

RECORD EARNINGS FOR SCANDIC

SECOND QUARTER IN SUMMARY

- Net sales rose by 221.8 percent to 5,276 MSEK (1,640).
- The average occupancy rate rose to 63.2 percent compared with 27.1 percent during the second quarter of the previous year.
- Average revenue per available room (RevPAR) increased to 749 SEK (245) driven by higher occupancy and positive price development.
- Adjusted EBITDA totaled 1,083 MSEK (-364). The company's results were positively impacted by state aid of 94 MSEK (203), 167 MSEK attributable to temporary effects from agreements with the Norwegian state regarding housing for refugees from Ukraine and compensation received in connection with the opening of hotels.
- Excluding IFRS 16, earnings per share totaled 2.44 SEK (-3.08).
- Free cash flow totaled 1,300 MSEK (-214).
- Agreement signed for a new 305-room hotel in Tromsø, Norway, which is expected to open in 2025, as well as an agreement to take over a 132-room hotel in Horsens, Denmark from October 1, 2022.
- During the quarter, Scandic opened six hotels and exited two hotels. In total, the number of rooms in operation increased by 1,570.
- Agreement signed with landlord Pandox to extend lease agreements for 15 hotels with a total of 3,598 rooms. In total, 23 agreements were extended during the quarter.

FIRST SIX MONTHS IN SUMMARY

- Net sales rose by 211.7 percent to 8,009 MSEK (2,569).
- Adjusted EBITDA totaled 846 MSEK (-1,138).
- Excluding IFRS 16, earnings per share amounted to 0.09 SEK (-7.98).
- Free cash flow was 304 MSEK (-1,194).

GROUP KEY RATIOS

MSEK	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021	Jul-Jun 2021/2022
Financial key ratios						
Net sales	5,276	1,640	8,009	2,569	10,086	15,525
Adjusted EBITDA	1,083	-364	846	-1,138	6	1,990
Adjusted EBITDA margin, %	20.5	-22.2	10.6	-44.3	0.1	12.8
EBIT (operating profit/loss)	1,016	-489	737	-1,407	-440	1,705
Net profit/loss for the period	432	-752	-207	-1,832	-1,679	-54
Net profit/loss for the period excl. IFRS 16	551	-590	30	-1,526	-1,098	458
Earnings per share, SEK	1.93	-3.93	-1.15	-9.58	-8.79	-0.36
Earnings per share, SEK, excl. IFRS 16	2.44	-3.08	0.09	-7.98	-5.75	2.40
Net debt (excl. convertible loan)	3,316	4,410	3,316	4,410	3,053	
Hotel-related key ratios						
RevPAR (SEK)	749	245	574	197	364	549
ARR (Average Room Rate), SEK	1,185	903	1,119	879	957	1,053
OCC (Occupancy), %	63.2	27.1	51.3	22.4	38.0	52.2
Total number of rooms on reporting date	55,572	54,126	55,572	54,126	54,265	55,572

CEO'S COMMENTS

A very strong quarter

As we announced earlier, the second quarter was a very strong quarter for Scandic. Both net sales and adjusted EBITDA reached their highest levels ever, while indebtedness dropped sharply as a result of strong cash flow.

Adjusted EBITDA reached 1,083 MSEK and although the company's results were impacted positively by non-recurring items of 261 MSEK, underlying profitability was at a historically high level with an operating margin of more than 15 percent. This can be explained by the strong hotel market combined with high efficiency and cost control.

High demand & positive price development

The hotel markets picked up in connection with the lifting of restrictions at the start of the year and development was driven by strong underlying demand in all markets. Above all, I'd like to highlight the positive development in the important metropolitan regions where activity levels have returned.

Our occupancy rate rose from 39 percent in Q1 to 63 percent in Q2 and we have seen continued clear increases in room rates in all markets. Scandic's RevPAR (average revenue per available room) returned to the same level as in the corresponding quarter 2019, which was a record year for the company.

Extended agreements & successful hotel openings

In the past months, we extended 23 leases with terms that will enable good profitability and a balanced risk for Scandic. In June, we signed an agreement with our biggest landlord, Pandox, to extend leases with unchanged rental terms for 15 hotels that together include 3,600 rooms. As part of the agreement, the parties also agreed on a joint renovation program for the hotels. Among other things, Pandox will make investments in ventilation and heat recovery in most of the hotels, which will reduce energy consumption and lower operating costs in the future.

During the quarter, we also strengthened Scandic's offering with a number of attractive new hotels. Two new hotels opened in Copenhagen and three in the Swedish market in Gothenburg, Helsingborg and Kiruna. In addition, we successfully reopened Scandic Holmenkollen Park outside of Oslo after an extensive renovation and expansion. Several of these openings were initially scheduled to take place earlier, but of course, we are pleased that we were able to open them when the hotel market is so strong.

Positive view for coming months

Based on the current booking situation, we expect a continued strong hotel market in the coming months. We are running our operations more efficiently and are highly prepared to deal with future challenges such as inflation and a potential weakening of the economy. All in all, this provides good conditions for continued good profitability and strong cash flow.

Naturally, we are extremely pleased with our record profit this quarter and I would like to thank all of Scandic's team members who have made this possible. We look forward to a strong third quarter.

Jens Mathiesen
President & CEO



“Strong hotel market combined with high efficiency and cost control”

“RevPAR returned to the same level as in the corresponding quarter 2019”

“Continued strong hotel market in the coming months”

NORDIC HOTEL MARKET DEVELOPMENT

High demand during quarter

The improvement in the hotel markets that started during the first quarter continued into the second quarter, with eased Covid-19 restrictions impacting demand favorably.

In April, the average occupancy rate in the Nordic markets was between 49 and 63 percent. The occupancy rate in May was between 57 and 73 percent and in June, it was between 60 and 80 percent. During each month of the quarter, demand was highest in Denmark and lowest in Finland.

Occupancy in the quarter was higher than during the corresponding period of the previous year, when the occupancy rate in April was only between 17 and 26 percent. During May 2021, occupancy was between 25 and 29 percent and in June between 35 and 42 percent.

For the quarter as a whole, the average occupancy rate was between 55 and 72 percent in the Nordic countries, with the lowest occupancy in Finland and the highest in Denmark. In 2021, the occupancy rate in the Nordic countries was only between 26 and 31 percent, while in the second quarter of 2019, it was between 61 and 74

percent. On average, occupancy for the quarter was only about 2 percentage points than during the corresponding period in 2019.

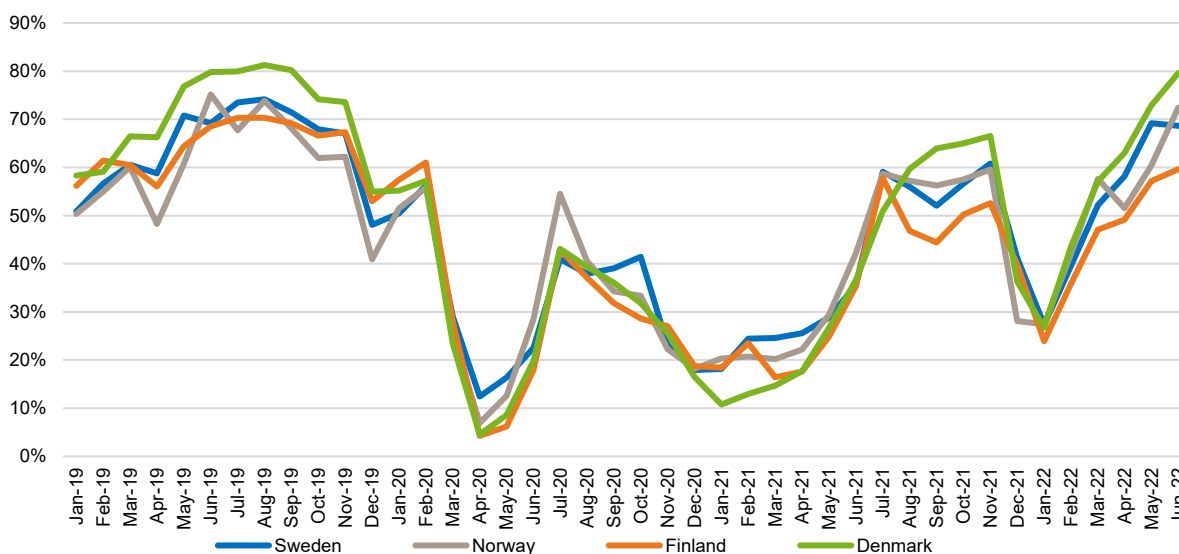
Positive price development

Compared with the second quarter of 2019, the average room rate in Norway rose by 20 percent. In Sweden, Finland and Denmark, average room rates increased by between 3 and 7 percent.

In general, room rates in Scandic's markets continued to increase during 2022, compared to a weak 2021. In the second quarter, the average room rate in local currency went up by between 30 and 40 percent in Sweden, Norway and Denmark compared with the corresponding quarter of the previous year. In Finland, the increase was approximately 25 percent.

During the second quarter, average revenue per available room, RevPAR, increased by between 155 and 273 percent compared with the corresponding period of the previous year, with the highest growth in Denmark. Compared with 2019, RevPAR in Norway went up by 20 percent and in Sweden by 5 percent. In Denmark, RevPAR remained at the same level as in 2019 and in Finland, RevPAR was 9 percent lower.

MARKET OCCUPANCY RATE JANUARY 2019 - JUNE 2022



SOURCE: BENCHMARKING ALLIANCE

HOTEL PORTFOLIO

Existing hotel portfolio

At the end of the period, Scandic had 55,572 rooms in operation at 270 hotels, of which 249 had lease agreements.

The number of rooms in operation increased by 1,570 and Scandic is continuing to refine the hotel portfolio on a current basis. In Sweden, three new hotels were opened: Scandic Kiruna, Scandic Oceanhamnen in Helsingborg and

Scandic Göteborg Central. In Denmark, two new hotels opened in Copenhagen: Scandic Nørreport and Scandic Spectrum. Additionally, Scandic Holmenkollen in Norway was reopened after an extensive renovation and extension. Scandic Ferrum in Kiruna, Sweden and Scandic Siuntio in Finland were exited during the quarter.

Portfolio changes	Number of rooms
Opening balance April 1, 2022	
Lease agreements	51,163
Franchise, management & other	2,839
Total	54,002
Change in lease agreements	1,570
Change in other operating models	-
Total change during the quarter	1,570
Closing balance June 30, 2022	
Lease agreements	52,733
Franchise, management & other	2,839
Total	55,572

Number of hotels in operation & pipeline

	Operational on June 30 2022			
	Hotels	of which with lease contracts	Rooms	of which with lease contracts
Sweden	89	83	18,847	18,055
Norway	84	70	16,297	14,460
Finland	61	61	12,664	12,664
Denmark	30	29	6,046	5,836
Other Europe	6	6	1,718	1,718
Total	270	249	55,572	52,733
<i>Change during the quarter</i>	4	4	1,570	1,570

	Pipeline on June 30, 2022					
	New hotels	Planned exits	Total	New rooms	Planned exits	Total
Sweden	1	-	1	402	-	402
Norway	1	-	1	350	-	350
Finland	1	-	1	350	-	350
Denmark	2	-1	1	482	-142	340
Other Europe	2	-	2	739	-	739
Total	7	-1	6	2,323	-142	2,181
<i>Change during the quarter</i>	-4	1	-3	-1,380	220	-1,160

High-quality pipeline

At the end of the period, Scandic's pipeline comprised a net of six hotels with 2,181 rooms, corresponding to

almost 4 percent of the current portfolio. The pipeline will be negatively impacted by the planned exit of

Scandic Bygholm Park in Horsens, Denmark, a hotel with 142 rooms.

During the quarter, two new hotels were announced: Scandic Vervet in Tromsø, Norway, which has 305 rooms and is expected to open in 2025, and Scandic

Opus in Horsens, Denmark, a 132-room hotel that Scandic will take over on October 1, 2022.

Investments in the pipeline are expected to total approximately 500 MSEK of which investments of almost 80 MSEK have already been made.

Sales & adjusted EBITDA

Group

	Apr-Jun 2022	Apr-Jun 2021	%	Jan-Jun 2022	Jan-Jun 2021	%
Net sales (MSEK)	5,276	1,640	221.8%	8,009	2,569	211.7%
Currency effects	137		8.4%	233		9.0%
Organic growth	3,499		213.4%	5,207		202.7%
<i>New hotels</i>	222		13.5%	297		11.6%
<i>Exits</i>	-11		-0.6%	-4		-0.1%
LFL	3,288		200.5%	4,914		191.2%
Adjusted EBITDA	1,083	-364		846	-1,138	
% margin	20.5%	-22.2%		10.6%	-44.3%	
RevPAR (SEK)	749	245	205.7%	574	197	191.9%
Currency effects	18		7.5%	16		8.0%
New hotels/exits	1		0.2%	-1		-0.6%
LFL	485		198.0%	363		184.5%

Second quarter

Net sales rose by 221.8 percent to 5,276 MSEK (1,640).

Organic sales growth excluding currency effects and acquisitions was 213.4 percent.

Average Revenue Per Available Room (RevPAR) rose by 205.7 percent to 749 SEK compared with 245 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 218.4 percent and the share of total net sales fell to 27.9 percent (28.2). The increase is a result of the high demand for meetings and conferences in all markets.

Rental costs excluding IFRS 16 rose to 1,373 MSEK (721). During the quarter, negotiated rent concessions of approximately 28 MSEK (140) were received, reducing fixed and guaranteed rents. Rental costs also decreased due to state aid of 17 MSEK (105). Rental costs

relative to net sales fell and amounted to 26.0 percent (43.5).

Cost for central functions increased to -68 MSEK (-57).

Adjusted EBITDA gradually improved and totaled 1,083 MSEK (-364) during the quarter, driven by higher net sales and good cost control. All markets reported positive adjusted EBITDA during the quarter.

Adjusted EBITDA includes 94 MSEK (203) of direct state aid for fixed costs mainly related to Finland and Other Europe. During the quarter, compensation was received in connection with the opening of hotels and for operations related to housing for refugees that was not used, which will have an estimated impact of approximately 167 MSEK on adjusted EBITDA. Excluding the effects of non-recurring items, the adjusted EBITDA margin was 15.6 percent (822 MSEK), which is 4 percentage points higher than during the corresponding period in 2019.

The period January – June

Net sales rose by 211.7 percent to 8,009 MSEK (2,569). Currency effects impacted net sales positively by 9.0 percent. The organic growth in sales was 202.7 percent. New hotels/exits contributed 293 MSEK net.

Average Revenue Per Available Room (RevPAR) rose by 191.9 percent to 574 SEK compared with the previous year. For comparable units, RevPAR went up by 184.5 percent.

Revenue from restaurant and conference operations grew by 225.4 percent and the share of total net sales increased to 28.6 percent (27.5). The increase is a result of the easing of restrictions on opening hours and meetings during the first quarter and a gradual increase in demand for meetings and conferences in all markets.

Rental costs excluding IFRS 16 rose to -2,366 MSEK (-1,295). During the year, negotiated rent concessions of approximately 64 MSEK (280) and state aid of

46 MSEK (250) were received, reducing fixed and guaranteed rents. Rental costs relative to net sales fell, amounting to 29.5 percent (50.4).

Cost for central functions increased and totaled -136 MSEK (-132).

Adjusted EBITDA improved and amounted to 846 MSEK (-1,138), driven by higher net sales and good cost control.

Adjusted EBITDA includes 157 MSEK (450) of direct state aid for fixed costs mainly related to Finland and Other Europe. During the quarter, compensation was received in connection with the opening of hotels and for operations related to housing for refugees that was not used, which will have an estimated impact of approximately 202 MSEK. In addition, during the first quarter, Scandic in Norway received wage subsidies of approximately 90 MSEK to retain team members and avoid terminations.

Segment reporting

Quarterly, Apr-Jun MSEK	Net sales		Adjusted EBITDA		Adjusted EBITDA margin	
	2022	2021	2022	2021	2022	2021
Sweden	1,686	460	333	-255	19.7%	-55.3%
Norway	1,699	644	417	27	24.5%	4.2%
Finland	1,074	313	186	-168	17.4%	-53.7%
Other Europe	817	223	215	88	26.3%	39.5%
Central costs and Group adjustments	-	-	-68	-57	-	-
Total Group	5,276	1,640	1,083	-364	20.5%	-22.2%

Period, Jan-Jun MSEK	Net sales		Adjusted EBITDA		Adjusted EBITDA margin	
	2022	2021	2022	2021	2022	2021
Sweden	2,512	780	254	-469	10.0%	-60.1%
Norway	2,660	962	552	-47	20.7%	-4.9%
Finland	1,636	522	26	-385	1.6%	-73.7%
Other Europe	1,200	305	151	-106	12.6%	-34.6%
Central costs and Group adjustments	-	-	-136	-132	-	-
Total Group	8,009	2,569	846	-1,138	10.6%	-44.3%

EFFECTS OF IFRS 16

Accounting in accordance with 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. In the income statement, 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.

This is because 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 second quarter 2022, net profit after tax

for 2022 is expected to be negatively impacted by approximately -450 MSEK (2021: -581).

With an unchanged portfolio of lease agreements and unchanged assumptions, the negative effect on the company's profits is expected to diminish over time and impact the net profit positively from 2029.

Scandic believes that the income statement excluding IFRS 16 provides a more accurate description of its operations.

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.

Summary of effects of IFRS 16

	Jan-Jun 2022		Jan-Jun 2021	
	Excl. effect IFRS 16	Effect IFRS 16	Reported	Reported
Total operating income	8,012	0	8,012	2,569
EBITDAR	3,213	0	3,213	157
Total rental charges	-2,366	1,637	-729	75
Adjusted EBITDA	846			
Pre-opening costs	-102	0	-102	-36
Items affecting comparability	0	0	0	-16
EBITDA	744	1,637	2,382	180
Depreciation, amortization and impairment losses	-419	-1,226	-1,645	-1,587
EBIT	325	411	737	-1,407
Net financial items	-225	-708	-933	-797
EBT (Profit before tax)	101	-297	-196	-2,203
Tax	-71	60	-10	371
Profit/loss for the period	30	-237	-207	-1,832
Earnings per share, SEK	0.09	-1.24	-1.15	-9.58

Income statement excluding effects of IFRS 16

	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021	Jul-Jun 2021/2022
Total operating income	5,279	1,640	8,012	2,569	10,130	15,572
EBITDAR	2,456	357	3,213	157	3,446	6,502
Total rental charges	-1,373	-721	-2,366	-1,295	-3,440	-4,511
Adjusted EBITDA	1,083	-364	846	-1,138	6	1,990
Pre-opening costs	-75	-13	-102	-36	-52	-117
Items affecting comparability	0	1	0	-16	7	23
EBITDA	1,008	-377	744	-1,190	-39	1,896
Depreciation, amortization and impairment losses	-209	-214	-419	-427	-864	-856
EBIT	799	-591	325	-1,617	-903	1,040
Net financial items	-115	-133	-225	-203	-412	-434
EBT (Profit before tax)	684	-724	101	-1,820	-1,315	605
Tax	-134	135	-71	294	217	-147
Profit/loss for the period	551	-590	30	-1,526	-1,098	458
Earnings per share, SEK	2.44	-3.08	0.09	-7.98	-5.75	2.40

REPORTED RESULT

Second quarter

EBITDA was 1,840 MSEK (308) and 1,008 MSEK (-377) excluding IFRS 16. EBITDA includes pre-opening costs for new hotels of -75 MSEK (-13). Items affecting comparability amounted to 0 MSEK (1).

EBIT was 1,016 MSEK (-489) and 799 MSEK (-591) excluding IFRS 16. Depreciation and amortization totaled -825 MSEK (-797). Excluding IFRS 16, depreciation and amortization amounted to -209 MSEK (-214).

The **Group's net financial expense** was -479 MSEK (-438) and -115 MSEK (-133) excluding IFRS 16. The interest expense, excluding IFRS 16, was -92 MSEK

(-85) and was impacted negatively by interest expenses related to a convertible loan.

Profit before tax was 536 MSEK (-927) and 684 MSEK (-724) excluding IFRS 16.

Reported tax amounted to -104 MSEK (175).

Net profit was 432 MSEK (loss: -752). Excluding IFRS 16, net profit amounted to 551 MSEK (loss: -590).

Earnings per share after dilution amounted to 1.93 SEK (-3.93) per share and 2.44 SEK (-3.08) excluding IFRS 16.

The period January – June

EBITDA was 2,382 MSEK (180) and 744 MSEK (-1,190) excluding the effects of IFRS 16. EBITDA included pre-opening costs for new hotels of -102 MSEK (-36) and items affecting comparability of 0 MSEK (-16).

EBIT was 737 MSEK (-1,407) and 325 MSEK (-1,617) excluding IFRS 16.

Depreciation and amortization totaled -1,645 MSEK (-1,587). Excluding IFRS 16, depreciation and amortization amounted to -419 MSEK (-427).

The **Group's net financial expense** amounted to -933 MSEK (-797) and -225 MSEK (-203) excluding IFRS 16.

The interest expense, excluding IFRS 16, was -189 MSEK (-156) and was impacted negatively by interest expenses related to a convertible loan.

Profit before taxes was -196 MSEK (-2,204).

Excluding IFRS 16, the profit was 101 MSEK (-1,820).

Reported taxes amounted to -10 MSEK (371).

Net profit/loss was -207 MSEK (-1,832). Excluding IFRS 16, the profit was 30 MSEK (-1,527).

Earnings per share after dilution amounted to -1.15 SEK per share (-9.58) and 0.09 SEK (-7.98) excluding IFRS 16.

Earnings per share after dilution

	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021	Jul-Jun 2021/2022
Earnings per share, SEK	1.93	-3.93	-1.15	-9.58	-8.79	-0.36
Effect IFRS 16	0.51	0.85	1.24	1.60	3.04	2.75
Earnings per share, SEK, excl. IFRS 16	2.44	-3.08	0.09	-7.98	-5.75	2.40
Average number of shares after dilution	232,768,903	191,257,993	191,257,993	191,257,993	191,257,993	191,257,993

CASH FLOW & FINANCIAL POSITION

Operating cash flow excluding IFRS 16 for the period January–June improved and totaled 711 MSEK (-976), driven by higher sales and improved profits as well as a positive change in working capital.

The cash flow contribution from the change in working capital amounted to 109 MSEK (420). During the second quarter, the change in working capital was positive as a result of higher sales and operating liabilities in part due to an increase in debt regarding variable rent. Working capital was impacted negatively during the first quarter by temporary effects of approximately 600 MSEK. Among other things, these included technical payment deferrals from December

2021 to January 2022 and the payment of the final rent settlement for 2021.

Taxes paid amounted to -35 MSEK (-50) and referred to the payment of taxes for previous years in Sweden.

Net investments paid amounted to -407 MSEK (-218), of which hotel renovations accounted for -134 MSEK (-49) and IT for -8 MSEK (-8). Investments in new hotels and greater room capacity totaled -265 MSEK (-161). The rate of investment was high during the first half of the year during which six new hotels were opened.

In total, the free cash flow improved and amounted to 304 MSEK (-1,194).

Operating cash flow

MSEK	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021	Jul-Jun 2021/2022
Adjusted EBITDA	1,083	-364	846	-1,138	6	1,990
Pre-opening costs	-75	-13	-102	-36	-52	-117
Non-recurring items	0	1	0	-16	7	23
Adjustments for non-cash items	21	-17	21	-16	-19	18
Paid tax	-1	0	-35	-50	-51	-37
Change in working capital	549	424	109	420	1,072	761
Interest paid	-74	-112	-129	-140	-266	-255
Cash flow from operations	1,503	-80	711	-976	697	2,384
Paid investments in hotel renovations	-80	-31	-134	-49	-46	-131
Paid investments in IT	-4	-5	-8	-8	-12	-12
Free cash flow before investments in expansions	1,419	-116	569	-1,033	639	2,241
Paid investments in new capacity	-120	-97	-265	-161	-454	-558
Free cash flow	1,300	-214	304	-1,194	185	1,683
Convertible issue	0	1,577	0	1,577	1,577	0
Reclassification other interest bearing liability	-508	0	-508	0	0	-508
Other items in financing activities	-24	-59	5	-59	-44	20
Financing costs	-4	22	-8	16	8	-16
Exchange difference in net debt	-41	30	-56	-36	-64	-84
Change net debt	722	1,356	-263	304	1,662	1,095

The balance sheet total on June 30, 2022 was 49,973 MSEK compared with 44,755 MSEK on December 31, 2021. Excluding IFRS 16, the balance sheet total amounted to 11,210 MSEK.

During the second quarter, a debt relating to deferred payments for VAT and social security contributions was reclassified from working capital to interest-bearing debt when the payment plan was established by the Swedish Tax Agency. The debt will be repaid semi-annually (in April and October) from October 2022 to April 2027. It is estimated that approximately 50 MSEK will be repaid in 2022. In total, at the end of the period, this debt amounted to 688 MSEK of which 176 MSEK relates to

payments made during the second quarter. Interest-bearing net liabilities, excluding lease liabilities and a convertible loan, grew by 263 MSEK during the first half-year to 3,316 MSEK. Excluding interest-bearing liabilities to the Swedish Tax Agency, net debt decreased by 425 MSEK.

Total agreed credit facilities were reduced through the repayment of 592 MSEK in the first half-year 2022 and amounted to 5,352 MSEK at the end of June 2022. Loans from credit institutions totaled 2,729 MSEK and cash and cash equivalents amounted to 101 MSEK. Total available liquidity at the end of the second quarter amounted to approximately 2,600 MSEK.

Net financial items, reported vs. cash flow

	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021	Jul-Jun 2021/2022
Financial net, reported	-479	-438	-933	-797	-1,606	-1,742
of which interest expenses, IFRS 16	-365	-305	-708	-594	-1,194	-1,308
Financial net, excl. IFRS 16	-115	-134	-225	-203	-412	-434
Adjustments to paid financial items						
Interest expenses, convertible bond (non-cash)	37	31	74	31	101	144
Timing difference, interest on bank loans	-18	-37	4	-1	-5	-1
Other	11	-31	8	-26	-18	16
Total adjustments	31	-37	86	4	78	160
Paid financial items, net	-84	-171	-139	-199	-334	-274

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 includes the full dilutive effect for any periods with profits, which was the case in the second quarter 2022.

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

	Apr-Jun 2022	Apr-Jun 2021	%	Jan-Jun 2022	Jan-Jun 2021	%
Net sales (MSEK)	1,686	460	266.2%	2,512	780	222.2%
Organic growth	1,225		266.2%	1,733		222.2%
<i>New hotels</i>	77		16.8%	88		11.3%
<i>Exits</i>	-7		-1.5%	1		0.1%
LFL	1,155		250.9%	1,643		210.8%
Adjusted EBITDA	333	-255		254	-469	
% margin	19.7%	-55.3%		10.1%	-60.1%	
RevPAR (SEK)	756	224	237.7%	571	192	197.4%
New hotels/exits	0		-0.2%	3		1.3%
LFL	533		237.9%	376		196.1%
ARR (SEK)	1,164	818	42.3%	1,090	811	34.4%
OCC %	65.0%	27.4%		52.4%	23.7%	

Second quarter

Net sales rose by 266.2 percent to 1,686 MSEK (460). For comparable units, net sales increased by 250.9 percent.

Changes in the hotel portfolio contributed 70 MSEK to net sales. New hotels opened include Scandic Landvetter, Scandic Göteborg Central, Scandic Oceanhamnen, Scandic Örebro Central and the new Scandic Kiruna. Exited hotels include Scandic Ferrum, which closed in connection with the opening of the new hotel in Kiruna.

Average Revenue Per Available Room (RevPAR) grew by 237.7 percent to 756 SEK compared with the corresponding quarter in the previous year.

Adjusted EBITDA improved, totaling 333 MSEK (-255). During the quarter, 45 MSEK was received in connection with the opening of new hotels.

Rental costs increased by 200 MSEK to 463 MSEK as a result of greater turnover and consequently, higher variable rents and lower rent concessions.

The period January – June

Net sales rose by 222.2 percent to 2,512 MSEK (780). For comparable units, net sales increased by 210.8 percent.

Average Revenue Per Available Room (RevPAR) increased by 197.4 percent to 571 SEK compared with the previous year. For comparable units, RevPAR went up by 169.1 percent.

Adjusted EBITDA improved, totaling 254 MSEK (-469). Direct state aid reduced costs by 10 MSEK (97). During the quarter, 45 MSEK was received in connection with the opening of new hotels.

Norway

	Apr-Jun 2022	Apr-Jun 2021	%	Jan-Jun 2022	Jan-Jun 2021	%
Net sales (MSEK)	1,699	644	164.0%	2,660	962	176.5%
Currency effects	76		11.9%	139		14.4%
Organic growth	980		152.2%	1,559		162.1%
<i>New hotels</i>	17		2.6%	24		2.5%
<i>Exits</i>	-4		-0.6%	-5		-0.5%
LFL	966		150.2%	1,540		160.1%
Adjusted EBITDA	417	27		552	-47	
% margin	24.5%	4.2%		20.7%	-4.9%	
RevPAR (SEK)	783	328	138.5%	635	253	150.7%
Currency effects	35		10.7%	33		13.0%
New hotels/exits	2		0.4%	1		0.5%
LFL	418		127.4%	347		137.2%
ARR (SEK)	1,230	988	24.6%	1,165	941	23.9%
OCC %	63.6%	33.2%		54.5%	26.9%	

Second quarter

Net sales rose by 164.1 percent to 1,699 MSEK (644). Net sales for comparable units grew by 150.2 percent.

Changes in the hotel portfolio contributed 13 MSEK to net sales. Scandic Voss, which opened at the beginning of 2021 and Scandic Holmenkollen Park, which reopened in June after extensive renovations, had the greatest positive impact.

Average Revenue Per Available Room (RevPAR) grew by 138.5 percent to 783 SEK compared with the corresponding period in the previous year.

Adjusted EBITDA improved, totaling 417 MSEK (27).

Direct state aid reduced costs by 10 MSEK (42).

Approximately 107 MSEK of adjusted EBITDA is estimated to be attributable to income from unused hotel rooms that were intended to be used as housing for refugees.

Rental costs increased by 208 MSEK to 433 MSEK as a result of greater turnover and consequently, higher variable rents. State aid reduced rental costs by 4 MSEK (21).

The period January – June

Net sales rose by 176.5 percent to 2,660 MSEK (962). Net sales for comparable units grew by 160.1 percent. The company's quarantine operations were discontinued at the beginning of the year and from mid-March, they were partially replaced by income from operations to provide housing for refugees from Ukraine.

Changes in the hotel portfolio contributed 19 MSEK to net sales.

Average Revenue Per Available Room (RevPAR) increased by 157.0 percent to 635 SEK compared with the

previous year. For comparable units, RevPAR went up by 137.2 percent.

Adjusted EBITDA improved, totaling 552 MSEK (-47).

Direct state aid reduced costs by 18 MSEK (166) of which aid for rent amounted to 12 MSEK for the period.

Approximately 138 MSEK of adjusted EBITDA is estimated to be attributable to income from rooms related to Scandic's quarantine-related operations/housing for refugees that was not used.

Finland

	Apr-Jun 2022	Apr-Jun 2021	%	Jan-Jun 2022	Jan-Jun 2021	%
Net sales (MSEK)	1,074	313	242.8%	1,636	522	213.4%
Currency effects	35		11.2%	55		10.5%
Organic growth	726		231.6%	1,059		202.9%
<i>New hotels</i>	86		27.6%	128		24.5%
<i>Exits</i>	0		0.0%	0		0.1%
LFL	639		204.0%	931		178.3%
Adjusted EBITDA	186	-168		26	-385	
% margin	17.4%	-53.7%		1.6%	-73.7%	
RevPAR (SEK)	628	191	229.1%	477	158	201.2%
Currency effects	20		10.7%	16		9.9%
New hotels/exits	8		4.1%	0		-0.2%
LFL	409		214.3%	304		191.5%
ARR (SEK)	1,141	921	23.9%	1,099	909	20.9%
OCC %	55.1%	20.7%		43.4%	17.4%	

Second quarter

Net sales rose by 242.8 percent to 1,074 MSEK (313). Net sales for comparable units grew by 204.0 percent. Occupancy increased gradually during the quarter, driven by higher demand in Helsinki.

Changes in the hotel portfolio contributed 86 MSEK to net sales. The positive effect is mainly attributable to Scandic Grand Central Helsinki and Scandic Hamburger Börs in Turku.

Average Revenue Per Available Room (RevPAR) grew by 229.1 percent to 628 SEK compared with the corresponding quarter in the previous year.

Adjusted EBITDA improved, totaling 186 MSEK (-168).

Direct state aid reduced costs by 37 MSEK (0).

Rental costs increased by 89 MSEK to 295 MSEK as a result of greater turnover and consequently, higher variable rents and lower rent concessions.

The period January – June

Net sales rose by 213.4 percent to 1,636 MSEK (522). Net sales for comparable units grew by 178.3 percent.

New hotels/exits contributed 128 MSEK net. The positive effect is mainly attributable to Scandic Grand Central in Helsinki and Scandic Hamburger Börs in Turku.

Average Revenue Per Available Room (RevPAR) increased by 201.2 percent to 477 SEK compared with the previous year. For comparable units, RevPAR went up by 191.5 percent.

Adjusted EBITDA improved and amounted to 26 MSEK (-385) including state aid. Direct state aid reduced costs by 43 MSEK (0).

Other Europe

	Apr-Jun 2022	Apr-Jun 2021	%	Jan-Jun 2022	Jan-Jun 2021	%
Net sales (MSEK)	817	223	267.3%	1,200	305	292.8%
Currency effects	26		11.8%	39		12.8%
Organic growth	569		255.5%	856		280.0%
<i>New hotels</i>	42		18.7%	57		18.8%
<i>Exits</i>	0		0.0%			0.0%
LFL	527		236.8%	799		261.2%
Adjusted EBITDA	215	88		151	-106	
% margin	26.3%	39.5%		12.6%	-34.6%	
RevPAR (SEK)	881	223	294.6%	637	159	300.1%
Currency effects	28		12.6%	21		13.0%
New hotels/exits	-7		-3.0%	-7		-4.4%
LFL	636		285.0%	464		291.5%
ARR (SEK)	1,214	878	38.3%	1,130	863	30.9%
OCC %	72.5%	25.4%		56.4%	18.5%	

Second quarter

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

Net sales rose by 267.3 percent to 817 MSEK (223).

Net sales for comparable units grew by 236.8 percent.

All countries showed an improvement and development in Denmark was particularly positive.

New hotels contributed 42 MSEK net. The positive effect is mainly attributable to Scandic Strandpark in Copenhagen.

Average Revenue Per Available Room (RevPAR) grew by 294.6 percent to 881 SEK compared with the corresponding quarter in the previous year.

Adjusted EBITDA improved, totaling 215 MSEK (88). Direct state aid reduced costs by 47 MSEK (161), mainly in Germany and Denmark. Rental costs increased by 164 MSEK to 187 MSEK as a result of greater turnover and consequently, higher variable rents and lower rent concessions and state aid.

The period January – June

Net sales rose by 292.8 percent to 1,200 MSEK (305).

Net sales for comparable units grew by 261.2 percent.

Average Revenue Per Available Room (RevPAR) increased by 300.1 percent to 637 SEK compared with the previous year. For comparable units, RevPAR went up by 291.5 percent.

Adjusted EBITDA rose to 151 MSEK (-106). Direct state aid reduced costs by 87 MSEK (188) of which aid for rent amounted to 33 MSEK (99) for the period.

Central functions

Adjusted EBITDA for central functions was -68 MSEK (-57) during the second quarter and -136 MSEK for the first six months of the year.

EMPLOYEES

The average number of employees was 9,119 on June 30, 2022 compared with 6,460 on December 31, 2021.

EVENTS AFTER THE REPORTING DATE

There were no significant events after the reporting date.

OUTLOOK

Based on the current booking situation, Scandic expect a continued strong hotel market in the coming months.

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 second quarter will be streamed at 9:00 CEST on July 15, 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. Please call in five minutes before the start.

The presentation will also be available afterwards at scandichotelsgroup.com

FINANCIAL CALENDAR

2022-10-27	Interim report for the third quarter 2022 (silent period from September 28, 2022)
2023-02-16	Year-end report 2022 (silent period from January 16)

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 operates 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 June 30, 2022, Scandic's goodwill and intangible assets amounted to 7,021 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. The hotel market had strong development during the second quarter 2022. A slowdown 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 services, such as laundry. Costs that are not affected by changes in volume largely consist of payroll expenses for hotel employees with guaranteed working hours, fixed and guaranteed rental costs and costs related to country and Group-wide functions such as sales, marketing, IT and other administrative services.

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

Consolidated income statement

MSEK	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021	Jul-Jun 2021/2022
INCOME						
Room revenue	3,468	1,097	5,250	1,734	6,577	10,093
Restaurant and conference revenue*	1,474	463	2,294	706	2,946	4,534
Franchise and management fees	8	4	16	6	25	35
Other hotel-related revenue	326	76	449	123	538	863
Net sales	5,276	1,640	8,009	2,569	10,086	15,525
Other income	3	-	3	-	44	47
TOTAL OPERATING INCOME	5,279	1,640	8,012	2,569	10,130	15,572
OPERATING COSTS						
Raw materials and consumables	-392	-138	-605	-222	-839	-1,222
Other external costs	-854	-392	-1,560	-749	-2,248	-3,059
Personnel costs	-1,577	-753	-2,634	-1,441	-3,597	-4,790
Fixed and guaranteed rental charges	-35	65	-49	211	79	-181
Variable rental charges	-506	-100	-680	-136	-780	-1,324
Pre-opening costs	-75	-13	-102	-36	-52	-117
Items affecting comparability	-	1	-0	-16	7	23
EBITDA	1,840	308	2,382	180	2,699	4,901
Depreciation, amortization and impairment losses	-825	-797	-1,645	-1,587	-3,139	-3,197
TOTAL OPERATING COSTS	-4,264	-2,129	-7,275	-3,977	-10,569	-13,868
EBIT (Operating profit/loss)	1,016	-489	737	-1,407	-440	1,705
Financial items						
Financial income	-11	2	-4	4	10	2
Financial expenses	-469	-441	-929	-800	-1,616	-1,745
Net financial items	-479	-438	-933	-797	-1,606	-1,742
EBT (Profit/loss before taxes)	536	-927	-196	-2,204	-2,046	-38
Taxes	-104	175	-10	371	367	-14
PROFIT/LOSS FOR PERIOD	432	-752	-207	-1,832	-1,679	-54
Profit/loss for period relating to:						
Parent Company shareholders	421	-752	-220	-1,832	-1,681	-68
Non-controlling interest	11	0	13	1	2	14
Profit/loss for period	432	-752	-207	-1,832	-1,679	-54
Average number of outstanding shares before dilution	191,257,993	191,257,993	191,257,993	191,257,993	191,257,993	191,257,993
Average number of outstanding shares after dilution	232,768,903	191,257,993	191,257,993	191,257,993	191,257,993	191,257,993
Earnings per share before dilution, SEK	2.20	-3.93	-1.15	-9.58	-8.79	-0.36
Earnings per share after dilution, SEK	1.93	-3.93	-1.15	-9.58	-8.79	-0.36

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

Consolidated statement of comprehensive income

MSEK	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021	Jul-Jun 2021/2022
Profit/loss for period	432	-752	-207	-1,832	-1,679	-54
Items that may be reclassified to the income statement	178	167	414	122	264	556
Items that may not be reclassified to the income statement	95	36	104	79	79	104
Other comprehensive income	273	203	518	200	343	660
Total comprehensive income for period	706	-549	311	-1,632	-1,336	606
Relating to:						
Parent Company shareholders	720	-548	324	-1,632	-1,333	623
Non-controlling interest	-14	-1	-13	-1	-3	-15

Consolidated balance sheet, summary

MSEK	30 Jun 2022	30 Jun 2021	31 Dec 2021
ASSETS			
Intangible assets	7,021	6,776	6,885
Buildings and land	35,501	29,510	31,252
Equipment, fixtures and fittings	4,519	4,510	4,497
Financial fixed assets	707	825	797
Total fixed assets	47,747	41,622	43,430
Current assets	1,599	972	1,041
Derivative instruments	526	20	68
Cash and cash equivalents	101	20	216
Total current assets	2,226	1,012	1,325
TOTAL ASSETS	49,973	42,633	44,755
EQUITY AND LIABILITIES			
Equity attributable to owners of the Parent Company	1,432	788	1,115
Non-controlling interest	54	38	40
Total equity	1,486	826	1,155
Liabilities to credit institutions	2,729	4,430	3,269
Convertible loan	1,406	1,261	1,333
Lease liabilities	36,589	30,254	32,302
Other long-term liabilities	1,560	1,083	1,084
Total long-term liabilities	42,284	37,027	37,988
Current liabilities for leases	2,174	1,890	1,947
Other current liabilities	4,029	2,890	3,665
Total current liabilities	6,203	4,780	5,612
TOTAL EQUITY AND LIABILITIES	49,973	42,633	44,755
Equity per share, SEK	7.5	4.1	5.8
Total number of shares outstanding, end of period	191,257,993	191,257,993	191,257,993
Working capital	-2,430	-1,919	-2,624
Interest-bearing net liabilities (excl. convertible loan)	3,316	4,410	3,053

Changes in Group equity

MSEK	Share capital	Share premium reserve	Translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
OPENING BALANCE 01/01/2021	48	9,544	-155	-7,403	2,035	36	2,071
Profit/loss for the period	-	-	-	-1,832	-1,832	1	-1,832
Total other comprehensive income, net after tax	-	-	122	79	200	-	200
Total comprehensive income for the year	-	-	122	-1,754	-1,632	1	-1,632
Other adjustments	-	-	41	-	41	-	41
Total transactions with shareholders	-	346	-	-	346	-	346
CLOSING BALANCE 06/30/2021	48	9,890	7	-9,157	789	38	826
Profit/loss for the period	-	-	-	151	151	1	153
Total other comprehensive income, net after tax	-	-	140	0	141	1	142
Total comprehensive income for the year	-	-	140	152	292	2	294
Other adjustments	-	-	34	-	34	1	35
Total transactions with shareholders	-	0	-	-1	-1	-	-1
CLOSING BALANCE 12/31/2021	48	9,890	182	-9,005	1,115	40	1,155
CLOSING BALANCE 01/01/2022	48	9,890	182	-9,005	1,115	40	1,155
Profit/loss for the period	-	-	-	-220	-220	13	-207
Total other comprehensive income, net after tax	-	-	414	104	518	-	518
Total comprehensive income for the year	-	-	414	-116	298	13	311
Other adjustments	-	-	56	-	56	-	56
Total transactions with shareholders	-	-	-	-36	-36	-	-36
CLOSING BALANCE 06/30/2022	48	9,890	651	-9,157	1,432	54	1,486

Consolidated cash flow statement

	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021	Jul-Jun 2021/2022
OPERATING ACTIVITIES						
EBIT (operating profit/loss)	1,016	-489	737	-1,407	-440	1,705
Depreciation, amortization and impairment losses	825	797	1,645	1,587	3,139	3,197
Items not included in cash flow	21	-17	21	-16	-19	18
Paid tax	-1	-	-35	-50	-51	-36
Change in working capital	549	424	109	420	1,072	761
Cash flow from operating activities	2,410	715	2,477	534	3,701	5,645
INVESTING ACTIVITIES						
Paid net investments	-204	-133	-407	-218	-513	-702
Cash flow from investing operations	-204	-133	-407	-218	-513	-702
FINANCING OPERATIONS						
Paid interest	-74	-112	-129	-140	-266	-255
Paid interest, leases	-364	-305	-708	-594	-1,194	-1,308
Convertible issue	-	1,577	-	1,577	1,577	-
Financing costs	-	-56	-	-56	-65	-9
Dividend, share swap agreement	-10	-3	-10	-3	-3	-10
Net borrowing/amortization	-1,189	-1,081	-395	-97	-1,257	-1,555
Amortization, leases	-467	-380	-929	-776	-1,544	-1,697
Issue of commercial papers	-	-226	-	-201	-201	-
Cash flow from financing operations	-2,104	-587	-2,171	-291	-2,953	-4,833
CASH FLOW FOR PERIOD	102	-5	-101	25	235	108
Cash and cash equivalents at beginning of period	23	8	216	14	14	20
Translation difference in cash and cash equivalents	-25	17	-15	-19	-33	-28
Cash and cash equivalents at end of the period	101	20	101	20	216	100

Parent Company income statement, summary

MSEK	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021	Jul-Jun 2021/2022
Net sales	12	10	23	20	40	43
Expenses	-13	-9	-24	-19	-58	-63
EBIT (Operating profit/loss)	-1	0	-1	1	-18	-20
Financial income	36	36	36	94	129	71
Financial expenses	-55	-79	-75	-144	-216	-147
Net financial items	-20	-42	-39	-50	-87	-77
EBT (profit/loss before tax)	-21	-42	-40	-49	-105	-95
Tax	0	-	-	-	4	4
PROFIT/LOSS FOR PERIOD	-21	-42	-40	-49	-101	-92

Statement of comprehensive income

MSEK	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021	Jul-Jun 2021/2022
Profit/loss for period	-21	-42	-40	-49	-101	-92
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	-21	-42	-40	-49	-101	-92

Parent Company balance sheet, summary

MSEK	30 Jun 2022	30 Jun 2021	31 Dec 2021
ASSETS			
Investments in subsidiaries	8,415	8,415	8,415
Group company receivables	1,378	1,337	1,342
Other receivables	17	17	19
Total fixed assets	9,809	9,769	9,776
Group company receivables	5	12	5
Current receivables	10	14	0
Cash and cash equivalents	0	0	0
Total current assets	15	26	5
TOTAL ASSETS	9,825	9,795	9,781
EQUITY AND LIABILITIES			
Equity	8,275	8,403	8,350
Convertible loan	1,406	1,261	1,333
Other liabilities	35	16	15
Total long-term liabilities	1,442	1,277	1,348
Liabilities to Group companies	22	20	4
Other liabilities	69	50	42
Accrued expenses and prepaid income	17	45	37
Total current liabilities	108	115	83
TOTAL EQUITY AND LIABILITIES	9,825	9,795	9,781

Changes in Parent Company's equity

	Share capital	Share premium reserve	Retained earnings	Total equity
MSEK				
OPENING BALANCE 01/01/2021	48	3,213	4,846	8,106
Profit/loss for period	-	-	-49	-49
Other comprehensive income	-	-	-	-
Total other comprehensive income	-	-	-49	-49
Total transactions with shareholders	-	346	-0	346
CLOSING BALANCE 06/30/2021	48	3,559	4,797	8,403
Profit/loss for period	-	-	-52	-52
Other comprehensive income	-	-	-	-
Total other comprehensive income	-	-	-52	-52
Total transactions with shareholders	-	-	-1	-1
CLOSING BALANCE 12/31/2021	48	3,559	4,743	8,350
<hr/>				
OPENING BALANCE 01/01/2022	48	3,559	4,743	8,350
Profit/loss for period	-	-	-40	-40
Other comprehensive income	-	-	-	-
Total other comprehensive income	-	-	-40	-40
Total transactions with shareholders	-	-	-35	-35
CLOSING BALANCE 06/30/2022	48	3,559	4,668	8,275

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 12 (10) MSEK. The operating loss was -1 MSEK (0).

Net financial items for the period totaled -20 MSEK (-42). The Parent Company's loss before taxes was -21 MSEK (-42).

Transactions between related parties

The group Braganza AB is treated as a related party based on its ownership and representation on the Board during the 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 2021 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 29 is an integral part of these financial statements.

ALTERNATIVE PERFORMANCE MEASURES

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

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

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

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

CALCULATION OF FAIR VALUE

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

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

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

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

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

SEGMENT DISCLOSURES

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

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

Sweden – Swedish hotels operated under the Scandic brand.

Norway – Norwegian hotels operated under the Scandic brand.

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

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

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

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

Segment disclosures

Apr-Jun	Sweden		Norway		Finland		Other Europe		Central functions		Group	
MSEK	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Room revenue	1,198	333	998	419	718	210	555	135	-	-	3,468	1,097
Restaurant and conference revenue	412	116	485	179	326	85	251	83	-	-	1,474	463
Franchise and management fees	3	1	3	2	-	-	2	0	-	-	8	3
Other hotel-related income	73	10	213	44	30	18	10	5	-	-	326	77
Net sales	1,686	460	1,699	644	1,074	313	817	223			5,276	1,640
Other income	3	-	-	-	-	-	-	-	-	-	3	-
Internal transactions	-	-	-	-	-	-	-	-	12	10	12	10
Group eliminations	-	-	-	-	-	-	-	-	-12	-10	-12	-10
Total income	1,689	460	1,699	644	1,074	313	817	223			5,279	1,640
Expenses	-1,356	-715	-1,282	-617	-888	-481	-602	-135	-68	-57	-4,196	-2,004
Adjusted EBITDA	333	-255	417	27	186	-168	215	88	-68	-57	1,083	-364
Adjusted EBITDA margin, %	19.7	-55.3	24.5	4.2	17.4	-53.7	26.3	39.5	-	-	20.5	-22.2
EBITDA	-	-	-	-	-	-	-	-	-	-	1,840	308
EBITDA margin, %	-	-	-	-	-	-	-	-	-	-	34.9	18.8
Depreciation, amortization and write-downs	-	-	-	-	-	-	-	-	-	-	-825	-797
EBIT (operating profit/loss)	-	-	-	-	-	-	-	-	-	-	1,016	-489
Net financial items	-	-	-	-	-	-	-	-	-	-	-479	-438
EBT (profit/loss before tax)	-	-	-	-	-	-	-	-	-	-	536	-927

Jan-Jun	Sweden		Norway		Finland		Other Europe		Central functions		Group	
MSEK	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Room revenue	1,777	565	1,589	636	1,090	341	793	190	-	-	5,250	1,732
Restaurant and conference revenue	642	194	777	258	491	145	385	108	-	-	2,294	705
Franchise and management fees	5	2	8	3	-	-	3	1	-	-	16	6
Other hotel-related income	89	18	287	64	56	36	18	7	-	-	449	125
Net sales	2,512	780	2,660	962	1,636	522	1,200	305			8,009	2,569
Other income	3	-	-	-	-	-	-	-	-	-	3	-
Internal transactions	-	-	-	-	-	-	-	-	23	10	23	10
Group eliminations	-	-	-	-	-	-	-	-	-23	-10	-23	-10
Total income	2,515	780	2,660	962	1,636	522	1,200	305			8,012	2,569
Expenses	-2,262	-1,249	-2,109	-1,009	-1,610	-907	-1,049	-410	-136	-132	-7,165	-3,707
Adjusted EBITDA	254	-469	552	-47	26	-385	151	-106	-136	-132	846	-1,138
Adjusted EBITDA margin, %	10.1	-60.1	20.7	-4.9	1.6	-73.7	12.6	-34.6	-	-	10.6	-44.3
EBITDA	-	-	-	-	-	-	-	-	-	-	2,382	180
EBITDA margin, %	-	-	-	-	-	-	-	-	-	-	29.7	7.0
Depreciation, amortization and write-downs	-	-	-	-	-	-	-	-	-	-	-1,645	-1,587
EBIT (operating profit/loss)	-	-	-	-	-	-	-	-	-	-	737	-1,407
Net financial items	-	-	-	-	-	-	-	-	-	-	-933	-797
EBT (profit/loss before tax)	-	-	-	-	-	-	-	-	-	-	-196	-2,204

Assets & investments by segment

30 Jun	Sweden		Norway		Finland		Other Europe		Central functions		Group	
MSEK	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Fixed assets	11,818	11,255	8,332	8,614	17,360	15,443	8,035	6,847	2,202	-537	47,747	41,622
Investments in fixed assets	154	93	85	30	45	50	86	34	8	8	378	216

Net sales by country

MSEK	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021	Jul-Jun 2021/2022
Sweden	1,686	460	2,512	780	3,077	4,810
Norway	1,699	644	2,660	962	3,530	5,228
Finland	1,074	313	1,636	522	2,082	3,196
Denmark	624	190	941	256	1,113	1,798
Germany	176	27	232	40	246	438
Poland	18	6	27	9	38	56
Total countries	5,276	1,640	8,009	2,569	10,086	15,525
Other	-12	-10	-23	10	40	7
Group eliminations	12	10	23	-10	-40	-7
Group	5,276	1,640	8,009	2,569	10,086	15,525

Net sales by type of agreement

MSEK	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021	Jul-Jun 2021/2022
Lease agreements	5,236	1,631	7,949	2,554	10,037	15,433
Management agreements	3	1	5	1	11	15
Franchise and partner agreements	5	3	11	5	12	18
Owned	33	5	44	9	26	59
Total	5,276	1,640	8,009	2,569	10,086	15,525
Other	-12	-10	-23	10	40	7
Group eliminations	12	10	23	-10	-40	-7
Group	5,276	1,640	8,009	2,569	10,086	15,525

Summary of reported EBITDA & adjusted EBITDA

	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021	Jul-Jun 2021/2022
EBITDA	1,840	308	2,382	180	2,699	4,901
Effect of leases, fixed and guaranteed rental charges	-832	-685	-1,637	-1,370	-2,739	-3,005
Pre-opening costs	75	13	102	36	52	117
Items affecting comparability	0	-1	0	16	-7	-23
Adjusted EBITDA	1,083	-364	846	-1,138	6	1,990

Total rental charges

	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021	Jul-Jun 2021/2022
Total rental charges						
Fixed and guaranteed rental charges according to income statement*	-35	65	-49	211	79	-181
Fixed and guaranteed rental charges, reversed effect IFRS 16	-832	-685	-1,637	-1,370	-2,739	-3,005
Total fixed and guaranteed rental charges	-867	-621	-1,686	-1,159	-2,659	-3,187
Variable rental charges	-506	-100	-680	-136	-780	-1,324
Total rental charges	-1,373	-721	-2,366	-1,295	-3,440	-4,511
*Of which received state aid and negotiated discounts	45	245	110	530	778	358
Fixed and guaranteed rental charges	16.4%	37.8%	21.1%	45.1%	26.4%	20.5%
Variable rental charges	9.6%	6.1%	8.5%	5.3%	7.7%	8.5%
Total rental charges	26.0%	44.0%	29.5%	50.4%	34.1%	29.1%

Financial items

	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021	Jul-Jun 2021/2022
Financial items, income statement						
Interest expenses, credit institutions	-47	-61	-102	-109	-211	-204
Interest expenses, convertible bond	-37	-31	-74	-31	-101	-144
Other interest expenses, net	-7	-26	-13	-34	-43	-23
Exchange rate gains/losses, net	2	0	-4	0	2	-2
Other items	-24	-17	-31	-29	-58	-60
Total, excluding IFRS 16	-114	-134	-224	-203	-412	-434
Interest expenses, IFRS 16	-365	-305	-708	-594	-1,194	-1,308
Total	-479	-438	-933	-797	-1,606	-1,742
Paid financial items, cash flow						
Paid interest	-73	-112	-128	-140	-264	-253
Other items	-10	-59	-10	-59	-70	-21
Total	-83	-171	-139	-199	-334	-274

Quarterly data

MSEK	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Net sales	5,276	2,733	3,783	3,734	1,640	930
Adjusted EBITDA	1,083	-237	436	709	-364	-775
Adjusted EBITDA margin, %	20.5	-8.7	11.5	19.0	-22.2	-83.4
EBIT (operating profit/loss)	1,016	-279	319	649	-489	-919
Profit/loss for the period	432	-639	-20	173	-752	-1,080
Profit/loss for the period, excl. effect IFRS 16	551	-520	123	303	-590	-935
Earnings per share, SEK	1.93	-3.35	-0.11	0.85	-3.93	-5.65
Earnings per share, SEK, excl. effect IFRS 16	2.44	-2.74	0.65	1.41	-3.08	-4.90
Net debt/adjusted EBITDA, LTM	neg	neg	neg	neg	neg	neg
RevPAR (Revenue per available room), SEK	749	395	510	540	245	147
ARR (Average room revenue), SEK	1,185	1,011	999	980	903	841
OCC (Occupancy), %	63.2	39.1	51.1	55.1	27.1	17.5

Quarterly data per segment

	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Net sales						
Sweden	1,685	827	1,225	1,072	460	319
Norway	1,699	961	1,136	1,432	644	319
Finland	1,074	562	844	716	313	209
Other Europe	817	383	577	515	223	83
Total net sales	5,276	2,733	3,783	3,734	1,640	930
Adjusted EBITDA						
Sweden	333	-80	152	142	-255	-214
Norway	417	135	147	426	27	-74
Finland	186	-160	65	29	-168	-217
Other Europe	215	-64	143	164	88	-194
Central functions	-68	-68	-71	-53	-57	-75
Total adj. EBITDA	1,083	-237	436	709	-364	-775
<i>Adjusted EBITDA margin, %</i>	<i>20.5%</i>	<i>-8.7%</i>	<i>11.5%</i>	<i>19.0%</i>	<i>-22.2%</i>	<i>-83.4%</i>

Exchange rates

SEK/EUR	Jan-Jun 2022	Jan-Jun 2021	Jan-dec 2021
Income statement (average)	10.4787	10.1281	10.1449
Balance sheet (at end of period)	10.6801	10.1249	10.2269
SEK/NOK			
Income statement (average)	1.0504	0.9956	0.9980
Balance sheet (at end of period)	1.0314	0.9942	1.0254
SEK/DKK			
Income statement (average)	1.4083	1.3619	1.3641
Balance sheet (at end of period)	1.4356	1.3616	1.3753

Alternative performance measures

	30 Jun 2022	30 Jun 2021	31 Dec 2021
Interest-bearing net liabilities			
Liabilities to credit institutions	2,729	4,430	3,269
Other interest-bearing liabilities	688	0	0
Cash and cash equivalents	-101	-20	-216
Interest-bearing net liabilities	3,316	4,410	3,053
Working capital			
Current assets, excl. cash and bank balances	1,599	972	1,041
Current liabilities	-4,029	-2,890	-3,665
Working capital	-2,430	-1,919	-2,624

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

LONG-TERM INCENTIVE PROGRAM

In May 2022, the Annual General Meeting resolved to launch a share-based long-term incentive program, LTIP 2022.

The overall purpose of the program is to create a close community of interest between Scandic's team members and shareholders as well as to create long-term commitment to Scandic. The program is a central part of a competitive remuneration package that the company offers to attract and retain team members who are crucial to the future success of Scandic. The program is intended to be inspiring, achievable, cost-efficient to manage and easy to communicate and understand.

The program targets members of the Executive Committee (including the CEO) and certain other key personnel in the Scandic Group and allows for a maximum of 80 participants. Within the framework of the LTIP 2022, participants have the opportunity to be allotted share rights, which, provided that certain conditions are met, confer the right to receive performance shares free of charge ("Share Rights").

The number of allotted Performance shares (if any) depends on the total return on Scandic's ordinary share (i.e. share price development plus reinvestment of any dividends) ("Total Return") exceeding a certain initial value ("Minimum Level") during the Vesting Period (the "Performance Conditions").

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 2025, subject to the participant remaining a permanent employee within the Group during the entire vesting period.

Participants may be allotted a maximum of 1,000,000 shares, including dividend compensation, for the LTIP 2022, which corresponds to approximately 0.5 percent of Scandic's share capital and votes as at June 30, 2022.

The cost of the program is expected to amount to 18 MSEK, including social security contributions, and the cost included in the Group's income statement in accordance with IFRS2 was 0.3 MSEK for the second quarter 2022, including social security contributions. The maximum cost of the program, including social security contributions, is estimated to be 39 MSEK.

For more information, visit scandichotelsgroup.com.

The expected financial exposure to shares that may be allotted under and LTIP 2022 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 program launched in 2019, LTIP 2019, expired on April 27, 2022 and at that time, a total of 42 participants remained in the program. The total cost of the program, including social security contributions, was 1.3 MSEK. The number of issued shares in the company did not change due to the allocation of shares in LTIP 2019 since a share swap agreement exists with a third party.

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

Stockholm, July 15, 2022

Per G. Braathen
Chairman of the Board

Gunilla Rudebjer
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.

Definitions

HOTEL-RELATED KEY RATIOS

ARR (Average Room Rate)

The average room rate is the average room revenue per sold room.

LFL (Like-for-Like)

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

OCC (Occupancy)

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

RevPAR (Revenue Per Available Room)

Refers to the average room revenue per available room.

Pre-opening costs

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

FINANCIAL KEY RATIOS AND ALTERNATIVE PERFORMANCE MEASURES

EBITDAR

Earnings before rental costs, depreciation and amortization, financial items and taxes.

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, other interest-bearing liabilities and commercial papers.

EQUITY-RELATED KEY RATIOS

Earnings per share

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

Equity per share

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

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

Scandic Hotels Group

Scandic is the largest hotel company in the Nordic countries with close to 58,000 rooms at about 275 hotels in operation and under development. In 2021, the Group had annual sales of 10.1 billion SEK.

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.

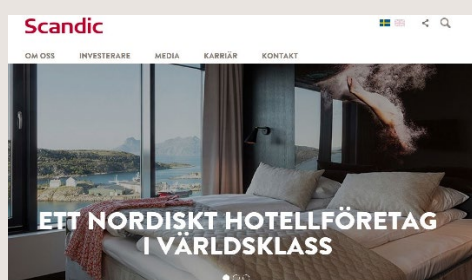
Since it was founded in 1963, Scandic has been a pioneer and driven developments in the hotel industry.

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

Press releases (selection)

- 2022-06-23** Scandic's largest hotel to date opens in Copenhagen – Nordic spa and chef from Michelin-starred restaurant
- 2022-06-17** Scandic to take over Hotel Opus in Horsens, Denmark
- 2022-06-16** Historic Scandic Holmenkollen Park reopens in new attire
- 2022-06-10** Major new hotel featuring Miami-inspired rooftop terrace opening soon in Gothenburg
- 2022-06-10** Scandic and Pandox extend lease agreements with unchanged terms for 15 hotels
- 2022-06-09** Scandic expects very strong earnings development with an estimated adjusted EBITDA of 1,000 – 1,100 MSEK in the second quarter 2022
- 2022-06-02** Scandic opens boutique hotel with rooftop bar and stunning views of Copenhagen
- 2022-05-23** Scandic Oceanhamnen now open – sustainability plays leading role from quay to rooftop terrace
- 2022-04-28** Scandic to open third hotel in Tromsø
- 2022-04-05** Scandic Kiruna first commercial enterprise to open in new city center
- 2022-03-21** Scandic Örebro Central now open – new junction and gateway to Örebro

scandichotelsgroup.com



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