

A woman with dark curly hair is lying on her stomach in a bed with white linens. She is wearing a black long-sleeved top and is reading an open book. Her left hand is resting on her head, and her right leg is raised in the air. A pair of glasses is resting on the book. To her left, a laptop is open. In front of her is a tray of food including cheese, fruit, and crackers. The background shows a dark headboard and a lamp.

INTERIM REPORT

JANUARY-MARCH 2023

STRONG FIRST QUARTER

JANUARY 1 – MARCH 31, 2023

- Net sales rose by 65.6 percent to 4,526 million SEK (2,733).
- Average occupancy rate increased to 53.5 percent (39.1).
- Average revenue per available room (RevPAR) went up to 626 SEK (395).
- Operating profit amounted to 199 million SEK (-279).
- Adjusted EBITDA¹⁾ was 170 million SEK (-237).
- Earnings per share totaled -1.63 SEK (-3.35). Excluding IFRS 16, earnings per share equaled -0.88 SEK (-2.73).
- Free cash flow was -356 million SEK (-997).
- Interest-bearing net debt/adjusted EBITDA amounted to 1.2x including convertible loan.
- On February 15, 2023, Scandic signed an agreement for external financing with total credit facilities of 3,450 million SEK until December 31, 2025. In connection with the extension, interest terms and covenants were also adjusted.
- Scandic opened one hotel, the 505-room Scandic Frankfurt Hafenpark in Germany.

EVENTS AFTER THE REPORTING DATE

- There were no significant events after the reporting date.

KEY RATIOS

Million SEK	Jan-Mar 2023	Jan-Mar 2022	Δ%	Jan-Dec 2022	Apr-Mar 22/23
Financial key ratios, reported					
Net sales	4,526	2,733	65.6%	19,230	21,022
Operating profit/loss	199	-279		2,457	2,934
Net profit/loss for the period	-302	-639		428	764
Earnings per share, SEK	-1.63	-3.35		2.21	3.82
Alternative performance measures					
Adjusted EBITDA	170	-237		2,536	2,943
Adjusted EBITDA, % margin	3.8	-8.7		13.2	14.0
Net profit/loss for the period excl. IFRS 16	-159	-520		866	1,227
Earnings per share, SEK, excl. IFRS 16	-0.88	-2.73		4.10	5.81
Net debt	3,389	5,407		2,909	-
Net debt /adjusted EBITDA, LTM	1.2	10.0		1.1	-
Hotel-related key ratios					
RevPAR (revenue per available room), SEK	626	395	58.0%	683	737
ARR (average room rate), SEK	1,169	1,011	15.6%	1,183	1,206
OCC (occupancy), %	53.5	39.1		57.7	61.1
Total number of rooms on reporting date	56,059	54,002	3.8%	55,831	56,059

1) Earnings before pre-opening costs, items affecting comparability, interest, taxes, depreciation and amortization, adjusted for the effects of IFRS 16. For more definitions, see page 33.

"AFTER A GREAT FIRST QUARTER AND WITH STRENGTHENED FINANCES, WE'RE PICKING UP THE PACE AT SCANDIC."

We started the new year with many questions about how Scandic would be impacted by the uncertainty in the world around us. After the first quarter, we can say that guests are choosing to stay at our hotels at positive price levels, and we have delivered a strong first quarter. Momentum is very high in the company. I'm satisfied by how we've met market demand commercially and how we're achieving these results with a strong focus on pricing and operational efficiency.

With the record number of hotels opened with urban locations in big cities last year, we're well positioned with our strong offering. In March, we opened our sixth hotel in the German market, Scandic Frankfurt Hafenpark, with a focus on developing meetings and events in the city. At the end of the first quarter, Scandic had 56,000 hotel rooms in operation, an increase of just over 2,000 rooms or close to 4 percent compared with the corresponding quarter last year, in a market where supply also grew. The number of rooms sold increased, although this greater supply had a negative impact on occupancy. In all our markets, demand was good from corporate customers and leisure travelers alike. Demand for meetings was also historically high for a first quarter. Domestic travel in our markets continued to be strong while travel between the Nordic countries and Europe remained at high levels. Intercontinental travel continued to recover mainly driven by travelers from the US and China. By all accounts, 2023 seems set to be a solid year for the travel industry, which is extremely gratifying.

Compared with the first quarter 2022, Scandic's net sales grew 66 percent to 4,526 million SEK and our adjusted operating profit was 170 million SEK, which is 407 million SEK higher than in 2022 and slightly higher than in 2019.

The average occupancy rate was 53.5 percent compared with 39.1 and 58.9 percent for the corresponding periods in 2022 and 2019 respectively. Average room prices increased to 1,169 SEK compared with 1,011 SEK and 1,018 SEK respectively for the same periods in 2022 and 2019. Consequently, RevPAR for the first quarter was 626 SEK compared with 395 SEK in 2022 and 599 SEK in 2019.

Cash flow was stronger than expected during the quarter with positive development in underlying working capital excluding the repayment of rental debts. Including the convertible loan, Scandic's net debt was still significantly lower than at the end of the first quarter 2019.

After a great first quarter and with strengthened finances, we're picking up the pace at Scandic.

Leisure travel is driving development in the economy segment, which is the fastest-growing segment in the hotel industry. And it is in this area that we're now strengthening our offering by launching Scandic Go. We aim to play a leading role in the economy segment in our markets. There is great potential to develop Scandic Go since the economy segment represents only about 5 percent of the hotel market in the Nordic countries compared with approximately 15 percent in the rest of Europe. Our first Scandic Go hotel will open in the beginning of September on Upplandsgatan in Stockholm.

In addition to being a strategic investment, Scandic Go shows our clear objective to boost Scandic's growth rate and add more lease agreements to our pipeline.

Based on current bookings, we expect good demand in hotel stays this spring and summer in line with bookings during the same period last year, and this applies to business and leisure travelers alike. For the second quarter, we anticipate occupancy rates aligned with the corresponding period last year – at higher average room rates. We also expect a good quarter for meetings and continued high efficiency in our operations.



JENS MATHIESEN
President & CEO

NORDIC HOTEL MARKET

Historically, demand in the Nordic hotel market has grown steadily. Between 2009 and 2019, the number of sold rooms increased on average by 4 percent per year driven by growth in leisure travel and a greater number of international visitors.

STABLE OCCUPANCY RATES

Demand in the Nordic hotel market continued to be good considering that the first quarter is seasonally weak. The start of the corresponding quarter last year was impacted negatively by continued pandemic restrictions due to the spread of the Omicron variant of the coronavirus.

In January, the average occupancy rate in the Nordic markets was between 46 and 49 percent. In February, occupancy was between 53 and 55 percent while in March, it ranged from 55 to 61 percent. During January and March, occupancy was highest in Denmark, while in February, Sweden had the highest occupancy. Demand was lowest in Norway in January, in Denmark in February and in Finland in March. For the quarter as a whole, the average occupancy rate was between 52 and 54 percent in the Nordic countries, with the lowest occupancy in Finland and the highest in Denmark. In comparison, during the first quarter 2022, occupancy was between 36 and 43 percent.

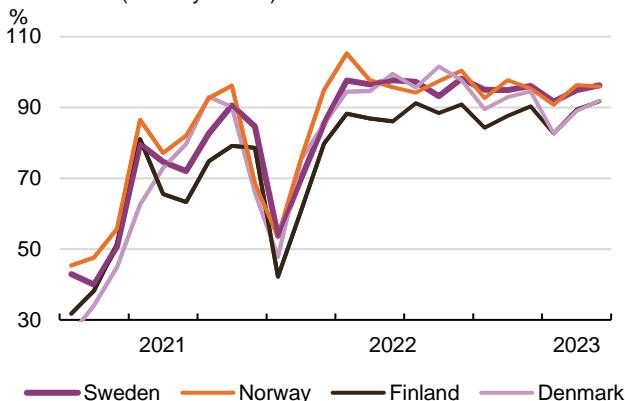
INCREASING PRICE LEVELS

Compared with the first quarter 2022, average room rates went up between 9 and 16 percent in the Nordic countries. The greatest increase was in Norway, where room rates rose 16 percent followed by Sweden, where rates were 13 percent higher. In Denmark and Finland, room rates rose 11 and 9 percent respectively.

Compared with the first quarter 2019, average room rates went up between 8 and 28 percent. The greatest increase was in Norway, where room rates rose 28 percent followed by Sweden, where rates were 11 percent higher. In Finland and Denmark, room rates grew 10 and 8 percent respectively.

MARKET OCCUPANCY

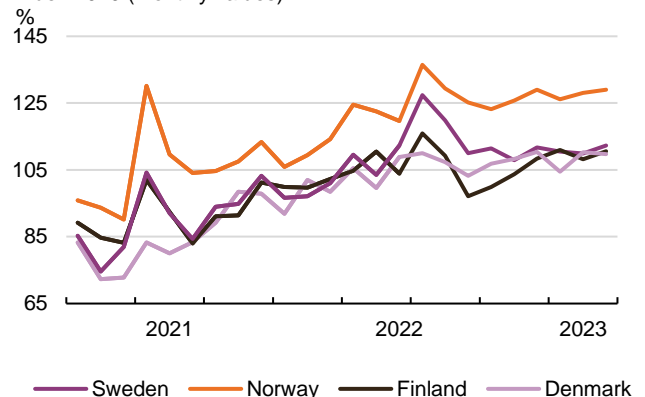
Index 2019 (monthly values)



Source: Benchmark Alliance.

MARKET PRICE DEVELOPMENT

Index 2019 (monthly values)



Source: Benchmark Alliance.

OPERATING MODEL & HOTEL PORTFOLIO

SCANDIC'S OPERATING MODEL

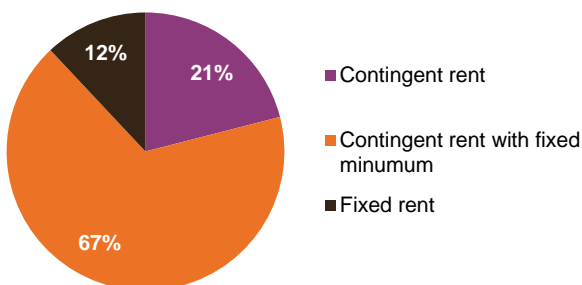
Scandic operates according to a model with long-term lease agreements with full responsibility for the brand, hotel operations and distribution. This is the dominant model in the Nordic markets and in Germany. In many other countries, the franchise model where the hotel company controls only the brand while operations are run by a specialized management company, or the property owner is more common. And some hotel companies have a fully integrated model where the property owner is also responsible for operations as well as the offering and brand.

The leasing model helps Scandic ensure that its hotel offering is in line with what it markets while it can benefit from economies of scale in operations and distribution. Additionally, the team members who meet Scandic's guests are employed by Scandic.

HOTEL PORTFOLIO

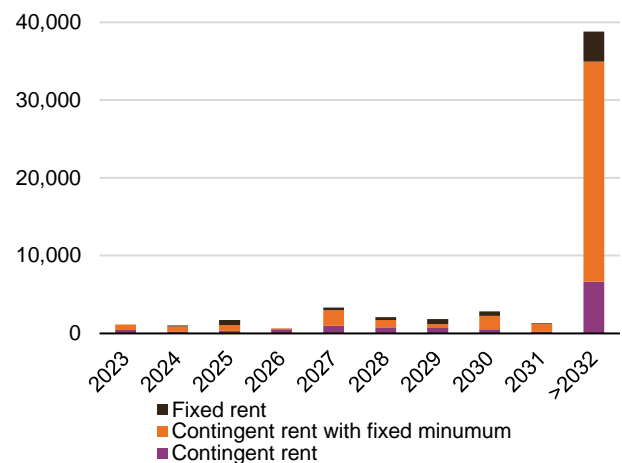
Scandic operates hotels with long-term leases that are usually variable based on hotel revenues. This creates a shared interest for both parties since increasing sales means higher rents and greater property value for landlords. Variable rents ensure a relatively flexible cost structure, which helps stabilize margins. Scandic aims to increase the share of variable lease agreements and achieve more balanced conditions over time. Responsibility for investments is clearly regulated in Scandic's lease agreements. In general, Scandic is responsible for finishes, furniture, fixtures and equipment while the property owner is responsible for the building as well as technical installations and bathrooms.

SHARE OF LEASE AGREEMENTS



REMAINING LEASE TERMS

NUMBER OF ROOMS



At the end of the period, Scandic had 56,059 hotel rooms in operation at 270 hotels, of which 249 had lease agreements. During the quarter, the number of rooms in operation rose by 228 when Scandic Frankfurt Hafenpark was opened. At the same time, Scandic Kajanus and Scandic Bygholm Park were exited.

	Jan-Mar 2023
Portfolio changes	
Opening balance	
Lease agreements	52,992
Franchise, management & other	2,839
Total	55,831
Total change lease agreements	228
Change in other operating models	-
Total change	228
Closing balance	
Lease agreements	53,220
Franchise, management & other	2,839
Total	56,059



NUMBER OF HOTELS & ROOMS IN OPERATION

	In operation as of 31 Mar, 2023			
	Hotels	agreements	Rooms	agreements
Sweden	87	81	18,390	17,598
Norway	84	70	16,341	14,504
Finland	61	61	12,835	12,835
Denmark	30	29	6,036	5,826
Other Europe	8	8	2,457	2,457
Total	270	249	56,059	53,220
<i>Change during the quarter</i>	<i>-1</i>	<i>-1</i>	<i>228</i>	<i>228</i>

SCANDIC'S PIPELINE

Scandic is always evaluating investments in new and existing hotels and determining which hotels, if any, should be exited to optimize returns, capital efficiency and guest satisfaction. Developing and managing the hotel portfolio is central for Scandic to grow in and outside of the Nordic region. Scandic's pipeline includes only hotels with signed lease agreements.

At the end of the quarter, Scandic had 5 new planned hotels with 1,524 rooms and 5 hotels with planned exits with 731

rooms, corresponding to approximately 1.4 percent of the current hotel portfolio. The pipeline decreased compared with the previous quarter when Scandic Frankfurt Hafenpark opened and Scandic announced plans to exit Scandic Foresta, Scandic Skogshöjd, Scandic Grimstad and Scandic Vejle. Investments in the pipeline are expected to total approximately 343 million SEK. To date, investments of 25 million SEK have been made.

NUMBER OF HOTELS IN OPERATION & PIPELINE

	In pipeline as of 31 Mar, 2023					
	New hotels	Planned exits	Total	New rooms	Planned exits	Total
Sweden	2	-2	-	657	-328	329
Norway	2	-2	-	525	-274	251
Finland			-			-
Denmark	1	-1	-	342	-129	213
Other Europe			-			-
Total	5	-5	-	1,524	-731	793
<i>Change during the quarter</i>	<i>-1</i>	<i>-2</i>	<i>-3</i>	<i>-549</i>	<i>-232</i>	<i>-781</i>

GROUP DEVELOPMENT

IFRS 16 Leases has a significant impact on Scandic's income statement and balance sheet, as Scandic has a business model with long-term lease agreements. To help all investors gain a good understanding of the company's position, Scandic has chosen to present financial key ratios both including and excluding the effects of IFRS 16.

Scandic's financial targets for profitability, capital structure and dividends exclude the effect of IFRS 16. The results for each segment (i.e. country or group of countries) are presented excluding the effects of IFRS 16 in accordance with the way Scandic's Executive Committee and Board of Directors follow up on the company's results. For more information on IFRS 16 and its effects on Scandic's financial reporting, see pages 28-31.

JANUARY – MARCH 2023

Net sales rose by 65.6 percent to 4,526 million SEK (2,733). Exchange rate effects impacted net sales positively by 69 million SEK or 2.5 percent. The number of available rooms increased by 3.8 percent compared with the previous year as a result of the 10 new hotels that opened during 2022.

Organic growth excluding exchange rate effects and acquisitions was 63.1 percent, and sales for comparable units grew by 54.3 percent.

Average revenue per available room (RevPAR) rose by 58.5 percent to 626 SEK compared with 395 SEK during the previous year. RevPAR improved in all markets compared with the corresponding period in 2022. The average room rate continued to rise and amounted to SEK 1,169, an increase of 15.6 percent compared with the first quarter 2022.

Revenue from restaurant and conference operations grew by 75.2 percent due to the high demand for meetings and conferences in all markets. The share of net sales amounted to 31.8 percent (30.0). The first quarter of 2022 was negatively affected by continued pandemic restrictions during parts of the period.

REPORTED RESULTS

The operating profit was 199 million SEK (-279) including pre-opening costs for new hotels of -14 million SEK (-27). Items affecting comparability amounted to -3 million SEK (0) related to costs associated with organizational changes. Depreciation and amortization totaled -938 million SEK (-820). This increase was impacted by additional depreciation and amortization of 120 million SEK due to IFRS 16.

The Group's net financial expense amounted to -522 million SEK (-453).

The loss before tax was -323 million SEK (-732) and reported tax amounted to 21 million SEK (93). The net loss totaled -302 million SEK (-639).

Costs for central functions increased and amounted to -104 million SEK (-68), partly due to higher marketing costs and measures to strengthen the organization within IT and marketing.

Earnings per share after dilution totaled -1.63 SEK per share (-3.35). The calculation of earnings per share does not include any dilutive effect, as the profit for the period attributable to the Parent Company's shareholders was negative.

EXCLUDING EFFECTS OF IFRS 16

Rental costs rose to 1,371 million SEK (994). Rental costs relative to net sales fell as a result of higher sales and amounted to 30.3 percent (36.4). During the quarter, negotiated rent concessions of approximately 12 million SEK (35) were received, reducing fixed and guaranteed rents. Depreciation and amortization amounted to -208 million SEK (-210).

Adjusted EBITDA totaled 170 million SEK (-237), driven by higher net sales and efficient cost control, and all markets reported positive adjusted EBITDA during the quarter. The new hotels that opened in 2022 and are being ramped up are developing well and contributing positively to the Group's results.

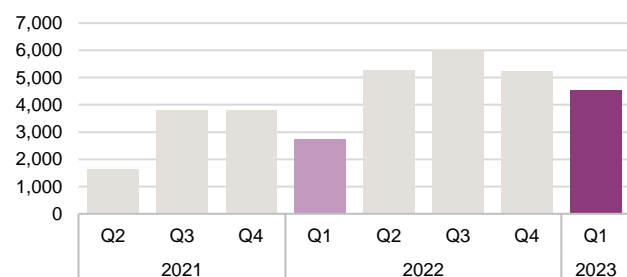
Adjusted EBITDA does not include any direct state aid for fixed costs (63). During the quarter, Scandic received compensation for operations related to housing for refugees

that was not used, impacting adjusted EBITDA by approximately 18 million SEK (30). In addition, compensation of 23 million SEK was received in connection with the opening of new hotels. Excluding direct state aid and non-recurring items, the adjusted EBITDA margin was 2.9 percent (-12.5).

The Group's net financial expense amounted to -91 million SEK (-109). Interest expenses totaled -75 million SEK (-97); these expenses were impacted negatively by lower indebtedness. The loss before tax was -145 million SEK (-583) and the net loss was -159 million SEK (-520). Earnings per share after dilution totaled -0.88 SEK per share (-2.73).

NET SALES

Million SEK

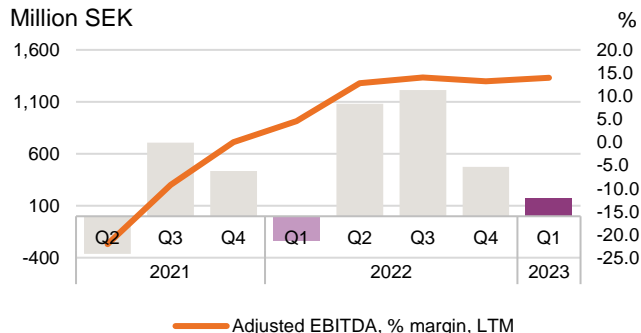


SEASONAL VARIATIONS

Scandic operates in a sector affected by seasonal variations. The first quarter and other periods with low levels of business travel such as the summer months, Easter and Christmas/New Year's are generally the weakest periods. Easter falls either during the first or second quarter, which should be taken into consideration when making comparisons between years. During 2023, as well as during 2022 and 2019, the Easter holiday fell during the second quarter.

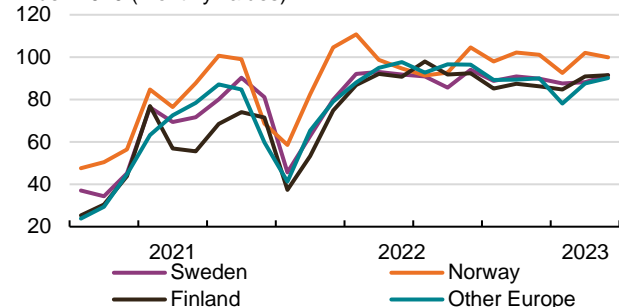
ADJUSTED EBITDA

Million SEK



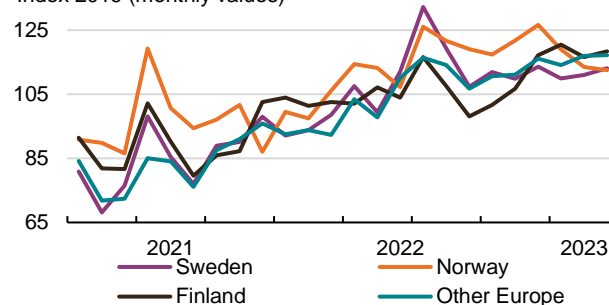
OCCUPANCY, SCANDIC

Index 2019 (monthly values)



AVERAGE ROOM RATES, SCANDIC

Index 2019 (monthly values)



NET SALES, OPERATING PROFIT & ADJUSTED EBITDA

	Jan-Mar 2023	Jan-Mar 2022	Δ%
Net sales (Million SEK)	4,526	2,733	65.6%
Currency effects	69		2.5%
Organic growth	1,723		63.1%
<i>New hotels</i>	277		10.2%
<i>Exits</i>	-52		-2.8%
<i>LFL</i>	1,498		55.7%
Operating profit/loss	199	-279	
margin, %	4.4%	-10.2%	
Adjusted EBITDA	170	-237	
margin, %	3.8%	-8.7%	
RevPAR (SEK)	626	395	58.5%
Currency effects	10		2.4%
New hotels/exits	-0		-0.1%
LFL	222		56.1%
ARR (SEK)	1,169	1,011	15.6%
OCC %	53.5%	39.1%	

Quarter Jan-Mar	Net sales		Adjusted EBITDA		Adjusted EBITDA margin, %	
Million SEK	2023	2022	2023	2022	2023	2022
Sweden	1,388	827	95	-80	6.8%	-9.7%
Norway	1,313	961	152	135	11.5%	14.0%
Finland	1,053	562	19	-160	1.8%	-28.5%
Other Europe	771	383	8	-64	1.0%	-16.7%
Central costs and Group adjustments	-	-	-104	-68	-	-
Total Group	4,526	2,733	170	-237	3.8%	-8.7%



CASH FLOW & FINANCIAL POSITION

CASH FLOW

The operating cash flow analysis below is based on adjusted EBITDA and excludes the effects of IFRS 16. The table shows how interest-bearing net debt changed during the respective period. Cash flow excluding IFRS 16 for the period January–March improved and totaled -265 million SEK (-794) due to higher net sales and improved profits.

The cash flow contribution from the change in working capital amounted to -370 million SEK (-441). Working capital was negatively impacted by the previously communicated repayment of variable rent debts for 2022 of SEK 450 million. A further approximately 270 million SEK in rent debts is expected to be paid in 2023, mainly during the second quarter. Excluding the effect of repaying rent debts, the development of working capital was positive, driven by increased operating liabilities.

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

Net investments paid amounted to -91 million SEK (-203). Of these, -67 million SEK (-54) relates to ongoing hotel renovations at a number of hotels in Stockholm, Norrköping, Borlänge and Oslo, among others, and -8 million SEK (-4) to IT. Investments in new hotels and increased room capacity amounted to -17 million SEK (-145) and mainly relate to the completion of Scandic Frankfurt Hafenpark in Germany.

In total, the free cash flow improved and amounted to -356 million SEK (-997).

OPERATING CASH FLOW

Million SEK	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022	Apr-Mar 22/23
Adjusted EBITDA	170	-237	2,536	2,943
Pre-opening costs	-14	-27	-131	-118
Items affecting comparability	-3	-0	-16	-19
Adjustments for non-cash items	15	-	28	43
Paid tax	-50	-34	-39	-55
Change in working capital	-370	-441	614	684
Interest paid	-14	-55	-155	-114
Cash flow from operations	-265	-794	2,837	3,364
Paid investments in hotel renovations	-67	-54	-277	-290
Paid investments in IT	-8	-4	-14	-18
Free cash flow before investments in expansions	-339	-852	2,546	3,057
Paid investments in new capacity	-17	-145	-344	-216
Free cash flow	-356	-997	2,202	2,841
Convertible issue	-	-	-	-
Accrued interest, convertible loan	-40	-36	-153	-157
Change in other interest bearing liability	-	-	-493	-493
Other items in financing activities	-75	30	3	-102
Financing costs	8	-4	-12	0
Exchange difference in net debt	-16	-14	-73	-75
Change in net debt	-480	-1,021	1,474	2,015

FINANCIAL POSITION

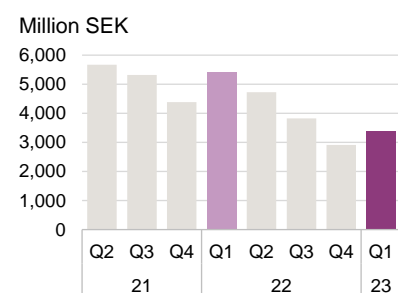
The balance sheet total on March 31, 2023, was 55,139 million SEK compared with 50,948 million SEK on December 31, 2022. The greatest change relates to an increase in lease debts and right of use assets according to IFRS 16, mainly attributable to index calculations in lease agreements and new contracts. Excluding IFRS 16, the balance sheet total amounted to 14,680 million SEK.

On March 31, 2023, interest-bearing net liabilities totaled 3,389 million SEK, an increase of 480 million SEK compared with December 31, 2022. Debts to credit institutions totaled 1,270 million SEK, other interest-bearing liabilities totaled 880 million SEK and cash and cash equivalents totaled 285 million SEK. The convertible loan was 1,524 million SEK at the end of the period. Interest-bearing net debt in relation to adjusted EBITDA for the past 12 months amounted to 1.2x (0.6x excluding the convertible loan) in line with indebtedness at the end of 2022 (1.1) and less than at year-end 2019 (1.7).

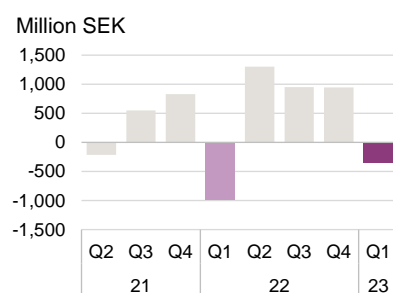
Total available credit facilities amounted to 3,250 million SEK at the end of the period. On February 15, 2023, Scandic signed an agreement for external financing with total credit facilities of 3,450 million SEK until December 31, 2025. In connection with the extension, among other things, interest 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 is due on October 8, 2024. Total available liquidity at the end of 2022 amounted to approximately 2,160 million SEK.

Other interest-bearing liabilities of 880 million SEK include debt relating to deferred VAT payments and social security contributions in Sweden. The debt increased by 245 million SEK during the quarter as new deferrals were granted. Repayments are expected to be made until April 2027.

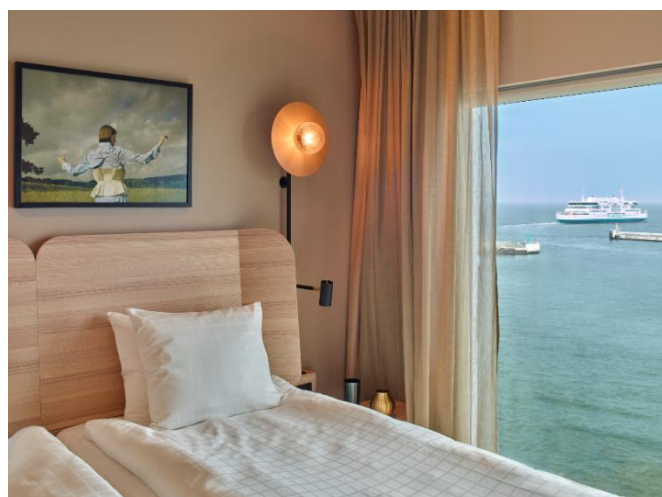
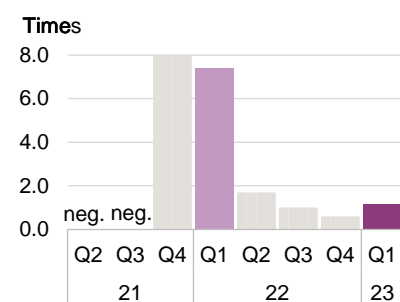
INTEREST-BEARING NET LIABILITIES



FREE CASH FLOW



INTEREST-BEARING NET LIABILITIES/ADJUSTED EBITDA



SWEDEN

Scandic is one of Sweden's most well-known brands. The company has a market-leading position, operating 87 hotels and more than 18,000 hotel rooms in the country.

JANUARY – MARCH

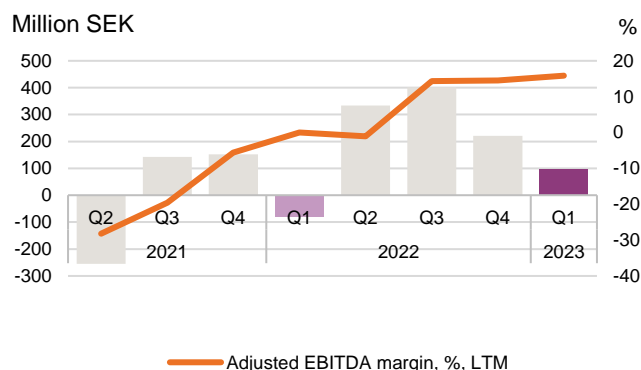
Net sales rose by 67.9 percent to 1,388 million SEK (827). For comparable units, net sales increased by 60.4 percent.

Changes in the hotel portfolio contributed 62 million SEK net. Scandic Kiruna and Scandic Göteborg Central had the greatest positive impact. Exits 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 62.3 percent to 616 SEK compared with the corresponding quarter in the previous year.

Adjusted EBITDA improved, totaling 95 million SEK (-80). No direct state aid was received during the period (10). Rental costs increased by 141 million SEK to 420 million SEK as a

ADJUSTED EBITDA



result of greater turnover and consequently, higher variable rents.

	Jan-Mar 2023	Jan-Mar 2022	Δ%
Net sales (Million SEK)	1,388	827	67.9%
Organic growth	561	-	67.9%
New hotels	95	-	11.4%
Exits	-33	-	-3.9%
LFL	499	-	60.4%
Adjusted EBITDA	95	-80	
margin, %	6.8%	-9.7%	
RevPAR (SEK)	616	379	62.3%
New hotels/exits	4	-	1.0%
LFL	233	-	61.3%
ARR (SEK)	1,120	964	16.2%
OCC %	55.0%	39.4%	

NORWAY

**With a nationwide network of 84 hotels offering more than 16,000 rooms,
Scandic is Norway's second largest hotel company.**

JANUARY – MARCH

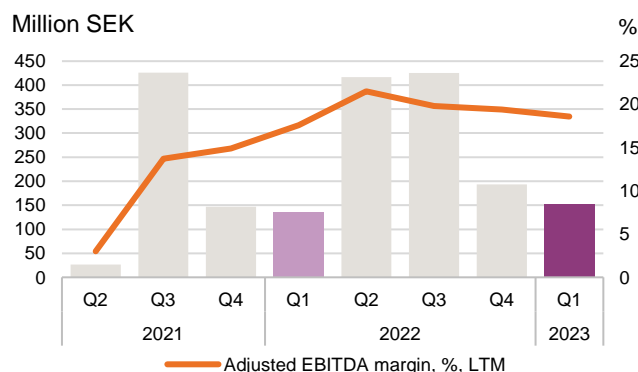
Net sales rose by 36.6 percent to 1,313 million SEK (961).
Net sales for comparable units grew by 34.6 percent.

Changes in the hotel portfolio contributed 66 million SEK net.
The most significant positive impact was from Scandic Holmenkollen Park, which reopened in June 2022 following an extensive renovation.

Average revenue per available room (RevPAR) grew by 31.9 percent to 635 SEK compared with the corresponding quarter in the previous year.

Adjusted EBITDA improved, totaling 152 million SEK (135).
No direct state aid was received during the period (8).
Approximately 18 million SEK of adjusted EBITDA (31) is estimated to be attributable to unused hotel rooms that were intended to be used as housing for refugees. Rental costs

ADJUSTED EBITDA



increased by 83 million SEK to 362 million SEK as a result of greater turnover and consequently, higher variable rents.

	Jan-Mar 2023	Jan-Mar 2022	Δ%
Net sales (Million SEK)	1,313	961	36.6%
Currency effects	-47	-	-4.8%
Organic growth	398	-	41.4%
<i>New hotels</i>	53	-	5.5%
<i>Exits</i>	0	-	-
LFL	345	-	35.9%
Adjusted EBITDA	152	135	
margin, %	11.5%	14.0%	
RevPAR (SEK)	635	482	31.9%
Currency effects	-23	-	-4.7%
New hotels/exits	0	-	0.1%
LFL	176	-	36.6%
ARR (SEK)	1,197	1,070	11.9%
OCC %	53.1%	45.0%	

FINLAND

Scandic is the largest hotel chain in Finland with 61 hotels in operation and close to 13,000 rooms. Scandic also operates Finnish hotels under the Hilton, Crowne Plaza and Holiday Inn brands.

JANUARY – MARCH

Net sales rose by 87.3 percent to 1,053 million SEK (562), and net sales for comparable units grew by 72.6 percent. Occupancy increased gradually during the quarter, driven by higher demand in Helsinki.

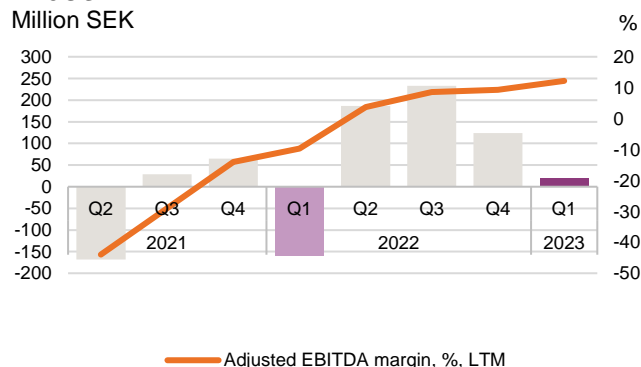
Changes in the hotel portfolio contributed 16 million SEK net, with the positive effect mainly attributable to Scandic Helsinki Hub. Scandic Kajanus, which was exited during the period, had the greatest negative impact. Average revenue per available room (RevPAR) grew by 83.9 percent to 600 SEK compared with the corresponding quarter in 2022.

Adjusted EBITDA improved, totaling 19 million SEK (-160). No direct state aid was received during the period (5).

Rental costs increased by 39 million SEK to 361 million SEK as a result of greater turnover and consequently, higher variable rents.

ADJUSTED EBITDA

Million SEK



	Jan-Mar 2023	Jan-Mar 2022	Δ%
Net sales (Million SEK)	1,053	562	87.3%
Currency effects	67	-	11.9%
Organic growth	424	-	75.4%
<i>New hotels</i>	25	-	4.4%
<i>Exits</i>	-9	-	-1.5%
LFL	408	-	72.6%
Adjusted EBITDA	19	-160	
margin, %	1.8%	-28.5%	
RevPAR (SEK)	600	327	83.9%
Currency effects	38	-	11.7%
New hotels/exits	1	-	0.4%
LFL	234	-	71.8%
ARR (SEK)	1,180	1,026	15.1%
OCC %	50.9%	31.8%	

OTHER EUROPE

The Other Europe segment includes Scandic's hotel operations in Denmark, Germany and Poland. In Denmark, Scandic has a market-leading position with 30 hotels and more than 6,000 hotel rooms. Outside of the Nordic region, the company operates eight hotels with close to 2,500 hotel rooms.

JANUARY – MARCH

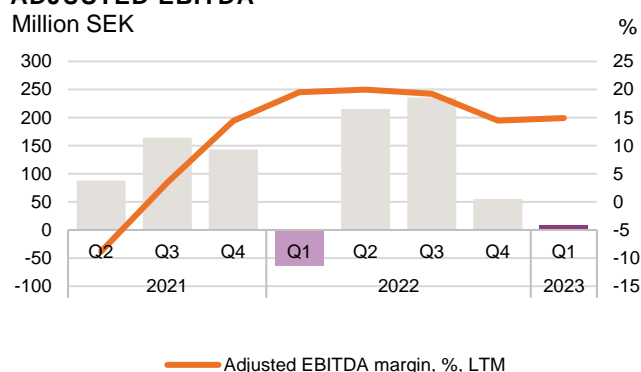
Net sales rose by 101.6 percent to 771 million SEK (383), and net sales for comparable units grew by 64.2 percent. Performance improved in all countries.

New hotels contributed 105 million SEK net. Scandic Frankfurt Hafenpark which opened in Frankfurt during the quarter, had the greatest positive effect. Scandic Bygholm Park in Horsens, which was exited during the period, had the greatest negative impact.

Average revenue per available room (RevPAR) grew by 73.0 percent to 672 SEK compared with the corresponding quarter in 2022.

Adjusted EBITDA improved, totaling 8 million SEK (-64). There were no cost reductions due to direct state aid (40). In addition, compensation of 23 million SEK (5) was received in connection with opening new hotels. Rental costs increased by 92 million SEK to 425 million SEK due to greater turnover and consequently, higher variable rents as well as lower rent concessions.

ADJUSTED EBITDA



	Jan-Mar 2023	Jan-Mar 2022	Δ%
Net sales (Million SEK)	771	383	101.6%
Currency effects	49	-	12.7%
Organic growth	340	-	88.9%
New hotels	105	-	27.5%
Exits	-11	-	-2.9%
LFL	246	-	64.2%
Adjusted EBITDA	8	-64	
margin, %	1.0%	-16.7%	
RevPAR (SEK)	672	388	73.0%
Currency effects	42	-	10.9%
New hotels/exits	-16	-	-4.2%
LFL	257	-	66.3%
ARR (SEK)	1,210	973	24.3%
OCC %	55.5%	39.9%	

OTHER INFORMATION

EVENTS DURING THE PERIOD

On February 15, 2023, Scandic signed an agreement for external financing with total credit facilities of 3,450 million SEK 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 is due on October 8, 2024.

EVENTS AFTER THE REPORTING DATE

There were no significant events after the reporting date.

THE SCANDIC SHARE

The number of shareholders was 69,309 on March 31, 2023. The Scandic share is listed on Nasdaq Stockholm's Nordic Mid Cap list. The total number of shares was 191,304,116 and the closing price on March 31, 2023, was 34.83 SEK.

SHAREHOLDERS AS AT MARCH 31, 2023

	Number of Shareholding, shares	Votes, %	Votes, %
Stena Sessan	37,974,365	19.85	19.85
AMF Pension & Fonder	27,500,000	14.38	14.38
Eiendomsspar	7,678,000	4.01	4.01
Periscopus AS	5,138,955	2.69	2.69
Svenska Handelsbanken AB for PB	4,734,236	2.47	2.47
Vanguard	4,654,974	2.43	2.43
Avanza Pension	4,143,787	2.17	2.17
Dimensional Fund Advisors	3,350,802	1.75	1.75
Norges Bank	3,182,205	1.66	1.66
BlackRock	2,659,535	1.39	1.39
Total 10 largest shareholders	101,016,859	52.80	52.80
Others	90,287,257	47.20	47.20
Total	191,304,116	100	100

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 14 million SEK (11). The operating profit was 0 million SEK (-0)

Net financial items for the period totaled -14 million SEK (-19). The Parent Company's loss before taxes was -14 million SEK (-19).

PRESS RELEASES DURING QUARTER (SELECTION)

April 5, 2023	Scandic publishes its Annual & Sustainability Report 2022
March 1, 2023	Scandic Frankfurt Hafenpark opens in premier location
February 16, 2023	Scandic's Year-End Report 2022 – Stable quarter ends a strong year

PRESENTATION OF THE REPORT

A live streamed presentation of Scandic's interim report for the first quarter will take place on April 27, 2023, at 9:00 CEST. Scandic's President & CEO Jens Mathiesen will present the report together with CFO Åsa Wirén in a live streamed telephone conference. The interim report, presentation and live stream will be available at scandichotelsgroup.com. Please register and call in a few minutes before the start.

May 9, 2023	2023 Annual General Meeting
July 14, 2023	Interim report Q2 2023
October 26, 2023	Interim report Q3 2023

CONTACT DETAILS

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This information is information that Scandic Hotels Group AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, on April 27, 2023, at 07.30 CEST.

FINANCIAL REPORTS

CONSOLIDATED INCOME STATEMENT

Million SEK	Note	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022	Apr-Mar 22/23
Net sales		4,526	2,733	19,230	21,022
Other revenue		-	-	3	3
TOTAL OPERATING INCOME	2, 3	4,526	2,733	19,233	21,026
Raw materials and consumables		-362	-214	-1,495	-1,643
Other external expenses		-1,041	-706	-3,854	-4,188
Employee benefits expenses	4	-1,582	-1,056	-5,957	-6,482
Rental charges	5	-388	-188	-1,951	-2,151
Pre-opening costs		-14	-27	-131	-118
Items affecting comparability		-3	-0	-16	-19
Depreciation, amortization and impairment losses		-938	-820	-3,372	-3,490
TOTAL OPERATING COSTS		-4,327	-3,012	-16,776	-18,092
Operating profit/loss		199	-279	2,457	2,934
Net financial items	6	-522	-453	-1,808	-1,876
Profit/loss before taxes		-323	-732	649	1,058
Taxes		21	93	-221	-294
Net profit/loss for the period		-302	-639	428	764
Profit/loss for period relating to:					
Parent Company shareholders		-312	-641	394	721
Non-controlling interest		10	2	34	42
Net profit/loss for the period		-302	-639	428	764
Average number of outstanding shares before dilution		191,304,116	191,250,686	191,277,074	191,288,447
Average number of outstanding shares after dilution		191,304,116	191,250,686	232,768,903	232,768,903
Earnings per share before dilution, SEK		-1.63	-3.35	2.69	4.65
Earnings per share after dilution, SEK		-1.63	-3.35	2.21	3.82

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Million SEK	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022	Apr-Mar 22/23
Net profit/loss for the period	-302	-639	428	764
Items that may be reclassified to the income statement	-301	236	421	-116
Items that may not be reclassified to the income statement	50	9	246	287
Other comprehensive income	-251	245	667	171
Total comprehensive income for period	-552	-394	1,095	935
Relating to:				
Parent Company shareholders	-562	-395	1,130	963
Non-controlling interest	10	1	-35	-26

CONSOLIDATED BALANCE SHEET, SUMMARY

Million SEK	Note	31 Mar 2023	31 Mar 2022	31 Dec 2022
Assets				
Intangible assets		7,129	7,049	7,189
Buildings and land		294	709	281
Right of use assets		40,610	32,738	36,777
Equipment, fixtures and fittings		3,921	3,767	4,073
Financial assets		721	875	640
Total non-current assets	7	52,674	45,138	48,960
Current assets	10	2,034	1,677	1,287
Derivative instruments		146	194	384
Cash and cash equivalents	9	285	23	317
Total current assets		2,465	1,894	1,988
Total assets		55,139	47,032	50,948
Equity and liabilities				
Equity attributable to the Parent Company shareholders		1,609	772	2,197
Non-controlling interest		81	45	77
Total equity		1,690	817	2,274
Liabilities to credit institutions	9	1,270	4,061	1,107
Convertible loan	8	1,524	1,369	1,484
Lease liabilities		41,886	33,714	38,062
Other long-term liabilities	9	1,225	1,119	1,308
Total non-current liabilities		45,905	40,263	41,961
Current liabilities for leases		2,432	2,088	2,268
Other current liabilities	10	5,113	3,864	4,445
Total current liabilities		7,545	5,952	6,713
Total equity and liabilities		55,139	47,032	50,948
Equity per share, SEK		8.4	4.0	11.5
Total number of shares outstanding, end of period		191,304,116	191,257,993	191,304,116

CHANGES IN GROUP EQUITY

Million SEK	Share capital	Other contributed capital	Translation reserve	Retained earnings	Equity attributable to the Parent Company shareholders	Non-controlling interest	Total equity
OPENING BALANCE 2022-01-01	48	9,890	182	-9,005	1,115	40	1,155
Net profit/loss for the period	-	-	-	-641	-641	2	-639
Total other comprehensive income, net after tax	-	-	233	9	242	3	245
Total comprehensive income for the year	-	-	233	-632	-399	5	-394
Other adjustments	-	-	56	-	56	-	56
Total transactions with shareholders	-	-	-	0	0	-	0
CLOSING BALANCE 2022-03-31	48	9,890	471	-9,637	772	45	817
Net profit/loss for the period	-	-	-	1,035	1,035	32	1,067
Total other comprehensive income, net after tax	-	-	185	237	422	1	423
Total comprehensive income for the year	-	-	185	1,272	1,457	33	1,490
Other adjustments	-	-	-	-	-	0	0
Total transactions with shareholders	-	2	-	-34	-32	-	-32
CLOSING BALANCE 2022-12-31	48	9,892	656	-8,399	2,197	77	2,274
OPENING BALANCE 2023-01-01	48	9,892	656	-8,399	2,197	77	2,274
Net profit/loss for the period	-	-	-	-312	-312	10	-302
Total other comprehensive income, net after tax	-	-	-301	50	-251	-	-251
Total comprehensive income for the year	-	-	-301	-262	-562	10	-552
Other adjustments	-	-	-33	-	-33	-	-33
Total transactions with shareholders	-	-	-	1	1	-	1
CLOSING BALANCE 2023-03-31	48	9,892	322	-8,659	1,603	87	1,690

CONSOLIDATED CASH FLOW STATEMENT

Million SEK	Note	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022	Apr-Mar 22/23
OPERATING ACTIVITIES					
Operating profit/loss		199	-279	2,457	2,934
Depreciation, amortization and impairment losses		938	820	3,372	3,490
Adjustments for non-cash items		15	-	28	43
Paid tax		-50	-34	-39	-55
Change in working capital		-370	-440	614	684
Cash flow from operating activities		732	67	6,432	7,097
INVESTING ACTIVITIES					
Paid net investments		-91	-203	-635	-523
Cash flow from investing activities		-91	-203	-635	-523
FINANCING ACTIVITIES	6				
Interest paid		-14	-55	-155	-114
Paid interest, leases		-431	-344	-1,464	-1,550
Financing costs		-33	-	-	-33
Dividend, share swap agreement		-	-	-10	-10
Net borrowing/amortization		374	794	-2,067	-2,487
Amortization, leases		-552	-462	-1,976	-2,068
Cash flow from financing activities		-657	-67	-5,672	-6,263
CASH FLOW FOR THE PERIOD		-16	-203	125	311
Cash and cash equivalents at the beginning of the period		317	216	216	23
Translation difference in cash and cash equivalents		-16	10	-24	-50
Cash and cash equivalents at the end of the period		285	23	317	285

PARENT COMPANY INCOME STATEMENT, SUMMARY

Million SEK	Note	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022	Apr-Mar 22/23
Net sales		14	11	55	58
Expenses		-14	-11	-56	-59
Operating profit/loss		0	0	-1	-1
Financial income		27	18	65	74
Financial expenses		-41	-37	-156	-161
Net financial items		-14	-19	-91	-86
Appropriations		-	-	17	17
Profit/loss before taxes		-14	-19	-75	-71
Taxes		-0	-0	-4	-4
Net profit/loss for the period		-14	-19	-79	-74

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

Million SEK	Note	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022	Apr-Mar 22/23
Net profit/loss for the period		-14	-19	-79	-74
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		-14	-19	-79	-74

PARENT COMPANY BALANCE SHEET, SUMMARY

Million SEK	Note	31 Mar 2023	31 Mar 2022	31 Dec 2022
Assets				
Investments in subsidiaries		8,415	8,415	8,415
Group company receivables		1,525	1,360	1,406
Other receivables		10	18	11
Total non-current assets		9,950	9,793	9,832
Group company receivables		6	5	35
Current receivables		13	7	15
Cash and cash equivalents		0	0	0
Total current assets		18	12	50
Total assets		9,968	9,805	9,882
Equity and liabilities				
Equity		8,227	8,331	8,239
Convertible loan		1,524	1,369	1,484
Other liabilities		28	14	30
Total non-current liabilities		1,552	1,383	1,514
Liabilities to Group companies		20	35	12
Other liabilities		139	41	86
Accrued expenses and prepaid income		30	15	31
Total current liabilities		189	91	129
Total equity and liabilities		9,968	9,805	9,882

CHANGES IN PARENT COMPANY'S EQUITY

Million SEK	Share capital	Share premium reserve	Retained earnings	Total equity
OPENING BALANCE 2022-01-01	48	3,559	4,743	8,350
Net profit (-loss) for the period	-	-	-19	-19
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	-19	-19
Total transactions with shareholders	-	-	-	-
CLOSING BALANCE 2022-03-31	48	3,559	4,724	8,331
Net profit (-loss) for the period	-	-	-60	-60
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	-60	-60
Total transactions with shareholders	-	2	-34	-32
CLOSING BALANCE 2022-12-31	48	3,561	4,630	8,239
OPENING BALANCE 2023-01-01	48	3,561	4,630	8,239
Net profit (-loss) for the period	-	-	-14	-14
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	-14	-14
Total transactions with shareholders	-	1	-	1
CLOSING BALANCE 2023-03-31	48	3,562	4,617	8,227



NOTES

NOTE 01. 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 2022 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 are expressed in million SEK unless otherwise stated. Rounding differences may occur.

The information about the interim period on pages 1 to 35 is an integral part of these financial statements.

SIGNIFICANT RISKS & UNCERTAINTY FACTORS

Scandic operates in a sector where demand for hotel nights and conferences is influenced by the underlying domestic development and purchasing power in the geographic markets in which Scandic does business as well as development in countries from which there is a significant amount of travel to Scandic's domestic markets. Additionally, profitability in the sector is impacted by changes in room capacity. Increased capacity can initially lower occupancy in the short term, but in the long term, it can 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. All together, this means that by having a flexible cost structure, Scandic can lessen the effects of seasonal and economic fluctuations.

On March 31, 2023, Scandic's goodwill and intangible assets amounted to 7,129 million SEK.

This 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 pandemic restrictions. The hotel market subsequently improved substantially during 2022 and the first quarter of 2023.

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.

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 recognized at 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 functions support all hotels in the Group including those under lease agreements or under 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 intra-Group transactions. Revenues derive from many customers in all segments. The segments are reviewed and analyzed based on adjusted EBITDA.

NOTE 02. Net sales by type of revenue, country and type of agreement

NET SALES BY TYPE OF REVENUE

Million SEK	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022	Apr-Mar 22/23
Room revenue	2,958	1,781	12,858	14,035
Restaurant and conference revenue	1,437	820	5,533	6,149
Franchise and management fees	7	9	33	31
Other hotel-related revenue	123	123	806	807
Total	4,526	2,733	19,230	21,022

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

NET SALES BY COUNTRY

Million SEK	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022	Apr-Mar 22/23
Sweden	1,388	827	6,053	6,617
Norway	1,313	961	6,039	6,391
Finland	1,053	562	4,089	4,580
Denmark	560	317	2,357	2,600
Germany	195	57	624	762
Poland	16	9	68	76
Total countries	4,526	2,733	19,230	21,026
Other	14	11	35	37
Group adjustments	-14	-11	-35	-37
Group	4,526	2,733	19,230	21,026

NET SALES BY TYPE OF AGREEMENT

Million SEK	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022	Apr-Mar 22/23
Lease agreements	4,487	2,715	19,084	20,862
Management agreements	2	2	12	10
Franchise and partner agreements	5	6	22	21
Owned	32	10	111	133
Total	4,526	2,733	19,230	21,026
Other	14	11	35	37
Group adjustments	-14	-11	-35	-37
Group	4,526	2,733	19,230	21,026

NOTE 03. Segment disclosures

Jan-Mar Million SEK	Sweden		Norway		Finland		Other Europe		Central costs and Group adjustments		Group	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Net sales	1 388	827	1 313	961	1 053	562	771	383	-	-	4 526	2 733
Internal transactions	-	-	-	-	-	-	-	-	14	12	14	12
Group adjustments	-	-	-	-	-	-	-	-	-14	-12	-14	-12
TOTAL OPERATING INCOME	1 388	827	1 313	961	1 053	562	771	383	-	-	4 526	2 733
Raw materials and consumables	-101	-64	-112	-73	-97	-50	-55	-30	4	2	-362	-214
Other external expenses	-289	-201	-259	-209	-267	-185	-180	-96	-47	-19	-1 041	-711
Employee benefits expenses	-492	-368	-428	-255	-309	-203	-319	-199	-34	-31	-1 582	-1 056
Rental charges	-420	-280	-362	-290	-361	-284	-233	-143	989	809	-388	-188
Pre-opening costs	-	-11	-	-8	0	-0	-14	-8	-	-	-14	-27
Items affecting comparability	-	-83	-	-	-	-	-	-	-3	83	-3	-0
impairment losses	-74	-66	-71	-82	-54	-53	-25	-25	-713	-594	-938	-820
TOTAL OPERATING COSTS	-1 377	-1 072	-1 233	-916	-1 088	-776	-826	-502	196	250	-4 327	-3 016
Operating profit/loss	-43	-267	-7	11	-73	-232	-62	-112	384	322	199	-278
Net financial items	4	-0	6	-1	-16	-17	-5	-7	-512	-427	-522	-454
Profit/loss before taxes	-39	-268	-1	10	-89	-249	-67	-119	-127	-106	-323	-732

NOTE 04. Number of employees

The average number of employees was 10,187 on March 31, 2023, compared with 10,468 on December 31, 2022.



NOTE 05. Rental costs

	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022	Apr-Mar 22/23
Rental charges				
Fixed and guaranteed rental charges*	-60	-14	-159	-206
Variable rental charges	-328	-175	-1,792	-1,945
Total rental charges	-388	-189	-1,951	-2,151
*Of which received state aid and negotiated discounts	12	64	231	179

NOTE 06. Net finance income

Financial items	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022	Apr-Mar 22/23
Financial income	4	7	22	19
Financial expenses	-526	-460	-1,830	-1,895
Net financial items	-522	-453	-1,808	-1,876

Financial expenses	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022	Apr-Mar 22/23
Interest expenses, credit institutions	-12	-56	-131	-87
Interest expenses, convertible bond	-40	-36	-153	-157
Other interest expenses, net	-13	-6	-27	-34
Other items	-30	-18	-55	-66
Interest expenses, IFRS 16	-431	-344	-1,464	-1,550
Total	-526	-460	-1,830	-1,895

NOTE 07. Assets and investments by segment

31 Mar Million SEK	Sweden		Norway		Finland		Other Europe		Central costs and Group adjustments		Group	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Fixed assets	12,623	10,852	7,948	8,847	19,940	16,821	9,975	6,296	2,189	2,323	52,674	45,138
Investments in fixed assets, excl. IFRS 16	30	85	29	56	4	16	14	38	8	4	85	199
Investments in fixed assets, incl. IFRS 16	34	388	30	394	4	17	971	760	8	4	1,047	1,563

NOTE 08. Convertible loan

An extraordinary general meeting on April 26, 2021, approved the Board of Directors' proposal to issue a convertible loan, raising 1,609 million SEK in gross proceeds. After 32 million SEK in issue expenses, net proceeds totaled 1,577 million SEK. Of the net proceeds, 1,231 million SEK was allocated to a convertible loan and 346 million SEK 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 (due October 8, 2024). Instead, the interest expense is accumulated on an

ongoing basis to the convertible debt, which will be 1,800 million SEK 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. For the current period, however, no dilution effect has been relevant as the result in the period was negative.

NOTE 09. Interest-bearing net liabilities

	31 Mar 2023	31 Mar 2022	31 Dec 2022
Interest-bearing net liabilities			
Liabilities to credit institutions	1,270	4,061	1,107
Other interest-bearing liabilities	880	-	635
Cash and cash equivalents	-285	-23	-317
Interest-bearing net liabilities, excl. convertible loan	1,865	4,038	1,425
Convertible loan	1,524	1,369	1,484
Net debt	3,389	5,407	2,909

NOTE 10. Working capital

	31 Mar 2023	31 Mar 2022	31 Dec 2022
Working capital			
Current assets, excl. cash and bank balances	2,034	1,677	1,287
Current liabilities	-5,113	-3,864	-4,445
Working capital	-3,079	-2,188	-3,158

NOTE 11. Quarterly data

	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Financial key ratios, reported						
Net sales	4,526	5,228	5,994	5,276	2,733	3,783
Operating profit/loss	199	488	1,232	1,016	-279	319
Net profit/loss for the period	-302	2	633	432	-639	-20
Earnings per share, SEK	-1.63	-0.05	2.80	1.93	-3.35	-0.11
Alternative performance measures						
Adjusted EBITDA	170	476	1,213	1,083	-237	436
Adjusted EBITDA margin, %	3.8	9.1	20.2	20.5	-8.7	11.5
Net profit/loss for the period excl. IFRS 16	-159	104	732	551	-520	123
Earnings per share, SEK, excl. IFRS 16	-0.88	0.49	3.23	2.44	-2.73	0.65
Net debt excl. convertible loan/adjusted EBITDA, LTM	0.6	0.6	1.0	1.7	7.4	508.9
Net debt /adjusted EBITDA, LTM	1.2	1.1	1.5	2.4	10.0	723.1
Hotel-related key ratios						
RevPAR (revenue per available room), SEK	626	695	875	749	395	510
ARR (average room rate), SEK	1,169	1,219	1,242	1,185	1,011	999
OCC (occupancy), %	53.5	57.0	70.5	63.2	39.1	51.1

QUARTERLY DATA PER SEGMENT

	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Net sales						
Sweden	1,388	1,658	1,882	1,685	827	1,225
Norway	1,313	1,503	1,876	1,699	961	1,136
Finland	1,053	1,196	1,257	1,074	562	844
Other Europe	771	871	979	817	383	577
Total net sales	4,526	5,228	5,994	5,276	2,733	3,783
Adjusted EBITDA						
Sweden	95	221	401	333	-80	152
Norway	152	194	425	417	135	147
Finland	19	124	233	186	-160	65
Other Europe	8	55	236	215	-64	143
Central costs and Group adjustments	-104	-117	-82	-68	-68	-71
Total adjusted EBITDA	170	476	1,213	1,083	-237	436
Adjusted EBITDA, % margin	3.8%	9.1%	20.2%	20.5%	-8.7%	11.5%

NOTE 12. 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 million during the period. Costs for purchasing

services from related parties amounted to 0 million SEK for the period. The OECD's recommendations for Transfer Pricing are applied for transactions with subsidiaries.

EXCHANGE RATES

	Jan-Mar 2023	Jan-Mar 2022	31 dec 2022
SEK / EUR			
Income statement (average)	11.1969	10.4834	10.6317
Balance sheet (at end of period)	11.2760	10.3384	11.1283
SEK / NOK			
Income statement (average)	1.0201	1.0563	1.0523
Balance sheet (at end of period)	0.9954	1.0748	1.0572
SEK / DKK			
Income statement (average)	1.5043	1.4087	1.4290
Balance sheet (at end of period)	1.5138	1.3900	1.4965



RECONCILIATIONS

INCLUDING & EXCLUDING IFRS 16

EFFECTS OF IFRS 16

Since January 1, 2019, the Group has applied IFRS 16 Leases. The accounting principle means that lease agreements with fixed or minimum rent are recognized in the balance sheet as a right-of-use asset and a lease liability. IFRS 16 has a substantial impact on Scandic's income statement and balance sheet. Since the application of IFRS 16, 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. Since Scandic's business model is to lease (rather than own) its hotel properties, IFRS 16 will continue to have a major impact on the company's accounting. To help investors gain a good understanding of the company's position, Scandic has chosen to present financial key ratios both including and excluding the effects of IFRS 16. Scandic's financial targets

for profitability, capital structure and dividends exclude the effect of IFRS 16.

With the portfolio of leasing agreements that existed at the end of the first quarter 2023, net profit after tax for 2023 is expected to be negatively impacted by approximately -485 million SEK (-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. This is because interest expenses for the lease debt decrease over time as the debt is constantly amortized.

The definition of adjusted EBITDA excludes the effect of IFRS 16. The table below shows the difference between the reported results including and excluding IFRS 16.

INCOME STATEMENT INCLUDING & EXCLUDING EFFECTS OF IFRS 16

	Jan-Mar 2023			Jan-Mar 2022		
	Reported	Effect IFRS 16	Excl. effect IFRS 16	Reported	Effect IFRS 16	Excl. effect IFRS 16
Operating income	4,526	-	4,526	2,733	-	2,733
Raw materials and consumables	-362	-	-362	-214	-	-214
Other external expenses	-1,041	-	-1,041	-706	-	-706
Employee benefits expenses	-1,582	-	-1,582	-1,056	-	-1,056
Rental charges	-388	-983	-1,371	-188	-805	-994
Pre-opening costs	-14	-	-14	-27	-	-27
Items affecting comparability	-3	-	-3	-0	-	-0
Depreciation, amortization and impairment losses	-938	730	-208	-820	610	-210
TOTAL OPERATING COSTS	-4,327	-253	-4,580	-3,012	-195	-3,207
Operating profit/loss	199	-253	-54	-279	-195	-475
Net financial items	-522	431	-91	-453	344	-109
Profit/loss before taxes	-323	178	-145	-732	149	-583
Taxes	21	-35	-14	93	-30	63
Net profit/loss for the period	-302	143	-159	-639	119	-520

SUMMARY OF REPORTED RENTAL COSTS INCLUDING & EXCLUDING IFRS 16

	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022	Apr-Mar 22/23
Rental charges				
Rental charges, reported	-388	-188	-1,951	-2,151
Effect IFRS 16	-983	-805	-3,440	-3,618
Rental charges excl. IFRS 16	-1,371	-993	-5,391	-5,769
- of which fixed rental charges	-1,043	-819	-3,599	-3,824
- of which variable rental charges	-328	-175	-1,792	-1,945
Fixed and guaranteed rental charges of Net sales	-23.1%	-30.0%	-18.7%	-18.2%
Variable rental charges of Net sales	-7.2%	-6.4%	-9.3%	-9.3%
Total rental charges of Net sales	-30.3%	-36.4%	-28.0%	-27.4%

SUMMARY OF OPERATING PROFIT/LOSS & ADJUSTED EBITDA

	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022	Apr-Mar 22/23
Operating profit/loss	199	-279	2,457	2,934
Pre-opening costs	14	27	131	118
Items affecting comparability	3	0	16	19
Depreciation, amortization and impairment losses	938	820	3,372	3,490
Effect IFRS 16	-983	-805	-3,440	-3,618
Adjusted EBITDA	170	-237	2,536	2,943

FINANCIAL ITEMS, REPORTED VS. CASH FLOW

	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022	Apr-Mar 22/23
Paid financial items				
Financial items, reported	-522	-453	-1,808	-1,876
of which interest expenses, IFRS 16	-431	-344	-1,463	-1,551
Financial net, excl. IFRS 16	-91	-109	-344	-325
Adjustments to paid financial items				
Interest expenses, convertible bond (non-cash)	40	36	153	157
Change accrued interest expenses, bank loans	10	21	5	-6
Other	-6	-3	22	18
Total adjustments	44	54	180	169
Paid financial items, net	-47	-55	-164	-156

BALANCE SHEET, INCLUDING & EXCLUDING EFFECTS OF IFRS 16

Million SEK	31 Mar 2023			31 Mar 2022		
	Reported	Effect IFRS 16	Excl. effect IFRS 16	Reported	Effect IFRS 16	Excl. effect IFRS 16
Assets						
Intangible assets	7,129	-	7,129	7,049	-	7,049
Buildings and land	294	-	294	709	-	709
Right of use assets	40,610	-40,610	0	32,738	-32,738	0
Equipment, fixtures and fittings	3,921	-	3,921	3,767	-	3,767
Financial assets	721	-0	721	875	-0	875
Total non-current assets	52,674	-40,610	12,064	45,138	-32,738	12,400
Current assets	2,034	151	2,184	1,677	116	1,792
Derivative instruments	146	-	146	194	-	194
Cash and cash equivalents	285	0	285	23	0	23
Total current assets	2,465	151	2,616	1,894	116	2,009
Total assets	55,139	-40,460	14,680	47,032	-32,623	14,409
Equity attributable to the Parent Company shareholders	1,609	3,189	4,798	772	2,611	3,383
Non-controlling interest	81	-	81	45	-	45
Total equity	1,690	3,189	4,879	817	2,611	3,428
Liabilities to credit institutions	1,270	-	1,270	4,061	-	4,061
Convertible loan	1,524	-	1,524	1,369	-	1,369
Lease liabilities	41,886	-41,886	-	33,714	-33,714	-
Other long-term liabilities	1,225	809	2,035	1,119	680	1,799
Total non-current liabilities	45,905	-41,076	4,829	40,263	-33,033	7,229
Current liabilities for leases	2,432	-2,432	0	2,088	-2,088	-
Other current liabilities	5,113	-141	4,972	3,864	-113	3,752
Total current liabilities	7,545	-2,573	4,972	5,953	-2,201	3,752
Total equity and liabilities	55,139	-40,460	14,680	47,032	-32,623	14,409

CASH FLOW ANALYSIS INCLUDING & EXCLUDING EFFECTS OF IFRS 16

	Jan-Mar 2023			Jan-Mar 2022		
	Reported	Effect IFRS 16	Excl. effect IFRS 16	Reported	Effect IFRS 16	Excl. effect IFRS 16
OPERATING ACTIVITIES						
Operating profit/loss	199	-253	-54	-279	-195	-474
Depreciation, amortization and impairment losses	938	-730	208	820	-610	210
Adjustments for non-cash items	15	-	15	-	-	-
Paid tax	-50	-	-50	-34	-	-34
Change in working capital	-370	-	-370	-440	-	-440
Cash flow from operating activities	732	-983	-251	67	-805	-738
INVESTING ACTIVITIES						
Paid net investments	-91	-	-91	-203	-	-203
Cash flow from investing activities	-91	-	-91	-203	-	-203
FINANCING ACTIVITIES						
Interest paid	-14	-	-14	-55	-	-55
Paid interest, leases	-431	431	-	-344	344	-
Financing costs	-33	-	-33	-	-	-
Net borrowing/amortization	374	-	374	794	-	794
Amortization, leases	-552	552	-	-462	462	-
Cash flow from financing activities	-657	983	327	-67	805	739
CASH FLOW FOR THE PERIOD	-16	-	-16	-203	-	-203
Cash and cash equivalents at the beginning of the period	317	-	317	216	-	216
Translation difference in cash and cash equivalents	-16	-	-16	10	-	10
Cash and cash equivalents at the end of the period	285	-	285	23	-	23

EARNINGS PER SHARE

	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022	Apr-Mar 22/23
Earnings per share, SEK	-1.63	-3.35	2.21	3.82
Effect IFRS 16	0.75	0.62	1.90	1.99
Earnings per share, SEK, excl. IFRS 16	-0.88	-2.73	4.10	5.81
Average number of outstanding shares after dilution	191,304,116	191,250,686	232,768,903	232,768,903

ADOPTION

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

Stockholm, April 27, 2023

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 a 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

ADJUSTED EBITDA

Earnings before pre-opening costs, items affecting comparability, taxes, depreciation and amortization, adjusted for the effects of IFRS 16.

ADJUSTED EBITDA MARGIN

Adjusted EBITDA as a percentage of net sales.

ITEMS AFFECTING COMPARABILITY

Items that are not directly related to the normal operations of the Group, for example, costs for transactions, integration, restructuring and capital gains/losses from sale of operations.

INTEREST-BEARING NET LIABILITIES

Liabilities to credit institutions, commercial papers, convertible loans and other interest-bearing liabilities, 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 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



THE LEADING NORDIC HOTEL COMPANY

SCANDIC HAS THE LARGEST AND WIDEST HOTEL NETWORK IN THE NORDIC MARKET AS WELL AS A UNIQUE OFFERING IN THE MID-MARKET SEGMENT FOR LEISURE AND BUSINESS TRAVELERS.

270 HOTELS

130
DESTINATIONS

56,059
HOTEL
ROOMS

6 COUNTRIES

INDUSTRY LEADER IN SUSTAINABILITY

Scandic has a proud heritage of driving sustainability in the hospitality industry. Sustainability is an integrated part of Scandic's culture, strategy and business model and the company is constantly developing its operations to reduce its climate impact and contribute positively to society. Scandic's strategy for sustainable business is grounded in three focus areas: MEET (health, diversity and inclusion), EAT (food & beverage) and SLEEP (rooms and interiors). As the leading hotel company in the Nordics with 11 million sold room nights per year, the company has the power to drive change on a large scale. Scandic aims to remain at the forefront when it comes to guests' expectations in areas such as energy and climate-smart, environmentally friendly restaurant offerings. Since the 1990s, Scandic has worked to ensure its hotels are environmentally certified and to maintain a global approach to sustainability. Today, four out of five Scandic hotels are certified by the Nordic Swan Ecolabel, the official environmental certification in the Nordic countries, and the company aims for all hotels to be certified.

Scandic

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