



## A QUARTER THAT ENDED STRONG

### FIRST QUARTER IN SUMMARY

- Net sales rose by 194.0 percent to 2,733 MSEK (930).
- Average occupancy rate was 39.1 percent compared with 17.5 percent during the first quarter last year.
- Occupancy was impacted negatively by extensive pandemic restrictions in Scandic's markets during January and February.
- The market improved toward the end of the quarter and in March, Scandic's occupancy rate rose to 53.5 percent.
- The average room rate (ARR) was 1,011 MSEK (841) during the quarter and average revenue per available room (RevPAR) was SEK 395 (147).
- Adjusted EBITDA totaled -237 MSEK (-775). The results were positively impacted by state aid of 63 MSEK (247) that Scandic received during the first quarter of 2022
- Excluding IFRS 16, earnings per share totaled SEK -2.73 (-4.90).
- During the quarter, Scandic opened the new 160-room Scandic Örebro Central in Örebro, Sweden.

### EVENTS AFTER THE REPORTING DATE

- Prior to the 2022 Annual General Meeting, Scandic's Nomination Committee proposed Gunilla Rudebjer as a new Board member and announced that Ingalill Berglund had declined re-election.
- In April, Scandic opened the new 230-room Scandic Kiruna in Sweden.

## GROUP KEY RATIOS

MSEK	Jan-Mar 2022	Jan-Mar 2021	% change	Jan-Dec 2021	Apr-Mar 2021/2022
<b>Financial key ratios</b>					
Net sales	2,733	930	194.0%	10,086	11,889
Adjusted EBITDA	-237	-775		6	544
Adjusted EBITDA margin, %	-8.7	-83.4		0.1	4.6
EBIT (Operating profit/loss)	-279	-919		-440	200
Net profit/loss for the period	-639	-1,080		-1,679	-1,238
Net profit/loss for the period excl. IFRS 16	-520	-937		-1,098	-681
Earnings per share, SEK	-3.35	-5.65		-8.79	-6.49
Earnings per share, SEK, excl. IFRS 16	-2.73	-4.90		-5.75	-3.56
Net debt (excl. convertible loan)	4,038	5,768		3,053	
<b>Hotel-related key ratios</b>					
RevPAR (SEK)	395	147	169.1%	364	424
ARR (Average Room Rate), SEK	1,011	841	20.3%	957	981
OCC (Occupancy), %	39.1	17.5		38.0	43.2
Total number of rooms on reporting date	54,002	52,938	2.0%	54,265	54,002

## CEO'S COMMENTS

### A strong conclusion to the first quarter

The first quarter of 2022 ended on a positive note after a weak start to the year. During the first two months, demand was limited by the restrictions introduced at the end of 2021. As these were gradually lifted from the beginning of February, as expected, there was a clear improvement in demand and our occupancy rate rose sharply, from 25 percent in January to 53.5 percent in March.

### Positive trend at beginning of second quarter

Market development has remained positive at the beginning of the second quarter. Occupancy in April is expected to be at the same level as in March despite the negative effect of Easter falling in April. Bookings for meetings are strong for the coming months and we expect that the hotel market will benefit from significantly higher activity related to events this summer compared with the past two years.

The terrible war that has broken out in Ukraine and the uncertain geopolitical situation can lead to consequences for the global economy and we are following developments very closely. So far, however, it has not had a significant effect on hotel demand in the Nordic region.

### High activity level in coming months

Before the summer, we will strengthen our offering by opening a number of attractive new hotels. We recently opened Scandic Örebro Central and Scandic Kiruna, and during the second quarter, we will open two more Swedish hotels in Gothenburg and Helsingborg. In addition, we will open two hotels in central Copenhagen during the quarter at the same time as we will to reopen Scandic Holmenkollen outside of Oslo after a major renovation and extension. It is, of course, gratifying that we will be launching these new hotels during a period with good demand for hotels.

### Greater resilience

As we've said earlier, Scandic has a clear ambition to further strengthen the resilience of its business model to ensure higher and more stable earnings over time. This is happening in a number of areas. We will ensure that we maintain the efficiencies that have been implemented in recent years, especially in central functions, while continuing to work actively to further improve our hotel portfolio. We also see potential to increase space efficiency at our hotels and to continue taking steps to improve profitability in our restaurant operations.

Profitability does not derive solely from lower costs and greater efficiency. Average room rates in the Nordic hotel market have now returned to about the same level as before the pandemic, and we now also need to ensure that we fully compensate for underlying cost inflation.

We look forward with confidence to an exciting period when we will strengthen our offering with a number of new hotels in an improved hotel market.

**Jens Mathiesen**  
President & CEO



“Our occupancy rate rose sharply, from 25% in January to 53.5% in March ”

“Market development has remained positive at the beginning of the second quarter”

“We will strengthen our offering with a number of new hotels in an improved hotel market”

## NORDIC HOTEL MARKET DEVELOPMENT

### A weak start to the quarter

At the beginning of the year, hotel demand was weak in Scandic's markets due to the restrictions that were reintroduced in December 2021 to slow the spread of the Omicron variant of the coronavirus.

In January, the average occupancy rate in the Nordic markets was between 24 and 28 percent, with the weakest development in the Finnish market.

Development in January was higher than in the corresponding period last year when occupancy was between just 10 and 21 percent, however, only half of what it was from January 2020 (before the start of the pandemic).

### Clear improvement in February and March

As restrictions were eased in February, there was a significant improvement in the hotel markets, and the average occupancy rate rose to between 36 and 43 percent. Finland, however, continued to be the market with the lowest level of activity.

Things continued to improve in March when occupancy was between 47 and 57 percent.

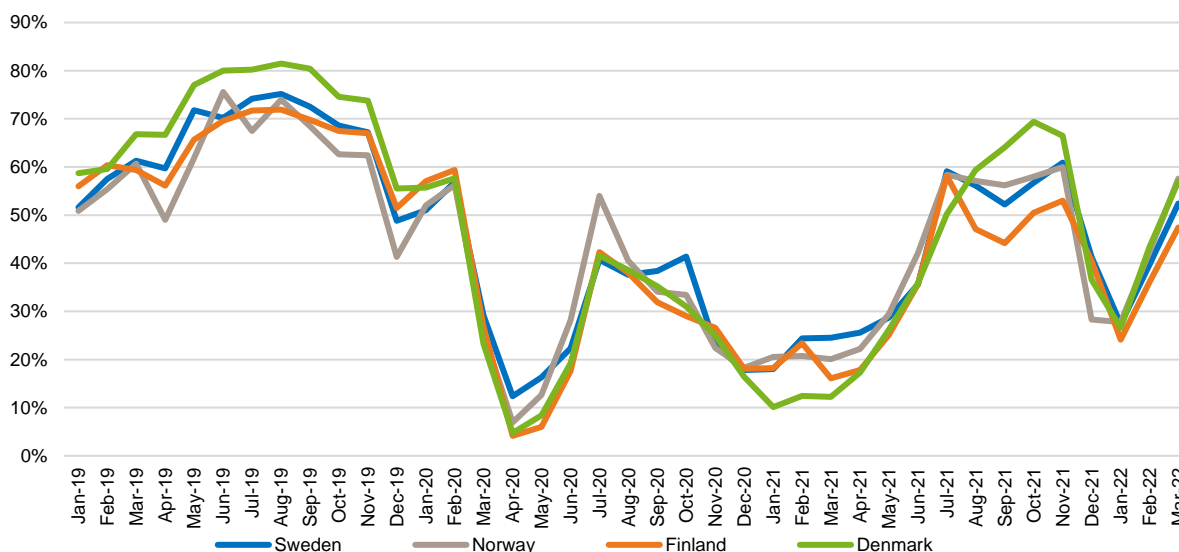
For the quarter as a whole, the average occupancy rate was 36 to 42 percent in the Nordic countries, with the lowest occupancy rate in Finland and the highest in Norway and Denmark. In 2021, the occupancy rate in the Nordic countries was only between 13 and 23 percent during the same period, while in the first quarter of 2019 (before the pandemic) it was between 56 and 62 percent.

### Positive price development

In general, prices developed positively in Scandic's markets during the first months of the year. In the first quarter, the average room rate in local currency grew by between 17 and 18 percent in Sweden, Norway and Finland compared with the corresponding quarter last year. In Denmark, the increase was approximately 11 percent. Compared with the first quarter of 2019 (before the pandemic), the average room rate was largely unchanged in Sweden, Finland and Denmark, while it was about 10 percent higher in the Norwegian market.

Average revenue per available room, RevPAR, went up between 113 and 312 percent in the fourth quarter, with the highest increase in Denmark, compared with the historically low levels in the corresponding quarter last year.

MARKET OCCUPANCY JANUARY 2019 – MARCH 2022



Source: Benchmarking Alliance

## HOTEL PORTFOLIO

### Existing hotel portfolio

At the end of the period, Scandic had 54,002 rooms in operation at 266 hotels, of which 245 had lease agreements.

During the quarter, Scandic Örebro (160 rooms) opened in Sweden and three franchise hotels in Norway with a total of 501 rooms were exited. In total, the number of rooms in operation decreased by 263 during the quarter.

Portfolio changes	Number of rooms
<b>Opening balance January 1, 2022</b>	
Lease agreements	50,925
Franchise, management & other	3,340
<b>Total</b>	<b>54,265</b>
Change in lease agreements	238
Change in other operating models	-501
<b>Total change during the quarter</b>	<b>-263</b>
<b>Closing balance March 31, 2022</b>	
Lease agreements	51,163
Franchise, management & other	2,839
<b>Total</b>	<b>54,002</b>

### Number of hotels in operation & pipeline

	Operational on Mar 31, 2022			
	Hotels	of which with lease contracts	Rooms	of which with lease contracts
Sweden	87	81	18,194	17,402
Norway	83	69	15,921	14,084
Finland	62	62	12,855	12,855
Denmark	28	27	5,314	5,104
Other Europe	6	6	1,718	1,718
<b>Total</b>	<b>266</b>	<b>245</b>	<b>54,002</b>	<b>51,163</b>
<i>Change during the quarter</i>	-2	1	-263	238

	Pipeline on Mar 31, 2022					
	New hotels	Planned exits	Total	New rooms	Planned exits	Total
Sweden	4	-1	3	1,111	-171	940
Norway	1	0	1	421	0	421
Finland	1	-1	0	350	-191	159
Denmark	3	0	3	1,082	0	1,082
Other Europe	2	0	2	739	0	739
<b>Total</b>	<b>11</b>	<b>-2</b>	<b>9</b>	<b>3,703</b>	<b>-362</b>	<b>3,341</b>
<i>Change during the quarter</i>	-1	3	2	-328	501	173

### High-quality pipeline

At the end of the period, Scandic's pipeline comprised nine hotels with 3,341 rooms, corresponding to just over 6 percent of the current portfolio. The pipeline has been impacted negatively by the planned exit of Scandic Ferrum in Kiruna (171 rooms) and Scandic Siunto in Finland (191 rooms). In addition, the number of rooms planned for Scandic Aarhus Harbour in Denmark

decreased from 485 to 350 due to the reconfiguration of the hotel.

In April, Scandic opened Scandic Kiruna (230 rooms) and closed Scandic Ferrum in Kiruna (171 rooms). During May and June, Scandic plans to open four new hotels: Scandic Oceanhamnen and Scandic Göteborg

Central in Sweden as well as Scandic Spectrum and Scandic Nørreport in Copenhagen. Additionally, Scandic Holmenkollen in Norway will reopen after a major renovation and extension.

The planned opening of Scandic Macherei has been postponed until the second half of the year.

Investments in the pipeline are expected to total approximately 500 MSEK.

## SALES & ADJUSTED EBITDA

### Group

	Jan-Mar 2022	Jan-Mar 2021	%
<b>Net sales (MSEK)</b>	<b>2,733</b>	<b>930</b>	<b>194.0%</b>
Currency effects	96		10.3%
Organic growth	1,707		183.6%
<i>New hotels</i>	75		8.1%
<i>Exits</i>	7		0.7%
LFL	1,625		174.8%
<b>Adjusted EBITDA</b>	<b>-237</b>	<b>-775</b>	
% margin	-8.7%	-83.4%	
<b>RevPAR (SEK)</b>	<b>395</b>	<b>147</b>	<b>169.0%</b>
Currency effects	13		9.0%
New hotels/exits	-4		-2.5%
LFL	239		162.5%

### First quarter

Net sales rose by 194.0 percent to 2,733 MSEK (930).

Organic sales growth, i.e. excluding currency effects and acquisitions, was 183.6 percent.

**Average Revenue Per Available Room (RevPAR)** rose by 169.0 percent to 395 SEK compared with 147 SEK during the previous year. RevPAR more than doubled in all markets compared with the corresponding period in the previous year.

**Revenue from restaurant and conference operations** grew by 237.4 percent and the share of net sales rose to 30.0 percent (26.1). The increase was due to eased government restrictions on restaurant opening hours and the maximum number of participants in meetings during the quarter. Demand for meetings and conferences has increased gradually in all markets.

**Rental costs** excluding IFRS 16 rose to 994 MSEK (575). During the quarter, negotiated rent concessions of approximately 35 MSEK (143) were received,

reducing fixed and guaranteed rents. Rental costs also fell due to state aid of 29 MSEK (145) received for the previous year. Rental costs relative to net sales fell and amounted to 36.4 percent (61.8).

**Costs for central functions** dropped to -68 MSEK (-75).

**Adjusted EBITDA** gradually improved and totaled -237 MSEK (-775) during the quarter, driven by higher net sales and good cost control. In March, adjusted EBITDA was positive in all markets except Finland. Adjusted EBITDA includes 63 MSEK in direct state aid for fixed costs (247), chiefly related to Other Europe. In addition, Scandic in Norway received wage subsidies of approximately 90 MSEK to retain team members and avoid terminations.

## Segment reporting

Quarterly, Jan-Mar MSEK	Net sales		Adjusted EBITDA		Adjusted EBITDA margin	
	2022	2021	2022	2021	2022	2021
Sweden	827	319	-80	-214	-9.7%	-67.1%
Norway	961	319	135	-74	14.0%	-23.2%
Finland	562	209	-160	-217	-28.5%	-104.0%
Other Europe	383	83	-64	-194	-16.7%	-233.7%
Central costs and Group adjustments	-	-	-68	-75	-	-
<b>Total Group</b>	<b>2,733</b>	<b>930</b>	<b>-237</b>	<b>-775</b>	<b>-8.7%</b>	<b>-83.4%</b>

## EFFECTS OF IFRS 16

The accounting principle IFRS 16 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. 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. IFRS 16 has a substantial impact on Scandic's income statement and balance sheet.

Interest expenses for the lease debt decrease over time as the debt is constantly amortized.

With the portfolio of leasing agreements that existed at the end of the first quarter 2022, net profit after tax for

2022 is expected to be negatively affected by approximately -400 MSEK (2021: -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 2028.

Scandic is of the opinion that the income statement excluding IFRS 16 provides a more accurate picture of how its operations are developing.

The definition of adjusted EBITDA 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 16.

## Summary of the effects of IFRS 16

	Jan-Mar 2022		Jan-Mar 2021	
	Excl. effect IFRS 16	Effect IFRS 16	Reported	Reported
<b>Total operating income</b>	2,733	0	2,733	930
<b>EBITDAR</b>	757	0	757	-199
Total rental charges	-994	805	-189	110
<b>Adjusted EBITDA</b>	<b>-237</b>			
Pre-opening costs	-27	0	-27	-23
Items affecting comparability	0	0	0	-16
<b>EBITDA</b>	<b>-264</b>	<b>805</b>	<b>541</b>	<b>-129</b>
Depreciation, amortization and impairment losses	-210	-610	-820	-790
<b>EBIT</b>	<b>-474</b>	<b>195</b>	<b>-279</b>	<b>-919</b>
Net financial items	-109	-344	-453	-359
<b>EBT (Profit before tax)</b>	<b>-583</b>	<b>-149</b>	<b>-732</b>	<b>-1,277</b>
Tax	63	30	93	197
<b>Profit/loss for the period</b>	<b>-520</b>	<b>-119</b>	<b>-639</b>	<b>-1,080</b>
Earnings per share, SEK	-2.73	-0.62	-3.35	-5.65

## Result excluding effects of IFRS 16

	Jan-Mar 2022	Jan-Mar 2021	Jan-Dec 2021	Apr-Mar 2021/2022
<b>Total operating income</b>	2,733	930	10,130	11,933
<b>EBITDAR</b>	757	-199	3,446	4,401
Total rental charges	-994	-575	-3,440	-3,859
<b>Adjusted EBITDA</b>	<b>-237</b>	<b>-775</b>	<b>6</b>	<b>544</b>
Pre-opening costs	-27	-23	-52	-56
Items affecting comparability	0	-16	7	23
<b>EBITDA</b>	<b>-264</b>	<b>-814</b>	<b>-39</b>	<b>511</b>
Depreciation, amortization and impairment losses	-210	-214	-864	-859
<b>EBIT</b>	<b>-474</b>	<b>-1,028</b>	<b>-903</b>	<b>-349</b>
Net financial items	-109	-69	-412	-452
<b>EBT (Profit before tax)</b>	<b>-583</b>	<b>-1,097</b>	<b>-1,315</b>	<b>-801</b>
Tax	63	160	217	119
<b>Profit/loss for the period</b>	<b>-520</b>	<b>-937</b>	<b>-1,098</b>	<b>-681</b>
Earnings per share, SEK	-2.73	-4.90	-5.75	-3.56

## REPORTED RESULT

### First quarter

**EBITDA** was 541 MSEK (-129) and -264 MSEK (-814) excluding IFRS 16. EBITDA includes pre-opening costs for new hotels of -27 MSEK (-23). Items affecting comparability amounted to 0 MSEK (-16).

**EBIT** was -279 MSEK (-919) and -474 MSEK (-1,028) excluding IFRS 16. Depreciation and amortization totaled -820 MSEK (-790). Excluding IFRS 16, depreciation and amortization amounted to -210 MSEK (-214).

The **Group's net financial expense** was -453 MSEK (-359) and -109 MSEK (-69) excluding IFRS 16. The interest expense, excluding IFRS 16, was - 97 MSEK

(-58) and was impacted negatively by interest expenses related to a convertible loan.

**Loss before tax** was -732 MSEK (-1,277) and -583 MSEK (-1,097) excluding IFRS 16.

**Reported tax** amounted to 93 MSEK (197).

**Net profit** was -639 MSEK (-1,080). Excluding IFRS 16, net profit amounted to -520 MSEK (-937)

**Earnings per share** after dilution amounted to -3.35 SEK (-5.65) per share and -2.73 SEK (-4.90) excluding IFRS 16.

### Earnings per share

	Jan-Mar 2022	Jan-Mar 2021	Jan-Dec 2021	Apr-Mar 2021/2022
<b>Earnings per share, SEK</b>	<b>-3.35</b>	<b>-5.65</b>	<b>-8.79</b>	<b>-6.49</b>
Effect IFRS 16	0.62	0.75	3.04	2.93
<b>Earnings per share, SEK, excl. IFRS 16</b>	<b>-2.73</b>	<b>-4.90</b>	<b>-5.75</b>	<b>-3.56</b>
<b>Average number of shares after dilution</b>	<b>191,250,686</b>	<b>191,257,993</b>	<b>191,250,686</b>	<b>191,250,686</b>

## CASH FLOW & FINANCIAL POSITION

Operating cash flow excluding IFRS 16 for the period January–March improved and totaled -794 MSEK (-895) due to higher net sales and an improved profit.

The cash flow contribution from the change in working capital amounted to -441 MSEK (-4). Working capital was affected negatively by temporary effects of approximately 600 MSEK on the working capital, which was communicated in the interim report for the fourth quarter 2021. These effects included payment delays from December 2021 to January 2022 and the payment of the final rent settlement for 2021.

Taxes paid amounted to -34 MSEK (-50) and referred to the payment of taxes for previous years in Sweden.

Net investments totaled -199 MSEK (-85). Net investments paid amounted to -203 MSEK (-85), of which hotel renovations accounted for -54 MSEK (-18) and IT for -4 MSEK (-3). Investments in new hotels and increased room capacity totaled -145 MSEK (-64). The rate of investment was high during the first quarter and is expected to remain on a high level in the second quarter when a total of six new hotels are expected to be opened before the end of the first half-year.

In total, free cash flow fell to -997 MSEK (-980).



## Operating cash flow

MSEK	Jan-Mar 2022	Jan-Mar 2021	Jan-Dec 2021	Apr-Mar 2021/2022
Adjusted EBITDA	-237	-775	6	544
Pre-opening costs	-27	-23	-52	-56
Non-recurring items	0	-16	7	24
Adjustments for non-cash items	0	1	-19	-20
Paid tax	-34	-50	-51	-35
Change in working capital	-441	-4	1,072	635
Interest paid	-55	-28	-266	-293
<b>Cash flow from operations</b>	<b>-794</b>	<b>-895</b>	<b>697</b>	<b>799</b>
Paid investments in hotel renovations	-54	-18	-46	-82
Paid investments in IT	-4	-3	-12	-13
<b>Free cash flow before investments in expansions</b>	<b>-852</b>	<b>-917</b>	<b>639</b>	<b>704</b>
Paid investments in new capacity	-145	-64	-454	-535
<b>Free cash flow</b>	<b>-997</b>	<b>-980</b>	<b>185</b>	<b>168</b>
Convertible issue	0	0	1,577	1,577
Rights issue	0	0	0	0
Other items in financing activities	30	0	-44	-15
Financing costs	-4	-6	8	10
Exchange difference in net debt	-14	-66	-64	-12
<b>Change net debt</b>	<b>-985</b>	<b>-1,053</b>	<b>1,662</b>	<b>1,729</b>

The balance sheet total on March 31, 2022 was 47,032 MSEK compared with 44,755 MSEK on December 31, 2021. Excluding IFRS 16, the balance sheet total was 12,133 MSEK.

Interest-bearing net debt, excluding lease liabilities and a convertible loan, grew by 985 MSEK during the period to 4,038 MSEK.

Total agreed credit facilities were reduced through repayments of 108 MSEK in the first quarter 2022 and amounted to 5,836 MSEK at the end of March 2022.

Loans from credit institutions totaled 4,061 MSEK and cash and cash equivalents amounted to 23 MSEK. Total available liquidity was approximately 1,700 MSEK.

The liability for the payment respite for VAT and social security contributions amounted to approximately 500 MSEK. An additional respite totaling 175 MSEK was granted in April. The Swedish Tax Agency has adopted a repayment schedule with repayments every six months (April/October), starting in October 2022. It is estimated that approximately 40 MSEK will be repaid in 2022. The repayment schedule ends in April 2027.

## Net financial items, reported vs. cash flow

	Jan-Mar 2022	Jan-Mar 2021	Jan-Dec 2021	Apr-Mar 2021/2022
<b>Financial net, reported</b>	<b>-453</b>	<b>-359</b>	<b>-1,606</b>	<b>-1,701</b>
of which interest expenses, IFRS 16	-344	-289	-1,194	-1,249
<b>Financial net, excl. IFRS 16</b>	<b>-109</b>	<b>-71</b>	<b>-412</b>	<b>-452</b>
<b>Adjustments to paid financial items</b>				
Interest expenses, convertibel bond (non-cash)	36	0	101	31
Timing difference, interest on bank loans	21	37	-5	-26
Other	-3	5	-18	-26
<b>Total adjustments</b>	<b>54</b>	<b>42</b>	<b>78</b>	<b>-21</b>
<b>Paid financial items, net</b>	<b>-55</b>	<b>-29</b>	<b>-334</b>	<b>-473</b>

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 was allocated 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.

## SEGMENT REPORTING

## Sweden

	Jan-Mar 2022	Jan-Mar 2021	%
<b>Net sales (MSEK)</b>	<b>827</b>	<b>319</b>	<b>158.9%</b>
Organic growth	507		158.9%
<i>New hotels</i>	11		3.4%
<i>Exits</i>	8		2.6%
<i>LFL</i>	488		152.9%
<b>Adjusted EBITDA</b>	<b>-80</b>	<b>-214</b>	
% margin	-9.7%	-67.1%	
<b>RevPAR (SEK)</b>	<b>379</b>	<b>159</b>	<b>138.2%</b>
New hotels/exits	2		1.0%
LFL	218		137.2%
ARR (SEK)	964	801	20.3%
OCC %	39.4%	19.9%	

## First quarter

Net sales increased by 158.9 percent to 827 MSEK (319). All geographic markets showed an improvement with particularly positive development in Stockholm.

Average Revenue Per Available Room (RevPAR) increased by 138.2 percent compared with the same quarter during the previous year.

Adjusted EBITDA improved, totaling -80 MSEK (-214). Direct state aid reduced costs by 10 MSEK (97). Rental costs increased by 95 MSEK to 278 MSEK as a result of greater turnover and consequently higher variable rents as well as lower rent concessions and state aid.

## Norway

	Jan-Mar 2022	Jan-Mar 2021	%
<b>Net sales (MSEK)</b>	<b>961</b>	<b>319</b>	<b>201.6%</b>
Currency effects	63		19.8%
Organic growth	579		181.8%
<i>New hotels</i>	8		2.4%
<i>Exits</i>	-2		-0.5%
LFL	573		179.9%
<b>Adjusted EBITDA</b>	<b>135</b>	<b>-74</b>	
% margin	14.0%	-23.2%	
<b>RevPAR (SEK)</b>	<b>482</b>	<b>176</b>	<b>173.7%</b>
Currency effects	32		18.1%
New hotels/exits	0		0.6%
LFL	274		155.5%
ARR (SEK)	1,070	862	24.1%
OCC %	45.0%	20.4%	

## First quarter

Net sales increased by 201.6 percent to 961 MSEK (319). The company's quarantine operations were discontinued during the quarter and from mid-March were partially replaced by income from housing for refugees from Ukraine.

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

Average Revenue Per Available Room (RevPAR) increased by 173.7 percent compared with the same quarter during the previous year.

Adjusted EBITDA improved, totaling 135 MSEK (-74). Direct state aid reduced costs by 8 MSEK (124). In addition, Scandic in Norway received wage subsidies of approximately 90 MSEK to retain team members and avoid terminations. Approximately 30 MSEK of adjusted EBITDA is estimated to be attributable to income from rooms related to Scandic's quarantine-related operations/housing for refugees that were not used. Rental costs increased by 172 MSEK to 219 MSEK as a result of greater turnover and consequently higher variable rents as well as lower rent concessions and state aid.

## Finland

	Jan-Mar 2022	Jan-Mar 2021	%
<b>Net sales (MSEK)</b>	<b>562</b>	<b>209</b>	<b>169.3%</b>
Currency effects	20		9.4%
Organic growth	334		159.9%
<i>New hotels</i>	42		19.9%
<i>Exits</i>	0		0.1%
LFL	292		139.9%
<b>Adjusted EBITDA</b>	<b>-160</b>	<b>-217</b>	
% margin	-28.5%	-104.0%	
<b>RevPAR (SEK)</b>	<b>327</b>	<b>125</b>	<b>161.9%</b>
Currency effects	11		8.8%
New hotels/exits	-6		-4.9%
LFL	197		158.1%
ARR (SEK)	1,026	890	15.3%
OCC %	31.8%	14.0%	

## First quarter

Net sales increased by 169.3 percent to 562 MSEK (209). All geographic markets showed an improvement. Development in Helsinki was positive, although occupancy rates were lower than in the rest of Finland and the other Nordic capitals.

Changes in the hotel portfolio contributed 42 MSEK to net sales. The positive effect is mainly attributable to the opening of Scandic Grand Central Helsinki.

Average Revenue Per Available Room (RevPAR) increased by 161.9 percent compared with the same quarter during the previous year.

Adjusted EBITDA improved, totaling -160 MSEK (-217). Rental costs increased by 112 MSEK to 284 MSEK as a result of greater turnover and consequently, higher variable rents and lower rent concessions.

## Other Europe

	Jan-Mar 2022	Jan-Mar 2021	%
<b>Net sales (MSEK)</b>	<b>383</b>	<b>83</b>	<b>361.4%</b>
Currency effects	13		15.7%
Organic growth	287		345.7%
<i>New hotels</i>	15		18.2%
<i>Exits</i>	0		0.0%
LFL	272		327.5%
<b>Adjusted EBITDA</b>	<b>-64</b>	<b>-194</b>	
% margin	-16.7%	-233.9%	
<b>RevPAR (SEK)</b>	<b>388</b>	<b>93</b>	<b>317.3%</b>
Currency effects	13		14.2%
New hotels/exits	-9		-9.4%
LFL	291		312.6%
ARR (SEK)	973	827	17.7%
OCC %	39.9%	11.2%	

### First quarter

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

Net sales went up by 361.4 percent to 383 MSEK (83). All countries showed an improvement and development in Denmark was particularly positive.

Average Revenue Per Available Room (RevPAR) increased by 317.3 percent compared with the same quarter during the previous year.

Adjusted EBITDA improved, totaling -64 MSEK (-194). Direct state aid reduced costs by 40 MSEK (26). Rental costs increased by 41 MSEK to 142 MSEK as a result of greater turnover and consequently, higher variable rents and lower rent concessions and state aid.

### Central functions

Adjusted EBITDA for central functions was -68 MSEK (-75) during the quarter. The cost level was reduced as a

result of a lower number of employees and higher efficiency.

## EMPLOYEES

The average number of employees was 7,832 on March 31, 2022 compared with 6,460 on December 31, 2021.

## OUTLOOK

Scandic expects that occupancy in April will amount to approximately the same level as in March, despite the fact that Easter fell in April. Scandic continues to see a positive trend in booking activity and occupancy and expects a clear improvement in the hotel market in 2022.

## 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 first quarter will be streamed at 9:00 CEST on April 27, 2022 with President & CEO Jens Mathiesen and CFO Åsa Wirén available by phone at +46 8 505 583 53 in Sweden

or +44 3333 009 262 in the UK. The presentation will also be available afterwards at [scandichotelsgroup.com](https://scandichotelsgroup.com).

Please call in five minutes before the start.

## FINANCIAL CALENDAR

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

### Åsa Wirén

Chief Financial Officer

Phone: +46 70 644 4533

[asa.wiren@scandichotels.com](mailto:asa.wiren@scandichotels.com)

### Henrik Vikström

Director Investor Relations

Phone: +46 70 952 80 06

[henrik.vikstrom@scandichotels.com](mailto:henrik.vikstrom@scandichotels.com)

## SIGNIFICANT RISKS & UNCERTAINTY FACTORS

Scandic operates in a sector where demand for hotel nights and conferences is influenced by the underlying domestic development and purchasing power in the geographic markets in which Scandic does business as well as development in countries from which there is a significant amount of travel to Scandic's domestic markets. Additionally, profitability in the sector is impacted by changes in room capacity. Increased capacity can initially lead to lower occupancy in the short term, but in the long term, it can also help stimulate interest in business and leisure destinations, which in turn can increase the number of hotel nights.

Scandic's business model is based on lease agreements where approximately 90 percent of its hotels (based on the number of rooms) have variable revenue-based rents. This results in 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 March 31, 2022, Scandic's goodwill and intangible assets amounted to 7,049 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 re-introduction of restrictions. Scandic expects the hotel market to recover during 2022. There is, however, uncertainty as to the speed 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 possible 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	Jan-Mar 2022	Jan-Mar 2021	Jan-Dec 2021	Apr-Mar 2021/2022
<b>INCOME</b>				
Room revenue	1,781	637	6,577	7,722
Restaurant and conference revenue*	820	243	2,946	3,522
Franchise and management fees	9	2	25	31
Other hotel-related revenue	123	47	538	614
<b>Net sales</b>	<b>2,733</b>	<b>930</b>	<b>10,086</b>	<b>11,889</b>
Other income	-	-	44	44
<b>TOTAL OPERATING INCOME</b>	<b>2,733</b>	<b>930</b>	<b>10,130</b>	<b>11,933</b>
<b>OPERATING COSTS</b>				
Raw materials and consumables	-214	-84	-839	-968
Other external costs	-706	-357	-2,248	-2,597
Personnel costs	-1,056	-688	-3,597	-3,966
Fixed and guaranteed rental charges	-14	146	79	-81
Variable rental charges	-175	-36	-780	-919
Pre-opening costs	-27	-23	-52	-56
Items affecting comparability	-0	-16	7	23
<b>EBITDA</b>	<b>541</b>	<b>-129</b>	<b>2,699</b>	<b>3,370</b>
Depreciation, amortization and impairment losses	-820	-790	-3,139	-3,169
<b>TOTAL OPERATING COSTS</b>	<b>-3,012</b>	<b>-1,848</b>	<b>-10,569</b>	<b>-11,732</b>
<b>EBIT (Operating profit/loss)</b>	<b>-279</b>	<b>-919</b>	<b>-440</b>	<b>201</b>
<b>Financial items</b>				
Financial income	7	1	10	15
Financial expenses	-460	-360	-1,616	-1,717
<b>Net financial items</b>	<b>-453</b>	<b>-359</b>	<b>-1,606</b>	<b>-1,702</b>
<b>EBT (Profit/loss before taxes)</b>	<b>-732</b>	<b>-1,277</b>	<b>-2,046</b>	<b>-1,501</b>
Taxes	93	197	367	263
<b>PROFIT/LOSS FOR PERIOD</b>	<b>-639</b>	<b>-1,080</b>	<b>-1,679</b>	<b>-1,237</b>
Profit/loss for period relating to:				
Parent Company shareholders	-641	-1,080	-1,681	-1,242
Non-controlling interest	2	1	2	4
<b>Profit/loss for period</b>	<b>-639</b>	<b>-1,079</b>	<b>-1,679</b>	<b>-1,238</b>
Average number of outstanding shares before dilution	191,250,686	191,257,993	191,250,686	191,250,686
Average number of outstanding shares after dilution	191,250,686	191,257,993	191,250,686	191,250,686
<b>Earnings per share before dilution, SEK</b>	<b>-3.35</b>	<b>-5.65</b>	<b>-8.79</b>	<b>-6.49</b>
<b>Earnings per share after dilution, SEK</b>	<b>-3.35</b>	<b>-5.65</b>	<b>-8.79</b>	<b>-6.49</b>

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

## Consolidated statement of comprehensive income

MSEK	Jan-Mar 2022	Jan-Mar 2021	Jan-Dec 2021	Apr-Mar 2021/2022
Profit/loss for period	-639	-1,080	-1,679	-1,237
Items that may be reclassified to the income statement	236	167	264	333
Items that may not be reclassified to the income statement	9	36	79	52
<b>Other comprehensive income</b>	<b>245</b>	<b>203</b>	<b>343</b>	<b>385</b>
<b>Total comprehensive income for period</b>	<b>-394</b>	<b>-878</b>	<b>-1,336</b>	<b>-852</b>
Relating to:				
Parent Company shareholders	-395	-877	-1,333	-851
Non-controlling interest	1	-1	-3	-1

## Consolidated balance sheet, summary

MSEK	31 Mar 2022	31 Mar 2021	31 Dec 2021
<b>ASSETS</b>			
Intangible assets	7,049	6,858	6,885
Buildings and land	32,696	28,885	31,252
Equipment, fixtures and fittings	4,518	4,649	4,497
Financial fixed assets	875	678	797
<b>Total fixed assets</b>	<b>45,138</b>	<b>41,070</b>	<b>43,430</b>
Current assets	1,677	740	1,041
Derivative instruments	194	-	68
Cash and cash equivalents	23	8	216
<b>Total current assets</b>	<b>1,894</b>	<b>748</b>	<b>1,325</b>
<b>TOTAL ASSETS</b>	<b>47,032</b>	<b>41,818</b>	<b>44,755</b>
<b>EQUITY AND LIABILITIES</b>			
Equity attributable to owners of the Parent Company	772	1,196	1,115
Non-controlling interest	45	39	40
<b>Total equity</b>	<b>817</b>	<b>1,235</b>	<b>1,155</b>
Liabilities to credit institutions	4,061	5,549	3,269
Convertible loan	1,369	-	1,333
Lease liabilities	33,714	29,568	32,302
Other long-term liabilities	1,119	1,122	1,084
<b>Total long-term liabilities</b>	<b>40,263</b>	<b>36,239</b>	<b>37,988</b>
Derivative instruments	-	10	-
Current liabilities for leases	2,088	1,791	1,947
Commercial papers	-	226	-
Other current liabilities	3,864	2,316	3,665
<b>Total current liabilities</b>	<b>5,952</b>	<b>4,343</b>	<b>5,612</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>47,032</b>	<b>41,818</b>	<b>44,755</b>
Equity per share, SEK	4.0	6.3	5.8
Total number of shares outstanding, end of period	191,257,993	191,257,993	191,257,993
Working capital	-2,187	-1,576	-2,624
Interest-bearing net liabilities (excl. convertible loan)	4,038	5,768	3,053

## Changes in Group equity

MSEK	Share capital	Share premium reserve	Translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
<b>OPENING BALANCE 01/01/2021</b>	<b>48</b>	<b>9,544</b>	<b>-155</b>	<b>-7,403</b>	<b>2,035</b>	<b>36</b>	<b>2,071</b>
Profit/loss for the period	-	-	-	-1,080	-1,080	1	-1,079
Total other comprehensive income, net after tax	-	-	167	36	203	-1	202
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>167</b>	<b>-1,044</b>	<b>-878</b>	<b>-</b>	<b>-878</b>
Other adjustments	-	-	42	-	42	-1	42
<b>Total transactions with shareholders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CLOSING BALANCE 03/31/2021</b>	<b>48</b>	<b>9,544</b>	<b>54</b>	<b>-8,447</b>	<b>1,200</b>	<b>36</b>	<b>1,235</b>
Profit/loss for the period	-	-	-	-601	-601	1	-600
Total other comprehensive income, net after tax	-	-	96	43	138	3	141
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>96</b>	<b>-558</b>	<b>-463</b>	<b>4</b>	<b>-459</b>
Other adjustments	-	-	33	-	33	1	34
<b>Total transactions with shareholders</b>	<b>-</b>	<b>346</b>	<b>-</b>	<b>-1</b>	<b>345</b>	<b>-</b>	<b>345</b>
<b>CLOSING BALANCE 12/31/2021</b>	<b>48</b>	<b>9,890</b>	<b>182</b>	<b>-9,005</b>	<b>1,115</b>	<b>40</b>	<b>1,155</b>
<b>CLOSING BALANCE 01/01/2022</b>	<b>48</b>	<b>9,890</b>	<b>182</b>	<b>-9,005</b>	<b>1,115</b>	<b>40</b>	<b>1,155</b>
Profit/loss for the period	-	-	-	-641	-641	2	-639
Total other comprehensive income, net after tax	-	-	233	9	242	3	245
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>233</b>	<b>-632</b>	<b>-399</b>	<b>5</b>	<b>-394</b>
Other adjustments	-	-	56	-	56	-	56
<b>Total transactions with shareholders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-0</b>	<b>-0</b>	<b>-</b>	<b>-0</b>
<b>CLOSING BALANCE 03/31/2022</b>	<b>48</b>	<b>9,890</b>	<b>471</b>	<b>-9,637</b>	<b>772</b>	<b>45</b>	<b>817</b>

## Consolidated cash flow statement

	Jan-Mar 2022	Jan-Mar 2021	Jan-Dec 2021	Apr-Mar 2021/2022
<b>OPERATING ACTIVITIES</b>				
EBIT (Operating profit/loss)	-279	-919	-440	202
Depreciation, amortization and impairment losses	820	790	3,139	3,169
Items not included in cash flow	-	1	-19	-20
Paid tax	-34	-50	-51	-35
Change in working capital	-440	-4	1,072	635
<b>Cash flow from operating activities</b>	<b>67</b>	<b>-182</b>	<b>3,701</b>	<b>3,951</b>
<b>INVESTING ACTIVITIES</b>				
Paid net investments	-203	-85	-513	-631
<b>Cash flow from investing operations</b>	<b>-203</b>	<b>-85</b>	<b>-513</b>	<b>-631</b>
<b>FINANCING OPERATIONS</b>				
Paid interest	-55	-28	-266	-293
Paid interest, leases	-344	-289	-1,194	-1249
Convertible issue	-	-	1,577	1577
Financing costs	-	-	-65	-65
Dividend, share swap agreement	-	-	-3	-3
Net borrowing/amortization	794	984	-1,257	-1447
Amortization, leases	-462	-396	-1,544	-1610
Issue of commercial papers	-	25	-201	-226
<b>Cash flow from financing operations</b>	<b>-67</b>	<b>297</b>	<b>-2,953</b>	<b>-3,317</b>
<b>CASH FLOW FOR PERIOD</b>	<b>-203</b>	<b>30</b>	<b>235</b>	<b>2</b>
Cash and cash equivalents at beginning of period	216	14	14	8
Translation difference in cash and cash equivalents	10	-36	-33	14
Cash and cash equivalents at end of the period	23	8	216	23

## Parent Company income statement, summary

MSEK	Jan-Mar 2022	Jan-Mar 2021	Jan-Dec 2021	Apr-Mar 2021/2022
<b>Net sales</b>	11	10	40	41
<b>Expenses</b>	-11	-10	-58	-59
<b>EBIT (Operating profit/loss)</b>	<b>0</b>	<b>0</b>	<b>-18</b>	<b>-18</b>
<b>Financial income</b>	18	57	129	90
<b>Financial expenses</b>	-37	-65	-216	-188
<b>Net financial items</b>	<b>-19</b>	<b>-8</b>	<b>-87</b>	<b>-98</b>
<b>EBT (profit/loss before tax)</b>	<b>-19</b>	<b>-8</b>	<b>-105</b>	<b>-115</b>
<b>Tax</b>	-	-	4	4
<b>PROFIT/LOSS FOR PERIOD</b>	<b>-19</b>	<b>-8</b>	<b>-101</b>	<b>-111</b>

## Parent Company statement of comprehensive income

MSEK	Jan-Mar 2022	Jan-Mar 2021	Jan-Dec 2021	Apr-Mar 2021/2022
<b>Profit/loss for period</b>	<b>-19</b>	<b>-8</b>	<b>-101</b>	<b>-111</b>
Items that may be reclassified to the income statement	-	-	-	-
Items that may not be reclassified to the income statement	-	-	-	-
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for period</b>	<b>-19</b>	<b>-8</b>	<b>-101</b>	<b>-111</b>

## Parent Company balance sheet, summary

MSEK	31 Mar 2022	31 Mar 2021	31 Dec 2021
<b>ASSETS</b>			
Investments in subsidiaries	8,415	8,415	8,415
Group company receivables	1,360	4,861	1,342
Other receivables	18	17	19
<b>Total fixed assets</b>	<b>9,793</b>	<b>13,293</b>	<b>9,776</b>
Group company receivables	5	721	5
Current receivables	7	9	0
Cash and cash equivalents	0	0	0
<b>Total current assets</b>	<b>12</b>	<b>729</b>	<b>5</b>
<b>TOTAL ASSETS</b>	<b>9,805</b>	<b>14,022</b>	<b>9,781</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>8,331</b>	<b>8,099</b>	<b>8,350</b>
Liabilities to credit institutions	-	5,549	-
Convertible loan	1,369	-	1,333
Other liabilities	14	16	15
<b>Total long-term liabilities</b>	<b>1,383</b>	<b>5,565</b>	<b>1,348</b>
Liabilities for commercial papers	-	226	-
Liabilities to Group companies	35	-	4
Other liabilities	41	29	42
Accrued expenses and prepaid income	15	102	37
<b>Total current liabilities</b>	<b>91</b>	<b>358</b>	<b>83</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>9,805</b>	<b>14,022</b>	<b>9,781</b>

## Changes in Parent Company's equity

	Share capital	Share premium reserve	Retained earnings	Total equity
<b>MSEK</b>				
<b>OPENING BALANCE 01/01/2021</b>	<b>48</b>	<b>3,213</b>	<b>4,846</b>	<b>8,106</b>
<b>Profit/loss for period</b>	-	-	-8	-8
Other comprehensive income	-	-	-	-
<b>Total other comprehensive income</b>	-	-	-8	-8
<b>Total transactions with shareholders</b>	-	-	-0	-0
<b>CLOSING BALANCE 03/31/2021</b>	<b>48</b>	<b>3,213</b>	<b>4,838</b>	<b>8,099</b>
<b>Profit/loss for period</b>	-	-	-93	-93
Other comprehensive income	-	-	-	-
<b>Total other comprehensive income</b>	-	-	-93	-93
<b>Total transactions with shareholders</b>	-	346	-0	346
<b>CLOSING BALANCE 12/31/2021</b>	<b>48</b>	<b>3,559</b>	<b>4,743</b>	<b>8,350</b>
<b>2022</b>				
<b>OPENING BALANCE 01/01/2022</b>	<b>48</b>	<b>3,559</b>	<b>4,743</b>	<b>8,350</b>
<b>Profit/loss for period</b>	-	-	-19	-19
Other comprehensive income	-	-	-	-
<b>Total other comprehensive income</b>	-	-	-19	-19
<b>Total transactions with shareholders</b>	-	-	-	-
<b>CLOSING BALANCE 03/31/2022</b>	<b>48</b>	<b>3,559</b>	<b>4,724</b>	<b>8,331</b>

### 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 11 (10) MSEK. The operating profit was -0 MSEK (0).

Net financial items for the period totaled -19 MSEK (-8). The Parent Company's loss before taxes was -19 MSEK (-8).

### 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 period. Accommodation revenues from related parties totaled 0 MSEK and costs for purchasing services from related parties amounted to 0 MSEK for the period. The OECD's recommendations for Transfer Pricing are applied for transactions with subsidiaries

## ACCOUNTING PRINCIPLES

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

The accounting principles and methods of calculation applied in this report are the same as those used in the preparation of the Annual Report and consolidated financial statements for 2020 and are outlined in Note 1, Accounting principles.

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

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

The information about the interim period on pages 1 to 31 is an integral part of these financial statements.

## ALTERNATIVE PERFORMANCE MEASURES

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

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

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

The definitions and explanations of alternative performance measures can be found at [scandichotelsgroup.com/en/definitions](http://scandichotelsgroup.com/en/definitions)

## CALCULATION OF FAIR VALUE

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

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

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

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

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

## SEGMENT DISCLOSURES

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

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

Sweden – Swedish hotels operated under the Scandic brand.

Norway – Norwegian hotels operated under the Scandic brand.

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

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

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

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

## Segment disclosures

Jan-Mar	Sweden		Norway		Finland		Other Europe		Central functions		Group	
MSEK	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Room revenue	580	233	591	218	371	131	239	55	-	-	1,781	637
Restaurant and conference revenue	229	78	292	80	165	60	134	25	-	-	820	243
Franchise and management fees	2	1	5	1	-	-	2	0	-	-	9	2
Other hotel-related income	16	7	73	20	26	18	8	2	-	-	123	48
<b>Net sales</b>	<b>827</b>	<b>319</b>	<b>961</b>	<b>319</b>	<b>562</b>	<b>209</b>	<b>383</b>	<b>83</b>			<b>2,733</b>	<b>930</b>
Other income	-	-	-	-	-	-	-	-	-	-	-	-
Internal transactions	-	-	-	-	-	-	-	-	12	10	12	10
Group eliminations	-	-	-	-	-	-	-	-	-12	-10	-12	-10
<b>Total income</b>	<b>827</b>	<b>319</b>	<b>961</b>	<b>319</b>	<b>562</b>	<b>209</b>	<b>383</b>	<b>83</b>			<b>2,733</b>	<b>930</b>
Expenses	-907	-533	-826	-393	-722	-426	-447	-277	-68	-75	-2,970	-1,704
<b>Adjusted EBITDA</b>	<b>-80</b>	<b>-214</b>	<b>135</b>	<b>-74</b>	<b>-160</b>	<b>-217</b>	<b>-64</b>	<b>-194</b>	<b>-68</b>	<b>-75</b>	<b>-237</b>	<b>-775</b>
Adjusted EBITDA margin, %	-9.7	-67.1	14.0	-23.2	-28.5	-103.8	-16.7	-233.7	-	-	-8.7	-83.4
<b>EBITDA</b>	-	-	-	-	-	-	-	-	-	-	<b>541</b>	<b>-129</b>
EBITDA margin, % and write-downs	-	-	-	-	-	-	-	-	-	-	19.8	-13.9
EBIT (operating profit/loss)	-	-	-	-	-	-	-	-	-	-	-279	-919
Net financial items	-	-	-	-	-	-	-	-	-	-	-453	-359
<b>EBT (Profit/loss before tax)</b>	-	-	-	-	-	-	-	-	-	-	<b>-732</b>	<b>-1,277</b>

## Assets & investments by segment

31 Mar	Sweden		Norway		Finland		Other Europe		Central functions		Group	
MSEK	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Fixed assets	10,852	11,247	8,847	8,973	16,821	14,331	6,296	7,018	2,322	-497	45,138	41,072
Investments in fixed assets	85	16	56	25	16	31	38	9	4	3	199	85

## Revenue by country

MSEK	Jan-Mar 2022	Jan-Mar 2021	Jan-Dec 2021	Apr-Mar 2021/2022
Sweden	827	319	3,121	3,629
Norway	961	319	3,530	4,172
Finland	562	209	2,082	2,435
Denmark	317	67	1,113	1,364
Germany	57	13	246	289
Poland	9	3	38	44
<b>Total countries</b>	<b>2,733</b>	<b>930</b>	<b>10,130</b>	<b>11,933</b>
Other	-1	-1	40	40
Group eliminations	1	1	-40	-40
<b>Group</b>	<b>2,733</b>	<b>930</b>	<b>10,130</b>	<b>11,933</b>

## Revenue by type of agreement

MSEK	Jan-Mar 2022	Jan-Mar 2021	Jan-Dec 2021	Apr-Mar 2021/2022
Lease agreements	2,715	923	10,079	11,871
Management agreements	2	1	11	12
Franchise and partner agreements	6	2	14	18
Owned	10	5	26	31
<b>Total</b>	<b>2,733</b>	<b>930</b>	<b>10,130</b>	<b>11,933</b>
Other	-1	-1	40	40
Group eliminations	1	1	-40	-40
<b>Group</b>	<b>2,733</b>	<b>930</b>	<b>10,130</b>	<b>11,933</b>

## Summary of reported EBITDA & adjusted EBITDA

	Jan-Mar 2022	Jan-Mar 2021	Jan-Dec 2021	Apr-Mar 2021/2022
EBITDA	541	-129	2,699	3,369
Effect of leases, fixed and guaranteed rental charges	-805	-685	-2,739	-2,859
Pre-opening costs	27	23	52	56
Items affecting comparability	0	16	-7	-23
<b>Adjusted EBITDA</b>	<b>-237</b>	<b>-775</b>	<b>6</b>	<b>544</b>

## Total rental charges

	Jan-Mar 2022	Jan-Mar 2021	Jan-Dec 2021	Apr-Mar 2021/2022
<b>Total rental charges</b>				
Fixed and guaranteed rental charges according to income statement*	-14	146	79	-81
Fixed and guaranteed rental charges, reversed effect IFRS 16	-805	-685	-2,739	-2,859
<b>Total fixed and guaranteed rental charges</b>	<b>-819</b>	<b>-539</b>	<b>-2,659</b>	<b>-2,940</b>
Variable rental charges	-175	-36	-780	-919
<b>Total rental charges</b>	<b>-994</b>	<b>-575</b>	<b>-3,440</b>	<b>-3,859</b>
*Of which received state aid and negotiated discounts	64	288	778	554
Fixed and guaranteed rental charges	30.0%	57.9%	26.4%	24.7%
Variable rental charges	6.4%	3.9%	7.7%	7.7%
Total rental charges	36.4%	61.8%	34.1%	32.5%



## Financial items

	Jan-Mar 2022	Jan-Mar 2021	Jan-Dec 2021	Apr-Mar 2021/2022
<b>Financial items, income statement</b>				
Interest expenses, credit institutions	-55	-49	-211	-217
Interest expenses, convertible bond	-36	0	-101	-137
Other interest expenses, net	-6	-9	-43	-40
Exchange rate gains/losses, net	-6	0	2	-4
Other items	-6	-12	-58	-52
<b>Total, excluding IFRS 16</b>	<b>-109</b>	<b>-70</b>	<b>-412</b>	<b>-451</b>
Interest expenses, IFRS 16	-344	-289	-1,194	-1,249
<b>Total</b>	<b>-453</b>	<b>-359</b>	<b>-1,606</b>	<b>-1,701</b>
<b>Paid financial items, cash flow</b>				
Paid interest	-55	-28	-264	-291
Other items	0	0	-70	-86
<b>Total</b>	<b>-55</b>	<b>-28</b>	<b>-334</b>	<b>-377</b>

## Quarterly data

MSEK	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Net sales	2,733	3,783	3,734	1,640	930	1,377
Adjusted EBITDA	-237	436	709	-364	-775	-282
Adjusted EBITDA margin, %	-8.7	11.5	19.0	-22.2	-83.4	-20.5
EBIT (operating profit/loss)	-279	319	649	-489	-919	-377
Profit/loss for the period	-639	-20	173	-752	-1,080	-528
Profit/loss for the period, excl. effect IFRS 16	-520	123	303	-590	-935	-462
Earnings per share, SEK	-3.35	-0.11	0.85	-3.93	-5.65	-2.75
Earnings per share, SEK, excl. effect IFRS 16	-2.73	0.65	1.41	-3.08	-4.90	-2.42
Net debt/adjusted EBITDA, LTM	neg	neg	neg	neg	neg	neg
RevPAR (Revenue per available room), SEK	395	510	540	245	147	193
ARR (Average room revenue), SEK	1,011	999	980	903	841	842
OCC (Occupancy), %	39.1	51.1	55.1	27.1	17.5	23.0

## Quarterly data per segment

	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
<b>Net sales</b>						
Sweden	827	1,225	1,072	460	319	466
Norway	961	1,136	1,432	644	319	410
Finland	562	844	716	313	209	300
Other Europe	383	577	515	223	83	201
<b>Total net sales</b>	<b>2,733</b>	<b>3,783</b>	<b>3,734</b>	<b>1,640</b>	<b>930</b>	<b>1,377</b>
<b>Adjusted EBITDA</b>						
Sweden	-80	152	142	-255	-214	-136
Norway	135	147	426	27	-74	6
Finland	-160	65	29	-168	-217	-89
Other Europe	-64	143	164	88	-194	-24
Central functions	-68	-71	-53	-57	-75	-39
<b>Total adj. EBITDA</b>	<b>-237</b>	<b>436</b>	<b>709</b>	<b>-364</b>	<b>-775</b>	<b>-282</b>
<i>Adjusted EBITDA margin, %</i>	<i>-8.7%</i>	<i>11.5%</i>	<i>19.0%</i>	<i>-22.2%</i>	<i>-83.4%</i>	<i>-20.5%</i>

## Exchange rates

	Jan-Mar 2022	Jan-Mar 2021	Jan-dec 2021
<b>SEK/EUR</b>			
Income statement (average)	10.4834	10.1176	10.1449
Balance sheet (at end of period)	10.3384	10.2376	10.2269
<b>SEK/NOK</b>			
Income statement (average)	1.0563	0.9865	0.9980
Balance sheet (at end of period)	1.0748	1.0229	1.0254
<b>SEK/DKK</b>			
Income statement (average)	1.4087	1.3604	1.3641
Balance sheet (at end of period)	1.3900	1.3765	1.3753

## Alternative performance measures

	31 Mar 2022	31 Mar 2021	31 Dec 2021
<b>Interest-bearing net liabilities</b>			
Liabilities to credit institutions	4,061	5,766	3,269
Liabilities, commercial papers	0	226	0
Cash and cash equivalents	-23	-8	-216
<b>Interest-bearing net liabilities</b>	<b>4,038</b>	<b>5,984</b>	<b>3,053</b>
<b>Working capital</b>			
Current assets, excl. cash and bank balances	1,677	740	1,041
Current liabilities	-3,864	-2,316	-3,665
<b>Working capital</b>	<b>-2,187</b>	<b>-1,576</b>	<b>-2,624</b>

Definitions and alternative performance measures can be found on Scandic's website at [scandichotelsgroup.com/en/definitions](https://scandichotelsgroup.com/en/definitions)

## LONG-TERM INCENTIVE PROGRAM

Long-term share-based incentive programs have been implemented 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.

Matching shares and performance shares are allocated after the end of a vesting period. The vesting period runs 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 be 2.4 MSEK, including social security contributions and any costs included in the consolidated income statement. Pursuant to IFRS 2, the cost was 0.2 MSEK for the first quarter 2022, 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 2021. 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.

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

Stockholm, April 27, 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 Cedercrutz  
Board member

Jens Mathiesen  
President & CEO

#### **Auditor's review**

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

## Definitions

### HOTEL-RELATED KEY RATIOS

#### **ARR (Average Room Rate)**

The average room revenue per sold room.

#### **LFL (Like-for-Like)**

LFL refers to the hotels that were in operation during the entire period as well as during the corresponding period of the previous year.

#### **OCC (Occupancy)**

Refers to sold rooms in relation to the number of available rooms. Expressed as percentage.

#### **RevPAR (Revenue Per Available Room)**

Refers to the average room revenue per available room.

#### **Pre-opening costs**

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

### FINANCIAL KEY RATIOS & ALTERNATIVE PERFORMANCE MEASURES

#### **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](https://scandichotelsgroup.com/en/definitions)

## 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 development in the hotel industry.

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

## Press releases (selection)

- 2022-04-05** Scandic's Nomination Committee proposes Gunilla Rudebjer as new Board member
- 2022-03-21** Scandic Örebro Central now open – new junction and gateway to Örebro
- 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

[scandichotelsgroup.com](https://www.scandichotelsgroup.com)



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**Scandic Hotels Group AB (Publ.)**

Corp. ID. 556703-1702

Location: Stockholm

**Head office:**

Sveavägen 167

102 33 Stockholm

Tel: +46 8 517 350 00

**Scandic**