



STABLE QUARTER ENDS A STRONG YEAR

FOURTH QUARTER IN SUMMARY

- Net sales rose to 5,228 MSEK (3,783), an increase of 38.2 percent compared with the fourth quarter of 2021.
- Average occupancy increased to 57.0 percent compared with 51.1 percent during the fourth quarter of 2021.
- Average revenue per available room (RevPAR) grew to 695 SEK (510) driven by higher occupancy and positive price development.
- Adjusted EBITDA amounted to 476 MSEK (436).
- Excluding IFRS 16, earnings per share totaled 0.49 SEK (0.65).
- Free cash flow was 945 MSEK (831).
- Interest-bearing net debt/adjusted EBITDA amounted to 0.6 x (1.1 x including the convertible loan).
- Scandic opened two hotels: Scandic München Macherei in Germany with 234 rooms and Scandic Opus Horsens in Denmark with 132 rooms.

SUMMARY OF THE YEAR

- Net sales rose by 90.7 percent to 19,230 MSEK (10,086).
- Adjusted EBITDA amounted to 2,536 MSEK (6). Excluding direct state aid and non-recurring items, adjusted EBITDA was 2,103 MSEK, corresponding to an adjusted EBITDA margin of 11.1%.
- Excluding IFRS 16, earnings per share totaled 4.10 SEK (-5.75).
- Free cash flow was 2,202 MSEK (185).
- For 2022, the Board of Directors proposes that no dividend be paid.

EVENTS AFTER REPORTING DATE

- Scandic signed an agreement for external financing with a total credit facility of 3,450 MSEK until December 31, 2025.

GROUP KEY RATIOS

MSEK	Oct-Dec 2022	Oct-Dec 2021	% change	Jan-Dec 2022	Jan-Dec 2021	% change
Financial key ratios, reported						
Net sales	5 228	3 783	38,2%	19 230	10 086	90,7%
EBIT (operating profit/loss)	488	319		2 457	-440	
EBIT-marginal, %	9,3	8,4		12,8	-4,4	
Net profit/loss for the period	2	-20		428	-1 679	
Earnings per share, SEK	-0,05	-0,11		2,21	-8,79	
Alternative performance measures						
Adjusted EBITDA	476	436		2 536	6	
Adjusted EBITDA margin, %	9,1	11,5		13,2	0,1	
Net profit/loss for the period excl. IFRS 16	104	123		866	-1 098	
Earnings per share, SEK, excl. IFRS 16	0,49	0,65		4,10	-5,75	
Net debt (excl. convertible loan)	1 425	3 053		1 425	3 053	
Net debt/Adjusted EBITDA, LTM	0,6	508,9		0,6	508,9	
Hotel-related key ratios						
RevPAR (SEK)	695	510	36,2%	683	364	87,7%
ARR (Average Room Rate), SEK	1 219	999	22,0%	1 183	957	23,6%
OCC (Occupancy), %	57,0	51,1		57,7	38,0	
Total number of rooms on reporting date	55 831	54 265	2,9%	55 831	54 265	2,9%

CEO COMMENT

Stable quarter ends a strong year

We concluded the year with a stable quarter with continued good demand and increasing price levels. Net sales increased 38 percent compared with the same period in 2021, and adjusted EBITDA improved to 476 (436) MSEK. For the full year, net sales increased to 19,230 MSEK, almost twice what we reported in 2021 and slightly higher than 2019.

Adjusted for state aid and other non-recurring items of 433 MSEK, we delivered a slightly improved full year result compared with 2019, with an adjusted EBITDA margin of 11.1 percent in line with our financial profitability target. Including non-recurring items, we reported our best full year result ever, with an adjusted EBITDA margin of 13.2 percent. Results were impacted positively by non-recurring items, but at the same time, we should remember that 2022 started with a very weak quarter impacted by restrictions in several of our markets. We are satisfied with the results, which was mainly driven by our commercial ability to meet the growing demand and that we maintained a sharp focus on efficiency and cost control.

Our free cash flow was strong during the quarter at 945 MSEK and 2,202 MSEK for the full year. During the year, we have gradually reduced our indebtedness, which at the end of the year was lower than before the pandemic, including the convertible loan.

Continued good demand from corporate and leisure travelers

During the fourth quarter, demand remained good from both corporate and leisure travelers. The average occupancy rate in the fourth quarter was 57 percent, compared with 51 and 62 percent for the corresponding periods in 2021 and 2019 respectively. The slightly lower occupancy rate compared with 2019 was mainly due to lower demand for intercontinental travel from and to Asia where several countries continued to be impacted by pandemic restrictions.

Average room prices increased to SEK 1,219 compared with SEK 999 and SEK 1,080 respectively for the same periods in 2021 and 2019. Average revenue per available room (RevPAR) increased to SEK 695 compared with SEK 510 and SEK 672 for the corresponding periods in 2021 and 2019 respectively. It should also be noted that at the end of the quarter, the number of rooms was roughly six percent higher than in 2019.

High portfolio activity during the year

As we previously have announced, we opened two hotels during the fourth quarter: Scandic München Macherei in Germany and Scandic Opus in Horsens, Denmark. In total, we opened 10 hotels during the year, adding around 2,850 rooms, and we are satisfied with the way the hotels were received by the market. In pace with the recovery of the hotel market, we have increased our focus on adding more high-quality hotels to our pipeline.

Stable start of the year

The start of the year has been stable and based on current booking situation we expect continued good price development, and stable occupancy rates at a slightly lower level than for the first quarter of 2019. I look forward to a new year with confidence and with a stable financial position and high operational efficiency, we are well positioned for the future.

To conclude, I'd like to thank all Scandic's team members for their efforts during the year and thank our guests for having confidence in us.

Jens Mathiesen
President & CEO



“Adjusted for state aid and other non-recurring items, we deliver a slightly improved result compared with 2019, with a margin in line with our financial profitability target”

“We had a strong free cash flow in the quarter and for the full year. At year-end our debt level was lower than before the pandemic, including the convertible loan”

“The start of the year has been stable and based on current booking situation we expect continued good price development, and stable occupancy rates at a slightly lower level than for the first quarter of 2019”

NORDIC HOTEL MARKET DEVELOPMENT DURING QUARTER

Stable occupancy rates

The hotel market recovered rapidly during the year and demand was stable in the fourth quarter.

In October, the average occupancy rate in the Nordic markets was between 57 and 67 percent. Occupancy in November was between 59 and 69 percent and in December between 39 and 53 percent.

During each month of the quarter, occupancy continued to be highest in Denmark. Demand was lowest in Finland in October and November while in December, it was lowest in Norway.

For the quarter, the average occupancy rate was between 53 and 63 percent in the Nordic countries, with the lowest occupancy in Norway and the highest in Denmark. Last year, during the fourth quarter, occupancy in the Nordic region was between 49 and 57 percent.

Compared with the fourth quarter of 2019, market occupancy during the quarter was on average about five percentage points lower, mainly due to lower demand for intercontinental travel from and to Asia, where several countries still had Covid-19 restrictions in place.

Increased price levels

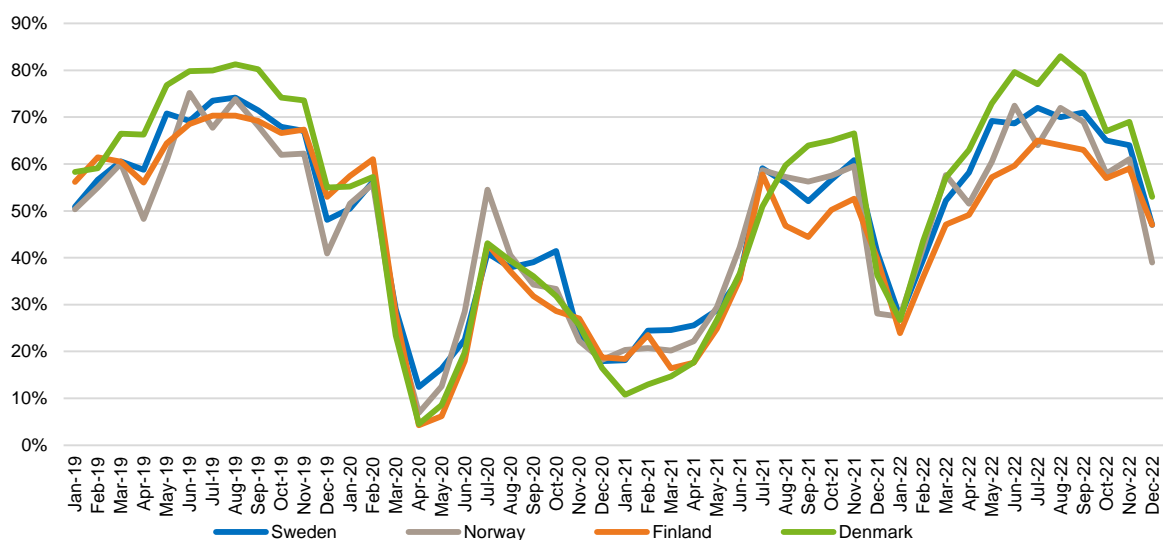
Compared with the fourth quarter of 2021, average room rates went up by between 10 and 16 percent in the Nordic countries. Room rates increased the most in Norway where they rose 16 percent followed by Denmark where rates increased by 14 percent. In Sweden, room rates increased by 13 percent and in Finland by 10 percent.

Compared with the fourth quarter of 2019, average room rates increased by between 4 and 26 percent in the Nordic countries. In Norway, room rates rose by 26 percent, followed by Sweden where the increase was 10 percent. In Denmark, room rates went up by 8 percent and in Finland by 4 percent.

During the fourth quarter, average revenue per available room, RevPAR, went up by between 24 and 26 percent compared with the corresponding period last year, with the highest growth, 26 percent, in Norway and Sweden. In Denmark, the increase was 25 percent and in Finland, 24 percent.

Compared with the fourth quarter 2019, RevPAR in Norway rose by 20 percent. In Sweden, RevPAR increased by 5 percent. In Denmark, RevPAR was in line with 2019 and in Finland RevPAR decreased by approximately 10 percent.

MARKET OCCUPANCY RATE JANUARY 2019-DECEMBER 2022



Source: Benchmarking Alliance.

HOTEL PORTFOLIO

At the end of the period, Scandic had 55,831 rooms in operation at 271 hotels, of which 250 had lease agreements. During the quarter, the number of rooms in operation decreased by 146 after

the closing of Scandic Ariadne and Scandic Norra Bantorget for renovations and the opening of Scandic München Macherei and Scandic Opus.

Portfolio changes	Number of rooms
Opening balance October 1, 2022	
Lease agreements	53 138
Franchise, management & other	2 839
Total	55 977
Change in lease agreements	-146
Change in other operating models	-
Total change during the quarter	-146
Closing balance December 31, 2022	
Lease agreements	52 992
Franchise, management & other	2 839
Total	55 831

Number of hotels in operation & pipeline

	Operational on Dec 31 2022			
	Hotels	of which with lease contracts	Rooms	of which with lease contracts
Sweden	87	81	18 388	17 596
Norway	84	70	16 297	14 460
Finland	62	62	13 016	13 016
Denmark	31	30	6 178	5 968
Other Europe	7	7	1 952	1 952
Total	271	250	55 831	52 992
<i>Change during the quarter</i>	<i>0</i>	<i>0</i>	<i>-146</i>	<i>-146</i>

	Pipeline on Dec 31, 2022					
	New hotels	Planned exits	Total	New rooms	Planned exits	Total
Sweden ¹⁾	2	-	2	657	-	657
Norway	2	-1	1	569	-176	393
Finland	0	-1	-1	-	-181	-181
Denmark	1	-1	0	342	-142	200
Other Europe	1	-	1	505	-	505
Total	6	-3	3	2 073	-499	1 574
<i>Change during the quarter</i>	<i>-1</i>	<i>-1</i>	<i>-2</i>	<i>-78</i>	<i>-176</i>	<i>-254</i>

¹⁾ The two new hotels refers to the existing hotels Scandic Ariadne and Scandic Norra Bantorget, that are currently closed for renovation.

Pipeline

At the end of the year, Scandic had a net of three hotels with 1,574 rooms in the pipeline corresponding to almost 2.8 percent of the current portfolio. The pipeline decreased compared with the previous quarter due to the opening of Scandic München Macherei and Scandic

Opus, and that we decided not to fulfill project Scandic Sundsvall Central, which was due to open in 2025. Investments in the hotel pipeline are expected to total 376 MSEK of which investments of 59 MSEK have already been made.

SALES & ADJUSTED EBITDA

Group

	Oct-Dec 2022	Oct-Dec 2021	%	Jan-Dec 2022	Jan-Dec 2021	%
Net sales (MSEK)	5 228	3 783	38,2%	19 230	10 086	90,7%
Currency effects	203		5,4%	636		6,3%
Organic growth	1 242		32,8%	8 509		84,4%
<i>New hotels</i>	318		8,4%	1 031		10,2%
<i>Exits</i>	-18		-0,5%	-44		-0,4%
<i>LFL</i>	942		24,9%	7 522		74,6%
Adjusted EBITDA	476	436		2 536	6	
% margin	9,1%	11,5%		13,2%	0,1%	
EBIT	488	319		2 457	-440	
% marginal	9,3%	8,4%		12,8%	-4,4%	
RevPAR (SEK)	695	510	36,3%	683	364	87,7%
Currency effects	27		5,2%	22		6,0%
New hotels/exits	2		0,4%	3		0,9%
LFL	156		30,7%	294		80,8%

Fourth quarter

Net sales rose by 38.2 percent to 5,228 MSEK (3,783). Exchange rate effects impacted net sales positively by 203 MSEK or 5.4 percent.

Organic growth excluding exchange rate effects and acquisitions was 32.8 percent. Sales for comparable units grew by 24.9 percent.

Average Revenue Per Available Room (RevPAR) rose by 36.3 percent to 695 SEK compared with 510 SEK during the previous year. RevPAR improved in all markets compared with the corresponding period in 2021.

Revenue from restaurant and conference operations grew by 37.7 percent because of the high demand for meetings and conferences in all markets. The share of net sales amounted to 33.3 percent (33.4).

Rental costs excluding IFRS 16 rose to 1,448 MSEK (1,055). During the quarter, negotiated rent concessions of approximately 13 MSEK (120) were received, reducing fixed and guaranteed rents. Rental costs

relative to net sales fell and amounted to 27.7 percent (27.9).

Costs for central functions increased and amounted to -118 MSEK (-71), partly due to higher marketing costs and measures to strengthen the organization.

Adjusted EBITDA amounted to 476 MSEK (436), driven by higher net sales and good cost control. All markets reported positive adjusted EBITDA during the quarter.

Adjusted EBITDA includes 2 MSEK (111) in direct state aid for fixed costs. During the quarter, compensation was received for operations related to housing for refugees that was not used, impacting adjusted EBITDA by approximately 17 MSEK (36). The quarter was also affected by additional VAT and social security contributions of approximately 20 MSEK for historical periods in accordance with a decision from the Swedish Tax Agency. Excluding direct state aid and non-recurring items, the adjusted EBITDA margin was 9.1 percent (7.8).

The period January – December

Net sales rose by 90.7 percent to 19,230 MSEK (10,086). Exchange rate effects impacted net sales positively by 6.3 percent.

Organic growth was 84.4 percent or 8,509 MSEK. Sales for comparable units grew by 74.6 percent.

Average Revenue Per Available Room (RevPAR) rose by 87.7 percent to 683 SEK compared with the

previous year. For comparable units, RevPAR went up by 80.8 percent.

Revenue from restaurant and conference operations grew by 46.8 percent and the share of total net sales fell to 28.8 percent (29.2). The increase is a result of the easing of restrictions on opening hours and meetings during the first quarter of the year and a gradual increase in demand for meetings and conferences in all markets.

Rental costs excluding IFRS 16 rose to -5,391 MSEK (-3,440). The increase is mainly because a large share of Scandic's leases have revenue-based rents and consequently, costs for rent rise as revenue increases. During the year, negotiated rent concessions of approximately 89 MSEK (510) and state aid of 46 MSEK (270) were received, reducing fixed and guaranteed rents. Rental costs relative to net sales fell, amounting to 28.0 percent (34.1).

Costs for central functions increased and amounted to -335 MSEK (-255), partly due to higher marketing costs and measures to strengthen the organization.

Adjusted EBITDA improved and totaled 2,536 MSEK (6), driven by higher net sales, improved efficiency and good cost control.

Adjusted EBITDA includes 191 MSEK (693) of direct state aid for fixed costs mainly related to Finland and Other Europe. During the period, adjusted EBITDA was impacted by non-recurring items related to compensation received in connection with opening hotels and for operations related to housing for refugees that was not used, which is estimated to have impacted adjusted EBITDA by approximately 242 MSEK (194). Adjusted EBITDA for 2021 included a repayment of 44 MSEK from the insurance company AFA. Excluding direct state aid and non-recurring items, the adjusted EBITDA margin was 11.1 percent (-8.9).

Segment reporting

Quarterly, Oct-Dec MSEK	Net sales		Adjusted EBITDA		Adjusted EBITDA margin	
	2022	2021	2022	2021	2022	2021
Sweden	1 658	1 225	221	152	13,2%	12,4%
Norway	1 503	1 136	194	147	12,9%	12,9%
Finland	1 196	844	124	65	10,4%	7,6%
Other Europe	871	577	55	143	6,3%	24,8%
Central costs and Group adjustments	-	-	-118	-71	-	-
Total Group	5 228	3 783	476	436	9,1%	11,5%

Period, Jan-Dec MSEK	Net sales		Adjusted EBITDA		Adjusted EBITDA margin	
	2022	2021	2022	2021	2022	2021
Sweden	6 053	3 077	876	-174	14,4%	-5,7%
Norway	6 039	3 530	1 171	526	19,4%	14,9%
Finland	4 089	2 082	383	-292	9,4%	-14,0%
Other Europe	3 049	1 397	442	202	14,5%	14,4%
Central costs and Group adjustments	-	-	-335	-255	-	-
Total Group	19 230	10 086	2 536	6	13,2%	0,1%

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 lease agreements that existed at the end of the year, net profit after tax for 2023 is expected to be negatively impacted by approximately -320 MSEK (2022: -438).

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 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 the effects of IFRS 16

	Jan-Dec		Jan-Dec	
	2022		2021	
	Excl. effect IFRS 16	Effect IFRS 16	Reported	Reported
Total operating income	19 233	0	19 233	10 130
EBITDAR	7 927	0	7 927	3 446
Total rental charges	-5 391	3 440	-1 951	-701
Adjusted EBITDA	2 536			
Pre-opening costs	-131	0	-131	-52
Items affecting comparability	-16	0	-16	7
EBITDA	2 388	3 440	5 829	2 699
Depreciation, amortization and impairment losses	-845	-2 527	-3 372	-3 139
EBIT	1 543	913	2 457	-440
Net financial items	-344	-1 463	-1 808	-1 606
EBT (Profit before tax)	1 199	-550	649	-2 046
Tax	-333	112	-221	367
Profit/loss for the period	866	-438	428	-1 679
Earnings per share, SEK	4,10	-1,89	2,21	-8,79

Income statement excluding effects of IFRS 16

	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
	2022	2021	2022	2021
Total operating income	5 228	3 783	19 233	10 130
EBITDAR	1 924	1 491	7 927	3 446
Total rental charges	-1 448	-1 055	-5 391	-3 440
Adjusted EBITDA	476	436	2 536	6
Pre-opening costs	-9	-13	-131	-52
Items affecting comparability	-16	0	-16	7
EBITDA	450	423	2 388	-39
Depreciation, amortization and impairment losses	-217	-221	-845	-864
EBIT	233	202	1 543	-903
Net financial items	-55	-100	-344	-412
EBT (Profit before tax)	178	102	1 199	-1 315
Tax	-74	22	-333	217
Profit/loss for the period	104	123	866	-1 098
Earnings per share, SEK	0,49	0,65	4,10	-5,75

REPORTED RESULT

Fourth quarter

EBITDA was 1,366 MSEK (1,075) and 450 MSEK (423) excluding IFRS 16. EBITDA includes pre-opening costs for new hotels of -9 MSEK (-13). Items affecting comparability amounted to -16 MSEK (0), regarding, among other things, costs for organizational changes.

EBIT was 488 MSEK (319) and 233 MSEK (202) excluding IFRS 16. Depreciation and amortization totaled -878 MSEK (-757). Excluding IFRS 16, depreciation and amortization amounted to -217 MSEK (-221).

The **Group's net financial expense** was -438 MSEK (-399) and -55 MSEK (-100) excluding IFRS 16. The interest expense, excluding IFRS 16, was -64 MSEK

(-104) and was impacted negatively by lower indebtedness.

Profit before tax was 50 MSEK (-80). Excluding IFRS 16, the profit was 178 MSEK (102).

Reported tax amounted to -48 MSEK (60).

Net profit was 2 MSEK (-20). Excluding IFRS 16, net profit amounted to 104 MSEK (123).

Earnings per share after dilution amounted to -0.05 SEK (-0.11) per share and 0.49 SEK (0.65) excluding IFRS 16. The calculation of earnings per share does not include any dilution effect, as the profit for the period attributable to the Parent Company's shareholders was negative.

The period January – December

EBITDA was 5,829 MSEK (2,699) and 2,388 MSEK (-39) excluding the effects of IFRS 16. EBITDA included pre-opening costs for new hotels of -131 MSEK (-52) and items affecting comparability of -16 MSEK (7), regarding, among other things, costs for organizational changes.

EBIT was 2,457 MSEK (-440) and 1,543 MSEK (903) excluding IFRS 16.

Depreciation and amortization totaled -3,372 MSEK (-3,139). Excluding IFRS 16, depreciation and amortization amounted to -845 MSEK (-864).

The **Group's net financial expense** was -1,808 MSEK (-1,606) and -344 MSEK (-412) excluding IFRS 16. The interest expense, excluding IFRS 16, was -307 MSEK

(-402) and was impacted positively by lower indebtedness.

Profit before tax was 649 MSEK (-2,046). Excluding IFRS 16, the profit was 1,199 MSEK (-1,315).

Reported tax amounted to -221 MSEK (367).

Net profit increased to 428 MSEK (-1,679). Excluding IFRS 16, the profit was 866 MSEK (-1,098).

Earnings per share after dilution amounted to 2.21 SEK per share (-8.79) and 4.10 SEK (-5.75) excluding IFRS 16. The calculation of earnings per share included the full dilutive effect assuming a complete conversion (41,464,787 shares) of the convertibles as the profit attributable to the Parent Company's shareholders was positive.

Earnings per share after dilution

	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Earnings per share, SEK	-0,05	-0,11	2,21	-8,79
Effect IFRS 16	0,54	0,76	1,89	3,04
Earnings per share, SEK, excl. IFRS 16	0,49	0,65	4,10	-5,75
Average number of shares after dilution	191 304 116	191 250 686	232 768 903	191 250 686

CASH FLOW & FINANCIAL POSITION

Cash flow and financial position excluding IFRS 16 for the full year improved and totaled 2,837 MSEK (697), driven by higher sales and improved profits as well as a positive development in working capital.

The cash flow effect from the change in working capital during the year amounted to 614 MSEK (1,072), with a positive effect due to the reduction in accounts receivable in the fourth quarter. Operating liabilities related to variable rent continued to increase, amounting to approximately 840 MSEK at year-end of which about 500 MSEK is expected to be settled during the first quarter of 2023.

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 -39 MSEK (-51) and referred to the payment of taxes for previous years in Sweden.

Net investments paid amounted to -635 MSEK (-513), of which hotel renovations accounted for -277 MSEK (-46) and IT for -14 MSEK (-12). Investments in new hotels and increased room capacity totaled -344 MSEK (-454).

In total, the free cash flow improved and amounted to 2,202 MSEK (185).

Operating cash flow

MSEK	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Adjusted EBITDA	476	436	2 536	6
Pre-opening costs	-9	-13	-131	-52
Non-recurring items	-16	0	-16	7
Adjustments for non-cash items	39	-3	28	-19
Paid tax	-3	-1	-39	-51
Change in working capital	569	649	614	1 072
Interest paid	-30	-99	-155	-266
Cash flow from operations	1 027	969	2 837	697
Paid investments in hotel renovations	-46	38	-277	-46
Paid investments in IT	-4	-1	-14	-12
Free cash flow before investments in expansions	978	1 006	2 546	639
Paid investments in new capacity	-33	-175	-344	-454
Free cash flow	945	831	2 202	185
Convertible issue	0	0	0	1 577
Change in other interest bearing liability	15	0	-493	0
Other items in financing activities	0	10	3	-44
Financing costs	1	-4	-12	8
Exchange difference in net debt	-5	-16	-73	-64
Change net debt	956	821	1 627	1 662

The balance sheet total on December 31, 2022, was 50,948 MSEK compared with 44,755 MSEK on December 31, 2021. Excluding IFRS 16, the balance sheet total amounted to 13,986 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 123 MSEK will be repaid in 2023. In total, this debt amounted to 635 MSEK at the end of 2022. Interest-bearing net liabilities excluding

IFRS 16 and convertible loans decreased by 1,628 MSEK to 1,425 MSEK during the year.

The net debt as at December 31, 2022, corresponded to 0.6 x adjusted EBITDA for the preceding 12 months (1.1 x including the convertible loan), which is lower than at the end of 2021 and year-end 2019 (1.7).

Total agreed credit facilities amounted to 3,700 MSEK at the end of the period. In December 2022, Scandic extended its external financing until March 31, 2024, and the total credit facility was adjusted to 3,700 MSEK compared with 5,352 MSEK at the end of the third quarter. Loans from credit institutions totaled 1,107

MSEK and cash and cash equivalents amounted to 317 MSEK. The convertible loan amounted to 1,484 MSEK

at the end of the period. Total available liquidity at the end of 2022 amounted to approximately 2,800 MSEK.

Net financial items, reported vs. cash flow

	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Financial net, reported	-438	-399	-1 808	-1 606
of which interest expenses, IFRS 16	-383	-299	-1 464	-1 194
Financial net, excl. IFRS 16	-55	-100	-344	-412
Adjustments to paid financial items				
Interest expenses, convertible bond (non-cash)	40	36	153	101
Timing difference, interest on bank loans	-14	-43	5	-5
Other	1	8	22	-18
Total adjustments	27	1	180	78
Paid financial items, net	-29	-99	-164	-334

An extraordinary general meeting on April 26, 2021, approved the Board of Directors' proposal to issue 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 being 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. In August 2022, 46,123 shares were converted, and the full dilutive effect now amounts to 41,464,787 shares. The calculation of earnings per share includes the full dilutive effect for any periods with profits, which was the case for the full year 2022.

SEGMENT REPORTING

Sweden

	Oct-Dec 2022	Oct-Dec 2021	%	Jan-Dec 2022	Jan-Dec 2021	%
Net sales (MSEK)	1 658	1 225	35,3%	6 053	3 077	96,7%
Organic growth	433		35,3%	2 976		96,7%
<i>New hotels</i>	120		9,8%	367		11,8%
<i>Exits</i>	-18		-1,4%	-32		-1,0%
<i>LFL</i>	330		26,9%	2 640		85,9%
Adjusted EBITDA	221	152		876	-174	
% margin	13,2%	12,4%		14,4%	-5,7%	
RevPAR (SEK)	705	542	30,1%	681	360	89,1%
New hotels/exits	3		0,6%	7		1,8%
LFL	160		29,5%	314		87,3%
ARR (SEK)	1 192	979	21,7%	1 158	897	29,1%
OCC %	59,2%	55,3%		58,8%	40,2%	

Fourth quarter

Net sales rose by 35.3 percent to 1,658 MSEK (1,225). For comparable units, net sales increased by 26.9 percent.

Changes in the hotel portfolio contributed 102 MSEK net. New hotels include Scandic Landvetter, Scandic Göteborg Central, Scandic Oceanhamnen, Scandic Örebro Central and the new Scandic Kiruna. Exited hotels refer to Scandic Ferrum, which closed in

connection with the opening of the new hotel in Kiruna, Scandic Kiruna.

Average Revenue Per Available Room (RevPAR) grew by 30.1 percent to 705 SEK compared with the corresponding quarter in the previous year.

Adjusted EBITDA improved, totaling 221 MSEK (152). Rental costs increased by 123 MSEK to 472 MSEK as a result of greater turnover and consequently, higher variable rents and lower rent concessions.

The period January – December

Net sales rose by 96.7 percent to 6,053 MSEK (3,077). For comparable units, net sales increased by 85.9 percent.

Average Revenue Per Available Room (RevPAR) increased by 89.1 percent to 681 SEK compared with the previous year. For comparable units, RevPAR went up by 87.3 percent.

Adjusted EBITDA improved, totaling 876 MSEK (-174). Direct state aid reduced costs by 10 MSEK (97). During the quarter, 45 MSEK was received in connection with the opening of new hotels. For the corresponding period in 2021, adjusted EBITDA included a repayment of 44 MSEK from the insurance company AFA.

Norway

	Oct-Dec 2022	Oct-Dec 2021	%	Jan-Dec 2022	Jan-Dec 2021	%
Net sales (MSEK)	1 503	1 136	32,3%	6 039	3 530	71,1%
Currency effects	60		5,2%	311		8,8%
Organic growth	307		27,1%	2 198		62,3%
<i>New hotels</i>	45		4,0%	122		3,5%
<i>Exits</i>	0		0,0%	-13		-0,4%
LFL	263		23,1%	2 089		59,2%
Adjusted EBITDA	194	147		1 171	526	
% margin	12,9%	12,9%		19,4%	14,9%	
RevPAR (SEK)	679	503	35,1%	719	423	69,9%
Currency effects	26		5,2%	37		8,8%
New hotels/exits	-4		-0,8%	1		0,2%
LFL	155		30,8%	258		61,0%
ARR (SEK)	1 248	1 005	24,2%	1 224	1 022	19,8%
OCC %	54,4%	50,0%		58,8%	41,4%	

Fourth quarter

Net sales rose by 32.3 percent to 1,503 MSEK (1,136).
Net sales for comparable units grew by 23.1 percent.

Changes in the hotel portfolio contributed 45 MSEK net.
The most significant positive impact was from Scandic Holmenkollen Park, which reopened in June 2022 after an extensive renovation.

Average Revenue Per Available Room (RevPAR) grew by 35.1 percent to 679 SEK compared with the corresponding quarter in the previous year.

Adjusted EBITDA improved, totaling 194 MSEK (147).

Direct state aid reduced costs by 0 MSEK (11).

Approximately 17 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 76 MSEK to 389 MSEK as a result of greater turnover and consequently, higher variable rents.

The period January – December

Net sales rose by 71.1 percent to 6,039 MSEK (3,530).
Net sales for comparable units grew by 59.2 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 109 MSEK net.
The most significant positive impact was from Scandic Holmenkollen Park which reopened in June after an extensive renovation.

Average Revenue Per Available Room (RevPAR) increased by 69.9 percent to 719 SEK compared with the previous year. For comparable units, RevPAR went up by 61.0 percent.

Adjusted EBITDA improved, totaling 1,171 MSEK (526).

Direct state aid reduced costs by 23 MSEK (181) of which aid for rent amounted to 0 MSEK (95) for the period.

Approximately 184 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

	Oct-Dec 2022	Oct-Dec 2021	%	Jan-Dec 2022	Jan-Dec 2021	%
Net sales (MSEK)	1 196	844	41,7%	4 089	2 082	96,4%
Currency effects	83		9,8%	187		9,0%
Organic growth	269		31,9%	1 820		87,4%
<i>New hotels</i>	62		7,3%	271		13,0%
<i>Exits</i>	0		0,0%	0		0,0%
LFL	208		24,6%	1 548		74,4%
Adjusted EBITDA	124	65		383	-292	
% margin	10,4%	7,6%		9,4%	-14,0%	
RevPAR (SEK)	650	453	43,4%	594	304	95,2%
Currency effects	46		10,3%	27		8,9%
New hotels/exits	9		2,0%	4		1,4%
LFL	141		31,1%	258		84,9%
ARR (SEK)	1 167	1 022	14,2%	1 128	977	15,5%
OCC %	65,6%	44,3%		50,9%	31,1%	

Fourth quarter

Net sales rose by 41.7 percent to 1,196 MSEK (844). Net sales for comparable units grew by 24.6 percent. Occupancy increased gradually during the quarter, driven by higher demand in Helsinki.

Changes in the hotel portfolio contributed 62 MSEK net. The positive effect is mainly attributable to Scandic Helsinki Hub as well as Scandic Grand Central Helsinki in Helsinki and Scandic Hamburger Börs in Turku.

Average Revenue Per Available Room (RevPAR) grew by 43.4 percent to 650 SEK compared with the corresponding quarter in the previous year.

Adjusted EBITDA improved, totaling 124 MSEK (65).

Direct state aid reduced costs by 0 MSEK (10).

Rental costs increased by 77 MSEK to 335 MSEK as a result of greater turnover and consequently, higher variable rents and lower rent concessions.

The period January – December

Net sales rose by 96.4 percent to 4,089 MSEK (2,082). Net sales for comparable units grew by 74.4 percent.

New hotels/exits contributed 271 MSEK net. The positive effect is mainly attributable to Scandic Grand Central Helsinki in Helsinki and Scandic Hamburger Börs in Turku.

Average Revenue Per Available Room (RevPAR) increased by 95.2 percent to 594 SEK compared with the previous year. For comparable units, RevPAR went up by 84.9 percent.

Adjusted EBITDA improved and amounted to 383 MSEK (-292) including state aid. Direct state aid reduced costs by 43 MSEK (18).

Other Europe

	Oct-Dec 2022	Oct-Dec 2021	%	Jan-Dec 2022	Jan-Dec 2021	%
Net sales (MSEK)	871	577	50,9%	3 049	1 397	118,2%
Currency effects	60		10,5%	137		9,8%
Organic growth	234		40,4%	1 515		108,4%
<i>New hotels</i>	91		15,7%	270		19,3%
<i>Exits</i>	0		0,0%			0,0%
LFL	143		24,7%	1 244		89,1%
Adjusted EBITDA	55	143		442	202	
% margin	6,3%	24,8%		14,5%	14,4%	
RevPAR (SEK)	777	552	40,7%	771	359	114,8%
Currency effects	55		10,0%	35		9,7%
New hotels/exits	-9		-1,7%	-2		-0,5%
LFL	179		32,4%	379		105,6%
ARR (SEK)	1 243	1 007	23,5%	1 212	944	28,4%
OCC %	62,5%	54,9%		63,6%	38,0%	

Fourth quarter

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

Net sales rose by 50.9 percent to 871 MSEK (577). Net sales for comparable units grew by 24.7 percent. All countries showed an improvement and new hotels contributed 91 MSEK net. The positive effect is mainly attributable to Scandic Spectrum in Copenhagen and Scandic Opus in Horsens.

Average Revenue Per Available Room (RevPAR) grew by 40.7 percent to 777 SEK compared with the corresponding quarter in the previous year.

Adjusted EBITDA declined to 55 MSEK (143), among other things as a result of lower direct state aid of 1 MSEK (90). Rental costs increased by 108 MSEK to 256 MSEK due to greater turnover and consequently, higher variable rents and lower rent concessions and state aid.

The period January – December

Net sales rose by 118.2 percent to 3,049 MSEK (1,397). Net sales for comparable units grew by 89.1 percent.

Average Revenue Per Available Room (RevPAR) increased by 114.8 percent to 771 SEK compared with

the previous year. For comparable units, RevPAR went up by 105.6 percent.

Adjusted EBITDA rose to 442 MSEK (202). Direct state aid reduced costs by 114 MSEK (397) of which aid for rent amounted to 34 MSEK (120) for the period.

Central functions

Adjusted EBITDA for central functions was -118 MSEK (-71) during the fourth quarter and -335 MSEK (-255) for the full year 2022.

EMPLOYEES

The average number of employees was 10,468 on December 31, 2022, compared with 6,460 on December 31, 2021.

SIGNIFICANT EVENTS DURING QUARTER

In November 2022, Thérèse Cedercreutz was appointed new Chief Commercial Officer and member of the Executive Committee. In connection with the appointment, she left her position as a member of the Board of Directors of Scandic. Thérèse started her role as Chief Commercial Officer in January 2023.

EVENTS AFTER REPORTING DATE

On February 15, 2023, Scandic signed an agreement for external financing with total credit facilities of 3,450 MSEK until December 31, 2025. In connection with the extension, interest terms and covenants were also adjusted. Under certain conditions, the external financing gives Scandic the opportunity to finance all or part of the convertible loan that will be due on October 8, 2024.

OUTLOOK

Based on current booking situation we expect continued good price development, and stable occupancy rates at a slightly lower level than for the first quarter of 2019.

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 to 3x.

DIVIDEND & ANNUAL GENERAL MEETING

For the year 2022, the Board of Directors proposes that the Annual General Meeting resolve that no dividend be paid. Scandic's Annual General Meeting will be held on May 9, 2023, at Vasateatern in Stockholm, Sweden.

PRESENTATION OF THE REPORT

The presentation of Scandic's Year-End Report will be streamed at 9:00 CET on February 16, 2023, with President & CEO Jens Mathiesen and CFO Åsa Wirén.

The presentation can be followed live at scandichotelsgroup.com and by telephone at:
SE: +46 8 5051 6386
UK: +44 20 319 84884
US: +1 412 317 6300
PIN code: 5310435#.

The presentation will also be available afterwards at scandichotelsgroup.com

FINANCIAL CALENDAR

2023-04-27	Interim Report Q1 2023
2023-05-09	Annual General Meeting 2023
2023-07-14	Interim Report Q2 2023
2023-10-26	Interim Report Q3 2023

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 December 31, 2022, Scandic's goodwill and intangible assets amounted to 7,189 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. The hotel market subsequently improved substantially during 2022.

SENSITIVITY ANALYSIS

Scandic has a cost structure consisting of variable costs, which are affected by changes in volumes, and costs that are fixed in the short term, which are independent of changes in volume. Costs that are affected by changes in volume largely include sales commissions and other external distribution costs, the cost of goods sold, sales-based rental charges, property-related costs (energy, water, etc.), payroll expenses for hotel employees without guaranteed working hours and the cost of certain services, such as laundry. Costs that are not affected by changes in volume largely consist of payroll expenses for hotel employees with guaranteed working hours, fixed and guaranteed rental costs and costs related to country and Group-wide functions such as sales, marketing, IT and other administrative services.

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

Consolidated income statement

MSEK	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
INCOME				
Room revenue	3 354	2 354	12 858	6 577
Restaurant and conference revenue*	1 743	1 265	5 533	2 946
Franchise and management fees	7	8	35	25
Other hotel-related revenue	124	156	804	538
Net sales	5 228	3 783	19 230	10 086
Other income	-	-	3	44
TOTAL OPERATING INCOME	5 228	3 783	19 233	10 130
OPERATING COSTS				
Raw materials and consumables	-440	-322	-1 495	-839
Other external costs	-1 189	-833	-3 854	-2 248
Personnel costs	-1 674	-1 137	-5 957	-3 597
Fixed and guaranteed rental charges	-52	-89	-159	79
Variable rental charges	-482	-314	-1 792	-780
Pre-opening costs	-9	-13	-131	-52
Items affecting comparability	-16	0	-16	7
EBITDA	1 366	1 075	5 829	2 699
Depreciation, amortization and impairment losses	-878	-757	-3 372	-3 139
TOTAL OPERATING COSTS	-4 740	-3 464	-16 776	-10 569
EBIT (Operating profit/loss)	488	319	2 457	-440
Financial items				
Financial income	9	4	22	10
Financial expenses	-447	-403	-1 830	-1 616
Net financial items	-438	-399	-1 808	-1 606
EBT (Profit/loss before taxes)	50	-80	649	-2 046
Taxes	-48	60	-221	367
PROFIT/LOSS FOR PERIOD	2	-20	428	-1 679
Profit/loss for period relating to:				
Parent Company shareholders	-9	-21	394	-1 681
Non-controlling interest	11	0	34	2
Profit/loss for period	2	-20	428	-1 679
Average number of outstanding shares before dilution	191 304 116	191 250 686	191 277 074	191 250 686
Average number of outstanding shares after dilution	191 304 116	191 250 686	232 768 903	191 250 686
Earnings per share before dilution, SEK	-0,05	-0,11	2,69	-8,79
Earnings per share after dilution, SEK	-0,05	-0,11	2,21	-8,79

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

Consolidated statement of comprehensive income

MSEK	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Profit/loss for period	2	-20	428	-1 679
Items that may be reclassified to the income statement	-202	102	421	264
Items that may not be reclassified to the income statement	27	-2	246	79
Other comprehensive income	-175	100	667	343
Total comprehensive income for period	-172	80	1 095	-1 336
Relating to:				
Parent Company shareholders	-161	81	1 130	-1 333
Non-controlling interest	-11	-1	-35	-3

Consolidated balance sheet, summary

MSEK	31 Dec 2022	31 Dec 2021
ASSETS		
Intangible assets	7 189	6 885
Buildings and land	36 725	31 252
Equipment, fixtures and fittings	4 406	4 497
Financial fixed assets	640	795
Total fixed assets	48 960	43 430
Current assets	1 287	1 041
Derivative instruments	384	68
Cash and cash equivalents	317	216
Total current assets	1 988	1 325
TOTAL ASSETS	50 948	44 755
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent Company	2 197	1 115
Non-controlling interest	77	40
Total equity	2 274	1 155
Liabilities to credit institutions	1 107	3 269
Convertible loan	1 484	1 333
Lease liabilities	38 062	32 302
Other long-term liabilities	1 308	1 084
Total long-term liabilities	41 961	37 988
Current liabilities for leases	2 268	1 947
Other current liabilities	4 445	3 665
Total current liabilities	6 713	5 612
TOTAL EQUITY AND LIABILITIES	50 948	44 755
Equity per share, SEK	11,5	5,8
Total number of shares outstanding, end of period	191 304 116	191 257 993
Working capital	-3 157	-2 624
Interest-bearing net liabilities (excl. convertible loan)	1 425	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	-	-	-	-1 681	-1 681	2	-1 679
Total other comprehensive income, net after tax	-	-	262	79	341	2	343
Total comprehensive income for the year	-	-	262	-1 602	-1 340	4	-1 336
Other adjustments	-	-	75	-	75	-	75
Total transactions with shareholders	-	346	-	-1	345	-	345
CLOSING BALANCE 12/31/2021	48	9 890	182	-9 005	1 115	40	1 155
CLOSING BALANCE 01/01/2022	48	9 890	182	-9 005	1 115	40	1 155
Profit/loss for the period	-	-	-	394	394	34	428
Total other comprehensive income, net after tax	-	-	418	246	664	3	667
Total comprehensive income for the year	-	-	418	640	1 058	37	1 095
Other adjustments	-	-	56	-	56	-	56
Total transactions with shareholders	-	2	-	-34	-32	-	-32
CLOSING BALANCE 12/31/2022	48	9 892	656	-8 399	2 197	77	2 274

Consolidated cash flow statement

	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
OPERATING ACTIVITIES				
EBIT (operating profit/loss)	488	319	2 457	-440
Depreciation, amortization and impairment losses	878	757	3 372	3 139
Items not included in cash flow	39	-3	28	-19
Paid tax	-3	-1	-39	-51
Change in working capital	569	649	614	1 072
Cash flow from operating activities	1 971	1 720	6 432	3 701
INVESTING ACTIVITIES				
Paid net investments	-82	-138	-635	-513
Cash flow from investing operations	-82	-138	-635	-513
FINANCING OPERATIONS				
Paid interest	-30	-98	-155	-266
Paid interest, leases	-383	-299	-1 464	-1 194
Convertible issue	-	-	-	1 577
Financing costs	-	-1	-	-65
Dividend, share swap agreement	-	-	-10	-3
Net borrowing/amortization	-699	-636	-2 067	-1 257
Amortization, leases	-532	-353	-1 976	-1 544
Issue of commercial papers	-	-	-	-201
Cash flow from financing operations	-1 644	-1 387	-5 672	-2 953
CASH FLOW FOR PERIOD	245	195	125	235
Cash and cash equivalents at beginning of period	76	28	216	14
Translation difference in cash and cash equivalents	-4	-7	-24	-33
Cash and cash equivalents at end of period	317	216	317	216

Parent Company income statement, summary

MSEK	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net sales	20	12	55	40
Expenses	-20	-31	-56	-58
EBIT (Operating profit/loss)	0	-19	-1	-18
Financial income	14	18	65	129
Financial expenses	-40	-37	-156	-216
Net financial items	-26	-19	-91	-87
Appropriations	17	-	17	-
EBT (profit/loss before tax)	-9	-38	-75	-105
Tax	-4	4	-4	4
PROFIT/LOSS FOR PERIOD	-13	-34	-79	-101

Statement of comprehensive income

MSEK	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Profit/loss for period	-13	-34	-79	-101
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	-13	-34	-79	-101

Parent Company balance sheet, summary

MSEK	31 Dec 2022	31 Dec 2021
ASSETS		
Investments in subsidiaries	8 415	8 415
Group company receivables	1 406	1 342
Other receivables	11	19
Total fixed assets	9 832	9 776
Group company receivables	35	5
Current receivables	15	0
Cash and cash equivalents	0	0
Total current assets	50	5
TOTAL ASSETS	9 882	9 781
EQUITY AND LIABILITIES		
Equity	8 239	8 350
Convertible loan	1 484	1 333
Other liabilities	30	15
Total long-term liabilities	1 514	1 348
Liabilities to Group companies	12	4
Other liabilities	86	42
Accrued expenses and prepaid income	31	37
Total current liabilities	129	83
TOTAL EQUITY AND LIABILITIES	9 882	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	-	-	-101	-101
Other comprehensive income	-	-	-	-
Total other comprehensive income	-	-	-101	-101
Total transactions with shareholders	-	346	-1	345
CLOSING BALANCE 12/31/2021	48	3 559	4 743	8 350
2022				
OPENING BALANCE 01/01/2022	48	3 559	4 743	8 350
Profit/loss for period	-	-	-79	-79
Other comprehensive income	-	-	-	-
Total other comprehensive income	-	-	-79	-79
Total transactions with shareholders	-	2	-34	-32
CLOSING BALANCE 12/31/2022	48	3 561	4 630	8 239

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 55 MSEK (40). The operating loss was -1 MSEK (-18).

Net financial items for the period totaled -91 MSEK (-87). The Parent Company's loss before taxes was -75 MSEK (-105).

Transactions between related parties

The Braganza AB group 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 on pages 1 to 30 constitutes 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 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 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 many customers in all segments. The segments are reviewed and analyzed based on adjusted EBITDA.

Segment disclosures

Oct-Dec	Sweden		Norway		Finland		Other Europe		Central functions		Group	
MSEK	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Room revenue	1 144	847	880	630	770	523	561	353	-	-	3 354	2 354
Restaurant and conference revenue	488	362	569	404	389	290	297	209	-	-	1 743	1 265
Franchise and management fees	2	0	3	3	-	-	2	5	-	-	7	8
Other hotel-related income	24	17	51	98	38	31	11	10	-	-	124	156
Net sales	1 658	1 225	1 503	1 136	1 196	844	871	577			5 228	3 783
Other income	-	-	-	-	-	-	-	-	-	-	-	-
Internal transactions	-	-	-	-	-	-	-	-	12	12	12	12
Group eliminations	-	-	-	-	-	-	-	-	-12	-12	-12	-12
Total income	1 658	1 225	1 503	1 136	1 196	844	871	577	-	-	5 228	3 783
Expenses	-1 437	-1 073	-1 309	-989	-1 072	-780	-816	-434	-118	-71	-4 752	-3 347
Adjusted EBITDA	221	152	194	147	124	65	55	143	-118	-71	476	436
Adjusted EBITDA margin, %	13,2	12,4	12,9	12,9	10,4	7,6	6,3	24,8	-	-	9,1	11,5
EBITDA	-	-	-	-	-	-	-	-	-	-	1 366	1 075
EBITDA margin, % and write-downs	-	-	-	-	-	-	-	-	-	-	26,1	28,4
EBIT (operating profit/loss)	-	-	-	-	-	-	-	-	-	-	488	319
Net financial items	-	-	-	-	-	-	-	-	-	-	-438	-399
EBT (profit/loss before tax)	-	-	-	-	-	-	-	-	-	-	50	-79

Jan-Dec	Sweden		Norway		Finland		Other Europe		Central functions		Group	
MSEK	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Room revenue	4 348	2 193	3 695	2 145	2 749	1 357	2 066	882	-	-	12 858	6 577
Restaurant and conference revenue	1 550	821	1 842	1 013	1 209	629	931	482	-	-	5 533	2 946
Franchise and management fees	10	7	15	9	-	-	8	8	-	-	33	25
Other hotel-related income	144	55	488	362	131	96	44	25	-	-	806	538
Net sales	6 053	3 077	6 039	3 530	4 089	2 082	3 049	1 397	-	-	19 230	10 086
Other income	3	44	-	-	-	-	-	-	-	-	3	44
Internal transactions	-	-	-	-	-	-	-	-	35	40	35	40
Group eliminations	-	-	-	-	-	-	-	-	-35	-40	-35	-40
Total income	6 056	3 121	6 039	3 530	4 089	2 082	3 049	1 397	-	-	19 233	10 130
Expenses	-5 180	-3 295	-4 869	-3 004	-3 706	-2 374	-2 607	-1 196	-335	-255	-16 698	-10 124
Adjusted EBITDA	876	-174	1 171	526	383	-292	442	202	-335	-255	2 536	6
Adjusted EBITDA margin, %	14,4	-5,7	19,4	14,9	9,4	-14,0	14,5	14,4	-	-	13,2	0,1
EBITDA	-	-	-	-	-	-	-	-	-	-	5 829	2 699
EBITDA margin, % and write-downs	-	-	-	-	-	-	-	-	-	-	30,3	26,6
EBIT (operating profit/loss)	-	-	-	-	-	-	-	-	-	-	2 457	-440
Net financial items	-	-	-	-	-	-	-	-	-	-	-1 808	-1 606
EBT (profit/loss before tax)	-	-	-	-	-	-	-	-	-	-	649	-2 046

Assets & investments by segment

31 Dec	Sweden		Norway		Finland		Other Europe		Central functions		Group	
MSEK	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Fixed assets	11 528	10 524	8 220	8 591	18 477	16 300	8 555	5 765	2 180	2 248	48 960	43 430
Investments in fixed assets	192	216	130	53	142	106	117	175	14	12	595	562

Net sales by country

MSEK	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Sweden	1 658	1 225	6 053	3 077
Norway	1 503	1 136	6 039	3 530
Finland	1 196	844	4 089	2 082
Denmark	656	460	2 357	1 113
Germany	194	105	624	246
Poland	21	12	68	38
Total countries	5 228	3 783	19 230	10 086
Other	12	12	35	40
Group eliminations	-12	-12	-35	-40
Group	5 228	3 783	19 230	10 086

Net sales by type of agreement

MSEK	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Lease agreements	5 186	3 768	19 084	10 037
Management agreements	3	4	12	11
Franchise and partner agreements	5	3	22	12
Owned	35	7	111	26
Total	5 228	3 783	19 230	10 086
Other	12	12	35	40
Group eliminations	-12	-12	-35	-40
Group	5 228	3 783	19 230	10 086

Summary of reported EBITDA & adjusted EBITDA

	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
EBITDA	1 366	1 075	5 829	2 699
Effect of leases, fixed and guaranteed rental charges	-915	-652	-3 440	-2 739
Pre-opening costs	9	13	131	52
Items affecting comparability	16	0	16	-7
Adjusted EBITDA	476	436	2 536	6

Total rental charges

	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Total rental charges				
Fixed and guaranteed rental charges according to income statement*	-52	-89	-159	79
Fixed and guaranteed rental charges, reversed effect IFRS 16	-915	-652	-3 440	-2 739
Total fixed and guaranteed rental charges	-967	-741	-3 599	-2 659
Variable rental charges	-482	-314	-1 792	-780
Total rental charges	-1 448	-1 055	-5 391	-3 440
*Of which received state aid and negotiated discounts	15	141	231	778
Fixed and guaranteed rental charges	18,5%	19,6%	18,7%	26,4%
Variable rental charges	9,2%	8,3%	9,3%	7,7%
Total rental charges	27,7%	27,9%	28,0%	34,1%

Financial items

	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Financial items, income statement				
Interest expenses, credit institutions	-3	-44	-127	-211
Interest expenses, convertible bond	-40	-36	-153	-101
Other interest expenses, net	-3	-5	-27	-43
Exchange rate gains/losses, net	-4	1	-1	2
Other items	-15	-16	-37	-58
Total, excluding IFRS 16	-55	-100	-344	-412
Interest expenses, IFRS 16	-383	-299	-1 464	-1 194
Total	-438	-399	-1 808	-1 606
Paid financial items, cash flow				
Paid interest	-29	-98	-170	-264
Other items	-1	-1	5	-70
Total	-30	-99	-165	-334

Quarterly data

MSEK	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Net sales	5 228	5 994	5 276	2 733	3 783	3 734
EBIT (operating profit/loss)	488	1 232	1 016	-279	319	649
EBIT-marginal, %	9,3	20,6	19,3	-10,2	8,4	17,4
Profit/loss for the period	2	633	432	-639	-20	173
Earnings per share, SEK	-0,05	2,80	1,93	-3,35	-0,11	0,85
Adjusted EBITDA	476	1 213	1 083	-237	436	709
Adjusted EBITDA margin, %	9,1	20,2	20,5	-8,7	11,5	19,0
Profit/loss for the period, excl. effect IFRS 16	124	732	551	-520	123	303
Earnings per share, SEK, excl. effect IFRS 16	0,49	3,23	2,44	-2,74	0,65	1,41
Net debt/adjusted EBITDA, LTM	0,6	1,0	1,7	neg	508,9	neg
RevPAR (Revenue per available room), SEK	695	875	749	395	510	540
ARR (Average room revenue), SEK	1 219	1 242	1 185	1 011	999	980
OCC (Occupancy), %	57,0	70,5	63,2	39,1	51,1	55,1

Quarterly data per segment

	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Net sales						
Sweden	1 658	1 882	1 685	827	1 225	1 072
Norway	1 503	1 876	1 699	961	1 136	1 432
Finland	1 196	1 257	1 074	562	844	716
Other Europe	871	979	817	383	577	515
Total net sales	5 228	5 994	5 276	2 733	3 783	3 734
Adjusted EBITDA						
Sweden	221	401	333	-80	152	142
Norway	194	425	417	135	147	426
Finland	124	233	186	-160	65	29
Other Europe	55	236	215	-64	143	164
Central functions	-117	-82	-68	-68	-71	-53
Total adj. EBITDA	476	1 213	1 083	-237	436	709
<i>Adjusted EBITDA margin, %</i>	<i>9,1%</i>	<i>20,2%</i>	<i>20,5%</i>	<i>-8,7%</i>	<i>11,5%</i>	<i>19,0%</i>

Exchange rates

	Jan-Dec 2022	Jan-dec 2021
SEK/EUR		
Income statement (average)	10,6317	10,1449
Balance sheet (at end of period)	11,1283	10,2269
SEK/NOK		
Income statement (average)	1,0523	0,9980
Balance sheet (at end of period)	1,0572	1,0254
SEK/DKK		
Income statement (average)	1,4290	1,3641
Balance sheet (at end of period)	1,4965	1,3753

Alternative performance measures

	31 Dec 2022	31 Dec 2021
Interest-bearing net liabilities		
Liabilities to credit institutions	1 107	3 269
Other interest-bearing liabilities	635	0
Cash and cash equivalents	-317	-216
Interest-bearing net liabilities	1 425	3 053
Working capital		
Current assets, excl. cash and bank balances	1 287	1 041
Current liabilities	-4 445	-3 665
Working capital	-3 157	-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 may 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 that runs 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 753,755 shares, including dividend compensation, for the LTIP 2022, which corresponds to approximately 0.4 percent of Scandic's share capital and votes as at December 31, 2022.

The cost of the program is expected to be 18 MSEK, including social security contributions, and for the fourth quarter 2022, the costs included in the income statement for the Group in accordance with IFRS 2 amounted to 1.5 MSEK including social security contributions. The maximum cost of the program, including social security contributions, is estimated to be 38 MSEK.

For more information, visit [scandichotelsgroup.com](https://www.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 Board of Directors and the CEO affirm that this year-end 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, February 16, 2023

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

Jens Mathiesen
President & CEO

Marianne Sundelius
Employee representative

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 & 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 rental costs, depreciation and amortization, financial items and taxes.

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, commercial papers and other interest-bearing liabilities, excluding the convertible loan, 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 and 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 2022, the Group had annual sales of 19.2 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.

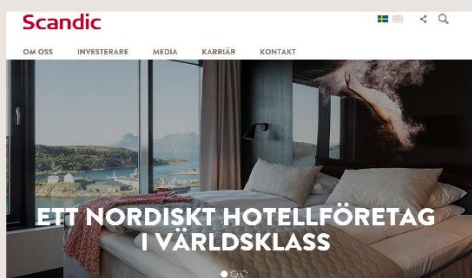
Since it was founded in 1963, Scandic has been a pioneer and driven development in the hotel industry.

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

Press releases (selection)

- 2022-11-09** Thérèse Cedercreutz new Chief Commercial Officer at Scandic Hotels
- 2022-10-14** Scandic München Macherei opens in Munich
- 2022-09-15** Scandic to open new hotel in Ski outside of Oslo
- 2022-09-01** Scandic opens large new hotel in historic printing house in Helsinki
- 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

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