
Organic growth	379		188.3%	412		39.9%
New hotels	*23*		*11.3%*	*48*		*4.7%*
Exits	*-*		*0.0%*	*-*		*0.0%*
LFL	*356*		*177.0%*	*363*		*35.2%*
Adjusted EBITDA	**143**	**-24**	**-703.2%**	**202**	**-298**	**-167.6%**
% margin	24.8%	-11.8%		14.4%	-28.9%	
RevPAR (SEK)	**552**	**183**	**202.6%**	**359**	**262**	**37.0%**
Currency effects	-2		-0.9%	-12		-4.5%
New hotels/exits	-13		-7.0%	-3		-1.0%
LFL	384		210.5%	112		42.6%
ARR (SEK)	1,007	841	19.7%	944	952	-0.8%
OCC %	54.9%	21.7%		38.0%	27.5%	

Fourth quarter

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

Net sales went up by 187.0 percent to 577 MSEK (201). For comparable units, net sales grew by 177.0 percent.

Average Revenue Per Available Room (RevPAR) increased by 202.6 percent compared with the same quarter during the previous year. RevPAR for comparable units grew by 210.5 percent.

Adjusted EBITDA improved, totaling 143 MSEK (-24). Direct state aid excluding furlough subsidies reduced costs by 90 MSEK. Rental costs rose by 49 MSEK to 148 MSEK.

The period January – December

Net sales increased by 35.5 percent to 1,397 MSEK (1,031). For comparable units, net sales grew by 35.2 percent.

Average Revenue Per Available Room (RevPAR) increased by 37.0 percent compared with the previous year. RevPAR for comparable units grew by 42.6 percent.

Adjusted EBITDA increased to 202 MSEK (-298) including state aid. Direct state aid excluding furlough subsidies reduced costs by 397 MSEK of which aid for rent amounted to 120 MSEK for the year.

Central functions

Adjusted EBITDA for central functions was -71 MSEK (-39) during the quarter and -255 MSEK (-298) during the period January to December. The cost level has been reduced as a result of staff reductions and increased efficiency.

EMPLOYEES

The average number of employees was 6,460 on December 31, 2021 compared with 6,152 on December 31, 2020.

OUTLOOK

Scandic is currently experiencing a positive trend in booking activity and occupancy and expects a marked improvement in the hotel market during 2022 following a weak start to the year. In January, occupancy was 25 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.

DIVIDEND

For 2021, the Board of Directors proposes to the AGM that no dividend be paid.

PRESENTATION OF THE REPORT

The presentation of Scandic's Year-end Report will take place at 9:00 CET on February 10, 2022 with President & CEO Jens Mathiesen and CFO Jan Johansson available by phone at +46 8 505 583 69 in Sweden or +44 3333 009 260 in the UK. Please call in five minutes before the start. The presentation will also be available afterwards at www.scandichotelsgroup.com

FINANCIAL CALENDAR

2022-04-26	Interim report for the first quarter 2022 (silent period from March 27, 2022)
2022-05-10	Annual General Meeting
2022-07-15	Interim report for the second quarter 2022 (silent period from June 16, 2022)
2022-10-27	Interim report for the third quarter 2022 (silent period from September 28, 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 a lower profit risk since revenue losses are partly offset by lower 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 December 31, 2021, Scandic's goodwill and intangible assets amounted to 6,857 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.

After the hotel market began to improve from the summer of 2021, there was a slowdown at the end of the year due to the increased spread of infection and the reintroduction of restrictions. Scandic expects the hotel market to recover during 2022. There is, however, uncertainty as to the rate at which recovery will take place as well as to what extent. Any delay in the recovery could mean negative cash flows and, as a potential consequence, challenges in financing the company's operations.

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 external 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	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
INCOME				
Room revenue	2,354	884	6,577	4,923
Restaurant and conference revenue*	1,265	431	2,946	2,234
Franchise and management fees	8	5	25	19
Other hotel-related revenue	156	57	538	294
Net sales	***3,783***	***1,377***	***10,086***	***7,470***
Other income	-	-	44	-
TOTAL OPERATING INCOME	**3,783**	**1,377**	**10,130**	**7,470**
OPERATING COSTS				
Raw materials and consumables	-322	-113	-839	-611
Other external costs	-833	-191	-2,248	-1,751
Personnel costs	-1,137	-766	-3,597	-3,489
Fixed and guaranteed rental charges	-89	242	79	494
Variable rental charges	-314	-69	-780	-424
Pre-opening costs	-13	1	-52	-32
Items affecting comparability	0	-11	7	-269
EBITDA	**1,075**	**470**	**2,699**	**1,387**
Depreciation, amortization and impairment losses**	-757	-847	-3,139	-6,187
TOTAL OPERATING COSTS	**-3,464**	**-1,754**	**-10,569**	**-12,269**
EBIT (Operating profit/loss)	**319**	**-377**	**-440**	**-4,800**
Financial items				
Financial income	4	1	10	5
Financial expenses	-403	-262	-1,616	-1,286
Net financial items	**-399**	**-261**	**-1,606**	**-1,281**
EBT (Profit/loss before taxes)	**-80**	**-638**	**-2,046**	**-6,081**
Taxes	60	111	367	130
PROFIT/LOSS FOR PERIOD	**-20**	**-527**	**-1,679**	**-5,951**
Profit/loss for period relating to:				
Parent Company shareholders	-21	-526	-1,681	-5,949
Non-controlling interest	1	-1	2	-2
Profit/loss for period	**-20**	**-527**	**-1,679**	**-5,951**
Average number of outstanding shares before dilution	191,250,686	191,257,993	191,250,686	148,618,805
Average number of outstanding shares after dilution	191,250,686	191,257,993	191,250,686	148,618,805
Earnings per share before dilution, SEK	**-0.11**	**-2.75**	**-8.79**	**-40.02**
Earnings per share after dilution, SEK	**-0.11**	**-2.75**	**-8.79**	**-40.02**

**) 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	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Profit/loss for period	-20	-527	-1,679	-5,951
Items that may be reclassified to the income statement	102	-183	264	-237
Items that may not be reclassified to the income statement	-2	-30	79	-10
Other comprehensive income	**100**	**-213**	**343**	**-247**
Total comprehensive income for period	**80**	**-740**	**-1,336**	**-6,198**
Relating to:				
Parent Company shareholders	81	-747	-1,333	-6,200
Non-controlling interest	-1	7	-3	2

Consolidated balance sheet, summary

MSEK	31 Dec 2021	31 Dec 2020
ASSETS		
Intangible assets	6,885	6,687
Buildings and land	31,252	25,762
Equipment, fixtures and fittings	4,497	4,625
Financial fixed assets	797	479
Total fixed assets	**43,430**	**37,553**
Current assets	1,041	716
Derivative instruments	68	-
Cash and cash equivalents	216	14
Total current assets	**1,325**	**730**
TOTAL ASSETS	**44,755**	**38,283**
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent Company	1,115	2,035
Non-controlling interest	40	36
Total equity	**1,155**	**2,071**
Liabilities to credit institutions	3,269	4,526
Convertible loan	1,333	0
Lease liabilities	32,302	26,169
Other long-term liabilities	1,084	1,159
Total long-term liabilities	**37,988**	**31,854**
Derivative instruments	0	18
Current liabilities for leases	1,947	1,850
Commercial papers	0	201
Other current liabilities	3,665	2,289
Total current liabilities	**5,612**	**4,358**
TOTAL EQUITY AND LIABILITIES	**44,755**	**38,283**
Equity per share, SEK	5.8	10.6
Total number of shares outstanding, end of period	191,257,993	191,257,993
Working capital	-2,624	-1,573
Interest-bearing net liabilities (excl. convertible loan)	3,053	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	**-**	**-**	**-**	**-5,949**	**-5,949**	**-2**	**-5,951**
Total other comprehensive income, net after tax	-	-	-232	-10	-242	-5	-247
Total comprehensive income for the year	**-**	**-**	**-232**	**-5,959**	**-6,191**	**-7**	**-6,198**
Other adjustments	-	-	-71	-	-71	-	-71
Total transactions with shareholders	**22**	**1,679**	**-**	**37**	**1,739**	**-**	**1,739**
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	**-**	**-**	**-**	**-1,681**	**-1,681**	**2**	**-1,679**
Total other comprehensive income, net after tax	-	-	262	79	341	2	343
Total comprehensive income for the year	-	-	262	-1,602	-1,340	4	-1,336
Other adjustments	-	-	75	-	75	-	75
Total transactions with shareholders	**-**	**346**	**-**	**-1**	**345**	**-**	**345**
CLOSING BALANCE 12/31/2021	**48**	**9,890**	**182**	**-9,005**	**1,115**	**40**	**1,155**

Consolidated cash flow statement

	Oct-Dec 2021	**Oct-Dec 2020**	**Jan-Dec 2021**	**Jan-Dec 2020**
OPERATING ACTIVITIES				
EBIT (Operating profit/loss)	319	-377	-440	-4,800
Depreciation, amortization and impairment losses	757	847	3,139	6,187
Items not included in cash flow	-3	5	-19	39
Paid tax	-1	1	-51	-54
Change in working capital	649	-843	1,072	-221
Cash flow from operating activities	**1,720**	**-367**	**3,701**	**1,151**
INVESTING ACTIVITIES				
Paid net investments	-138	-148	-513	-751
Cash flow from investing operations	**-138**	**-148**	**-513**	**-751**
FINANCING OPERATIONS				
Paid interest	-98	-57	-266	-148
Paid interest, leases	-299	-203	-1,194	-1,036
Rights issue	-	-1	-	1,701
Convertible issue	-	-	1,577	-
Financing costs	-1	-	-65	-38
Dividend, share swap agreement	-	-	-3	-37
Net borrowing/amortization	-636	1,286	-1,257	1,572
Amortization, leases	-353	-559	-1,544	-2,155
Issue of commercial papers	-	-134	-201	-285
Cash flow from financing operations	**-1,387**	**332**	**-2,953**	**-426**
CASH FLOW FOR PERIOD	**195**	**-183**	**235**	**-26**
Cash and cash equivalents at beginning of period	28	171	14	26
Translation difference in cash and cash equivalents	-7	26	-33	14
Cash and cash equivalents at end of the period	216	14	216	14

Parent Company income statement, summary

MSEK	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net sales	12	-1	40	35
Expenses	-31	3	-58	-32
EBIT (Operating profit/loss)	**-19**	**2**	**-18**	**3**
Financial income	18	45	129	243
Financial expenses	-37	-58	-216	-236
Net financial items	**-19**	**-13**	**-87**	**7**
EBT (profit/loss before tax)	**-38**	**-11**	**-105**	**10**
Tax	4	-5	4	-3
PROFIT/LOSS FOR PERIOD	**-34**	**-16**	**-101**	**7**

Parent Company statement of comprehensive income

MSEK	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Profit/loss for period	**-34**	**-16**	**-101**	**7**
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	**-34**	**-16**	**-101**	**7**

Parent Company balance sheet, summary

MSEK	31 Dec 2021	31 Dec 2020
ASSETS		
Investments in subsidiaries	8,415	8,415
Group company receivables	1,342	4,537
Other receivables	19	19
Total fixed assets	**9,776**	**12,971**
Group company receivables	5	4
Current receivables	0	9
Cash and cash equivalents	0	0
Total current assets	**5**	**13**
TOTAL ASSETS	**9,781**	**12,983**
EQUITY AND LIABILITIES		
Equity	**8,350**	**8,106**
Liabilities to credit institutions	1,333	4,526
Other liabilities	15	19
Total long-term liabilities	**1,348**	**4,545**
Liabilities for commercial papers	-	201
Liabilities to Group companies	4	-
Other liabilities	42	27
Accrued expenses and prepaid income	37	104
Total current liabilities	**83**	**333**
TOTAL EQUITY AND LIABILITIES	**9,781**	**12,983**

Changes in Parent Company's equity

MSEK	Share capital	Share premium reserve	Retained earnings	Total equity
OPENING BALANCE 01/01/2020	**26**	**1,534**	**4,801**	**6,361**
Profit/loss for period	**-**	**-**	**7**	**7**
Other comprehensive income	-	-	-	-
Total other comprehensive income		**-**	**7**	**7**
Total transactions with shareholders	**22**	**1,679**	**37**	**1,738**
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	**-**	**-**	**-101**	**-101**
Other comprehensive income	-	-	-	-
Total other comprehensive income	**-**	**-**	**-101**	**-101**
Convertible issue	-	346	-	346
Total transactions with shareholders	**-**	**346**	**-**	**345**
CLOSING BALANCE 12/31/2021	**48**	**3,559**	**4,743**	**8,350**

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 40 MSEK (35). The operating loss was -18 MSEK (3).

Net financial items for the period totaled -87 MSEK (7). The Parent Company's loss before taxes was -105 MSEK (10).

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. Costs for purchasing services from related parties amounted to 0 MSEK. 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

Oct-Dec	Sweden		Norway		Finland		Other Europe		Central functions		Group	
MSEK	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Room revenue	847	334	630	255	523	180	353	115	-	-	2,354	884
Restaurant and conference revenue	362	120	404	129	290	100	209	81	-	-	1,265	430
Franchise and management fees	0	1	3	3	-	0	5	1	-	-	8	5
Other hotel-related income	17	10	98	24	31	21	10	4	-	-	156	59
Net sales	**1,225**	**465**	**1,136**	**410**	**844**	**300**	**577**	**201**			**3,783**	**1,377**
Other income	-	-	-	-	-	-	-	-	-	-	-	-
Internal transactions	-	-	-	-	-	-	-	-	12	-1	12	-1
Group eliminations	-	-	-	-	-	-	-	-	-12	1	-12	1
Total income	**1,225**	**465**	**1,136**	**410**	**844**	**300**	**577**	**201**	**-**	**-**	**3,783**	**1,377**
Expenses	-1,073	-601	-989	-404	-780	-388	-434	-225	-71	-39	-3,347	-1,658
Adjusted EBITDA	**152**	**-136**	**147**	**6**	**65**	**-89**	**143**	**-24**	**-71**	**-39**	**436**	**-282**
Adjusted EBITDA margin, %	12.4	-29.2	12.9	1.5	7.6	-29.6	24.8	-12.0	-	-	11.5	-20.5
EBITDA	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,075**	**470**
EBITDA margin, %	-	-	-	-	-	-	-	-	-	-	28.4	34.1
Depreciation, amortization and write-downs	-	-	-	-	-	-	-	-	-	-	-757	-847
EBIT (operating profit/loss)	-	-	-	-	-	-	-	-	-	-	319	-377
Net financial items	-	-	-	-	-	-	-	-	-	-	-399	-261
EBT (Profit/loss before tax)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-79**	**-638**

Jan-Dec	Sweden		Norway		Finland		Other Europe		Central functions		Group	
MSEK	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Room revenue	2,193	1,754	2,145	1,404	1,357	1,113	882	652	-	-	6,577	4,923
Restaurant and conference revenue	821	688	1,013	678	629	509	482	358	-	-	2,946	2,234
Franchise and management fees	7	5	9	8	-	0	8	5	-	-	25	19
Other hotel-related income	55	41	362	145	96	92	25	16	-	-	538	294
Net sales	**3,077**	**2,489**	**3,530**	**2,236**	**2,082**	**1,714**	**1,397**	**1,031**	**-**	**-**	**10,086**	**7,470**
Other income	44	-	-	-	-	-	-	-	-	-	44	-
Internal transactions	-	-	-	-	-	-	-	-	40	35	40	35
Group eliminations	-	-	-	-	-	-	-	-	-40	-35	-40	-35
Total income	**3,121**	**2,489**	**3,530**	**2,236**	**2,082**	**1,714**	**1,397**	**1,031**	**-**	**-**	**10,130**	**7,470**
Expenses	-3,295	-2,891	-3,004	-2,284	-2,374	-2,170	-1,196	-1,328	-255	-298	-10,124	-8,972
Adjusted EBITDA	**-174**	**-402**	**526**	**-48**	**-292**	**-456**	**202**	**-298**	**-255**	**-298**	**6**	**-1,503**
Adjusted EBITDA margin, %	-5.7	-16.2	14.9	-2.2	-14.0	-26.6	14.4	-28.9	-	-	0.1	-20.1
EBITDA	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,699**	**1,387**
EBITDA margin, %	-	-	-	-	-	-	-	-	-	-	26.6	18.7
Depreciation, amortization and write-downs	-	-	-	-	-	-	-	-	-	-	-3,139	-6,187
EBIT (operating profit/loss)	-	-	-	-	-	-	-	-	-	-	-440	-4,800
Net financial items	-	-	-	-	-	-	-	-	-	-	-1,606	-1,281
EBT (Profit/loss before tax)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-2,046**	**-6,081**

Assets & investments by segment

31 Dec	Sweden		Norway		Finland		Other Europe		Central functions		Group	
MSEK	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Fixed assets	10,524	10,624	8,591	8,466	16,300	13,626	5,765	5,383	2,248	-547	43,430	37,553
Investments in fixed assets	216	206	53	128	106	287	175	78	12	36	562	735

Revenue by country

MSEK	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Sweden	1,225	465	3,121	2,489
Norway	1,136	410	3,530	2,236
Finland	844	300	2,082	1,714
Denmark	460	175	1,113	776
Germany	105	24	246	226
Poland	12	3	38	29
Total countries	**3,783**	**1,377**	**10,130**	**7,470**
Other	-1	-1	40	35
Group eliminations	1	1	-40	-35
Group	**3,783**	**1,377**	**10,130**	**7,470**

Revenue by type of agreement

MSEK	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Lease agreements	3,768	1,372	10,081	7,444
Management agreements	4	2	11	7
Franchise and partner agreements	3	2	12	10
Owned	7	1	26	9
Total	**3,783**	**1,377**	**10,130**	**7,470**
Other	-1	-1	40	35
Group eliminations	1	1	-40	-35
Group	**3,783**	**1,377**	**10,130**	**7,470**

Summary of reported EBITDA & adjusted EBITDA

	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
EBITDA	1,075	470	2,699	1,387
Effect of leases, fixed and guaranteed rental charges	-652	-762	-2,739	-3,191
Pre-opening costs	13	-1	52	32
Items affecting comparability	0	11	-7	269
Adjusted EBITDA	**436**	**-282**	**6**	**-1,503**

Total rental charges

Total rental charges	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Fixed and guaranteed rental charges according to income statement*	-89	242	79	494
Fixed and guaranteed rental charges, reversed effect IFRS 16	-652	-762	-2,739	-3,191
Total fixed and guaranteed rental charges	**-741**	**-520**	**-2,659**	**-2,697**
Variable rental charges	-314	-69	-780	-424
Total rental charges	**-1,055**	**-589**	**-3,440**	**-3,121**
*Of which received state aid and negotiated discounts	141	323	778	665
Fixed and guaranteed rental charges	19.6%	37.8%	26.4%	36.1%
Variable rental charges	8.3%	5.0%	7.7%	5.7%
Total rental charges	27.9%	42.8%	34.1%	41.8%

Financial items

Financial items, income statement	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Interest expenses, credit institutions	-44	-31	-211	-111
Interest expenses, convertible bond	-36	0	-101	0
Other interest expenses, net	-5	-6	-43	-73
Exchange rate gains/losses, net	1	1	2	3
Other items	-16	-21	-58	-64
Total, excluding IFRS 16	**-100**	**-57**	**-412**	**-245**
Interest expenses, IFRS 16	-299	-204	-1,194	-1,036
Total	**-399**	**-261**	**-1,606**	**-1,281**
Paid financial items, cash flow				
Paid interest	-98	-58	-264	-148
Other items	-1	1	-70	-58
Total	**-99**	**-57**	**-334**	**-206**

Quarterly data

MSEK	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Net sales	3,783	3,734	1,640	930	1,377	2,085
Adjusted EBITDA	436	709	-364	-775	-282	90
Adjusted EBITDA margin, %	11.5	19.0	-22.2	-83.4	-20.5	4.3
EBIT (operating profit/loss)	319	649	-489	-919	-377	19
Profit/loss for the period	-20	173	-752	-1,080	-528	-254
Profit/loss for the period, excl. effect IFRS 16	123	303	-590	-935	-462	-203
Earnings per share, SEK	-0.11	0.85	-3.93	-5.65	-2.75	-1.32
Earnings per share, SEK, excl. effect IFRS 16	0.65	1.41	-3.08	-4.90	-2.42	-1.06
Net debt/adjusted EBITDA, LTM	neg	neg	neg	neg	neg	neg
RevPAR (Revenue per available room), SEK	510	540	245	147	193	323
ARR (Average room revenue), SEK	999	980	903	841	842	896
OCC (Occupancy), %	51.1	55.1	27.1	17.5	23.0	36.1

Quarterly data per segment

	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Net sales						
Sweden	1,225	1,072	460	319	466	625
Norway	1,136	1,432	644	319	410	724
Finland	844	716	313	209	300	472
Other Europe	577	515	223	83	201	264
Total net sales	**3,783**	**3,734**	**1,640**	**930**	**1,377**	**2,085**
Adjusted EBITDA						
Sweden	152	142	-255	-214	-136	77
Norway	147	426	27	-74	6	104
Finland	65	29	-168	-217	-89	-95
Other Europe	143	164	88	-194	-24	61
Central functions	-71	-53	-57	-75	-39	-57
Total adj. EBITDA	**436**	**709**	**-364**	**-775**	**-282**	**90**
Adjusted EBITDA margin, %	*11.5%*	*19.0%*	*-22.2%*	*-83.4%*	*-20.5%*	*4.3%*

Exchange rates

SEK/EUR	**Jan-Dec 2021**	**Jan-Dec 2020**
Income statement (average)	10.1449	10.4867
Balance sheet (at end of period)	10.2269	10.0375
SEK/NOK		
Income statement (average)	0.9980	0.9786
Balance sheet (at end of period)	1.0254	0.9546
SEK/DKK		
Income statement (average)	1.3641	1.4068
Balance sheet (at end of period)	1.3753	1.3492

Alternative performance measures

Interest-bearing net liabilities	**31 Dec 2021**	**31 Dec 2020**
Liabilities to credit institutions	3,269	4,526
Liabilities, commercial papers	0	201
Cash and cash equivalents	-216	-14
Interest-bearing net liabilities	**3,053**	**4,713**

Working capital	**31 Dec 2021**	**31 Dec 2020**
Current assets, excl. cash and bank balances	1,041	716
Current liabilities	-3,665	-2,289
Working capital	**-2,624**	**-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 272,708 shares for the LTIP 2019, corresponding to approximately 0.1 percent of Scandic's share capital and votes.

The cost of the program is expected to amount to 2.4 MSEK, including social security contributions, and the cost included in the Group's income statement in accordance with IFRS2 was 0.2 MSEK for the fourth quarter 2021, including social security contributions. The maximum cost of the program, including social security contributions, is estimated to be 25 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.

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

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, Fenruary 10, 2022

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

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

Scandic Hotels Group

Scandic is the largest hotel company in the Nordic countries with around 54,000 rooms at approximately 275 hotels in operation and under development. In 2021, the Group had annual sales of SEK 10.1 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 developments in the hotel industry.

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

Press releases (selection)

2022-01-17 Scandic to open climate-neutral hotel in Sundsvall in 2024

2021-10-29 Nomination Committee for Scandic's AGM 2022 appointed

2021-10-26 Åsa Wirén new CFO at Scandic

2021-10-15 Scandic reports strong results and cash flow for third quarter 2021

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

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