



SCANDIC HOTELS

Q2 REPORT JULY 14, 2023

Scandic



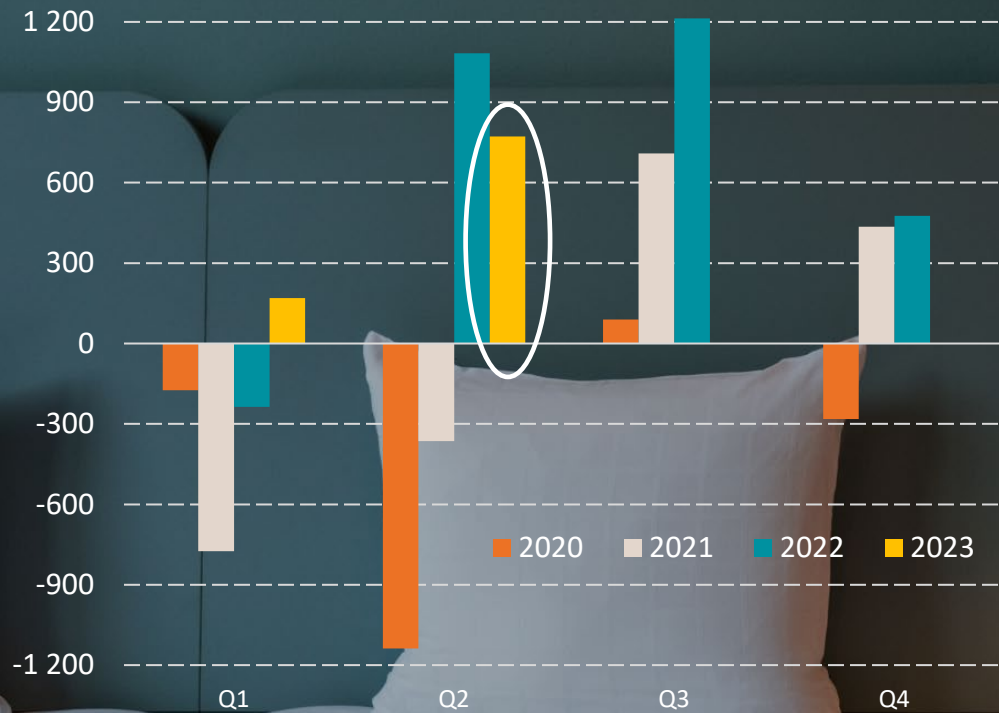
Scandic Fredrikstad City, Norway

STRONG QUARTER WITH HIGH ACTIVITY AND POSITIVE OUTLOOK

- High demand and record strong RevPAR
- Improved net sales and strong results
- High level of activity with the guests in focus
- New brand – Scandic Go expanding
- Positive outlook for the third quarter

QUARTERLY ADJUSTED EBITDA

MSEK

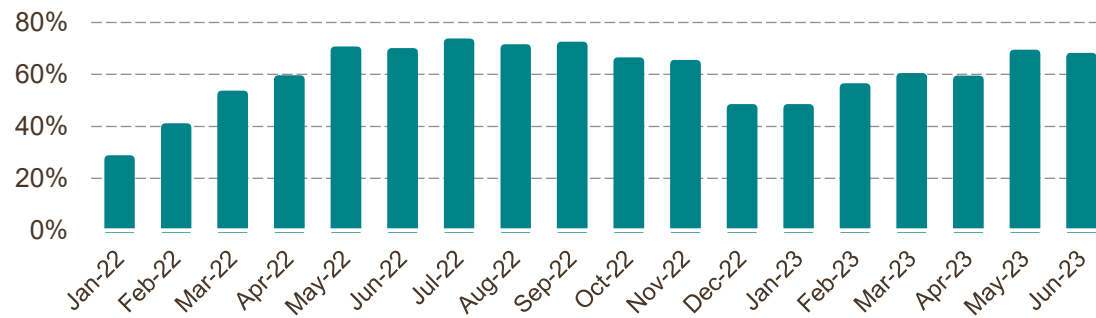


STRONG RESULTS

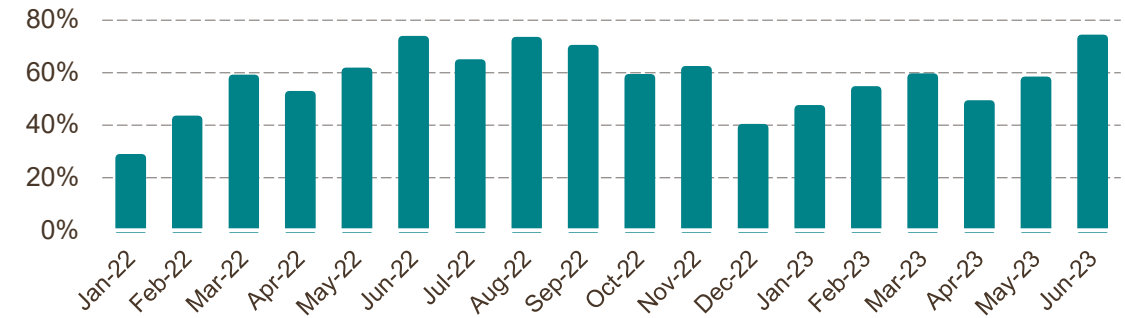
- Adjusted EBITDA of 772 (1,083) MSEK
- Solid margin development
- High demand and a solid market development in combination with good operational performance

SOLID MARKET DEVELOPMENT

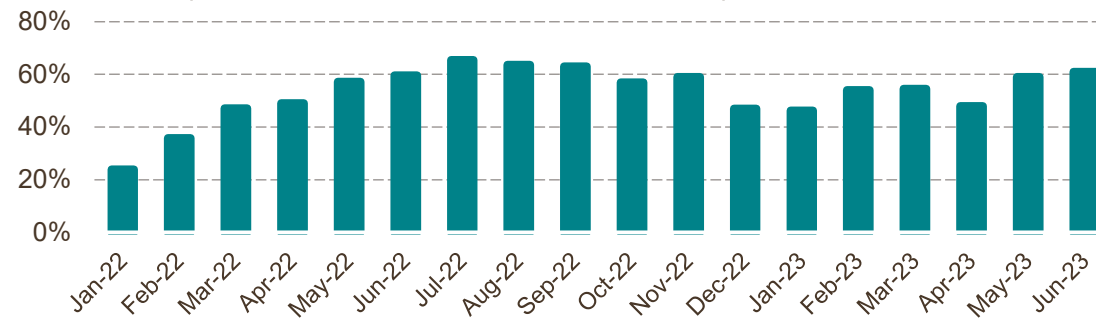
SWEDEN (TOTAL MARKET OCCUPANCY)



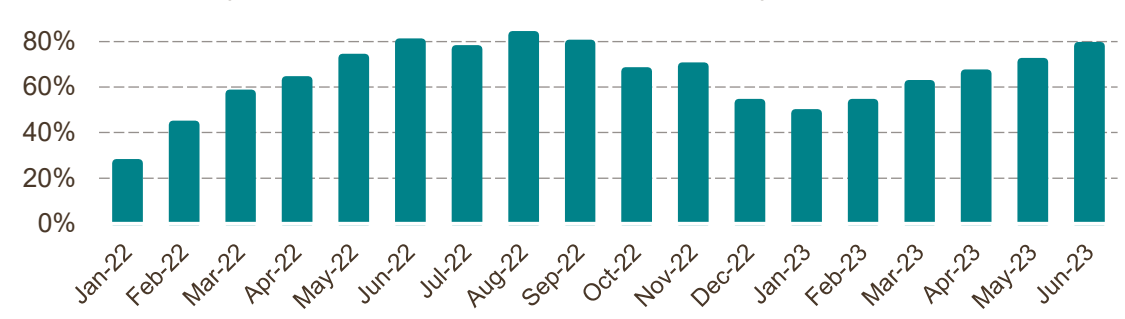
NORWAY (TOTAL MARKET OCCUPANCY)



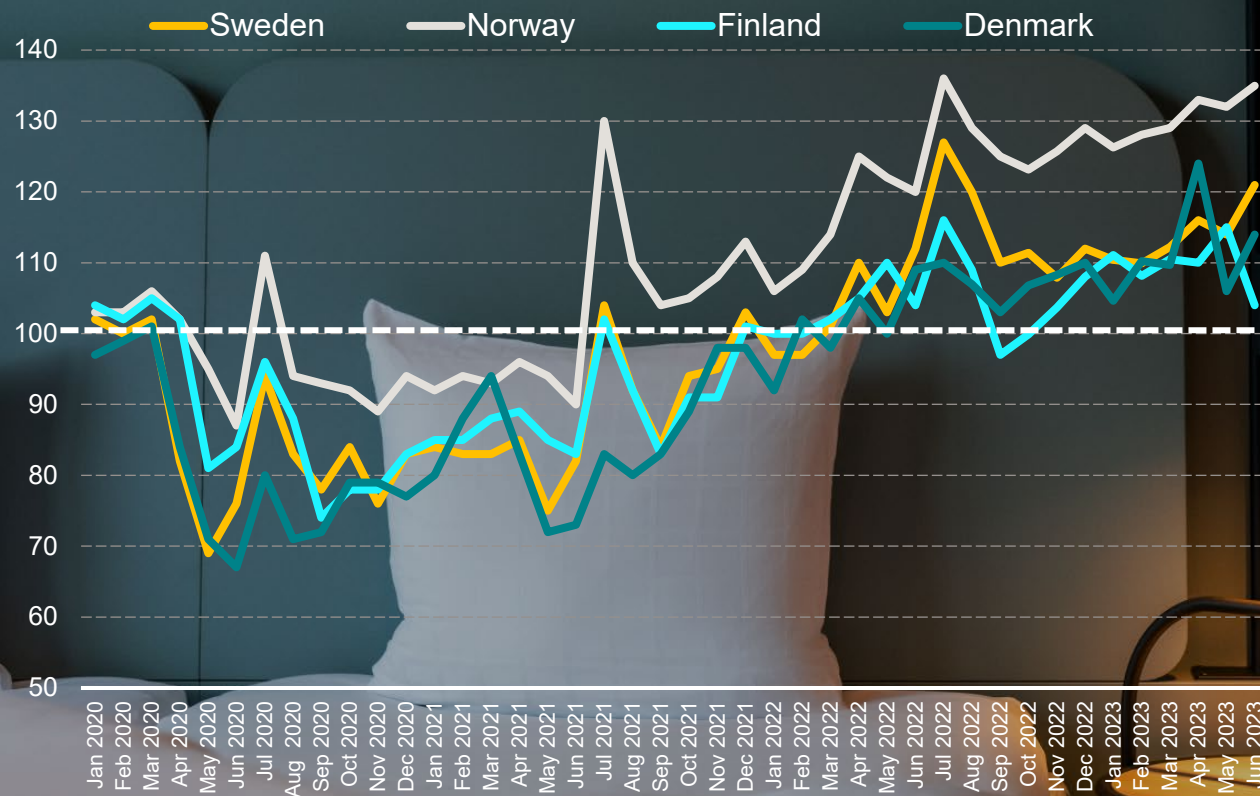
FINLAND (TOTAL MARKET OCCUPANCY)



DENMARK (TOTAL MARKET OCCUPANCY)



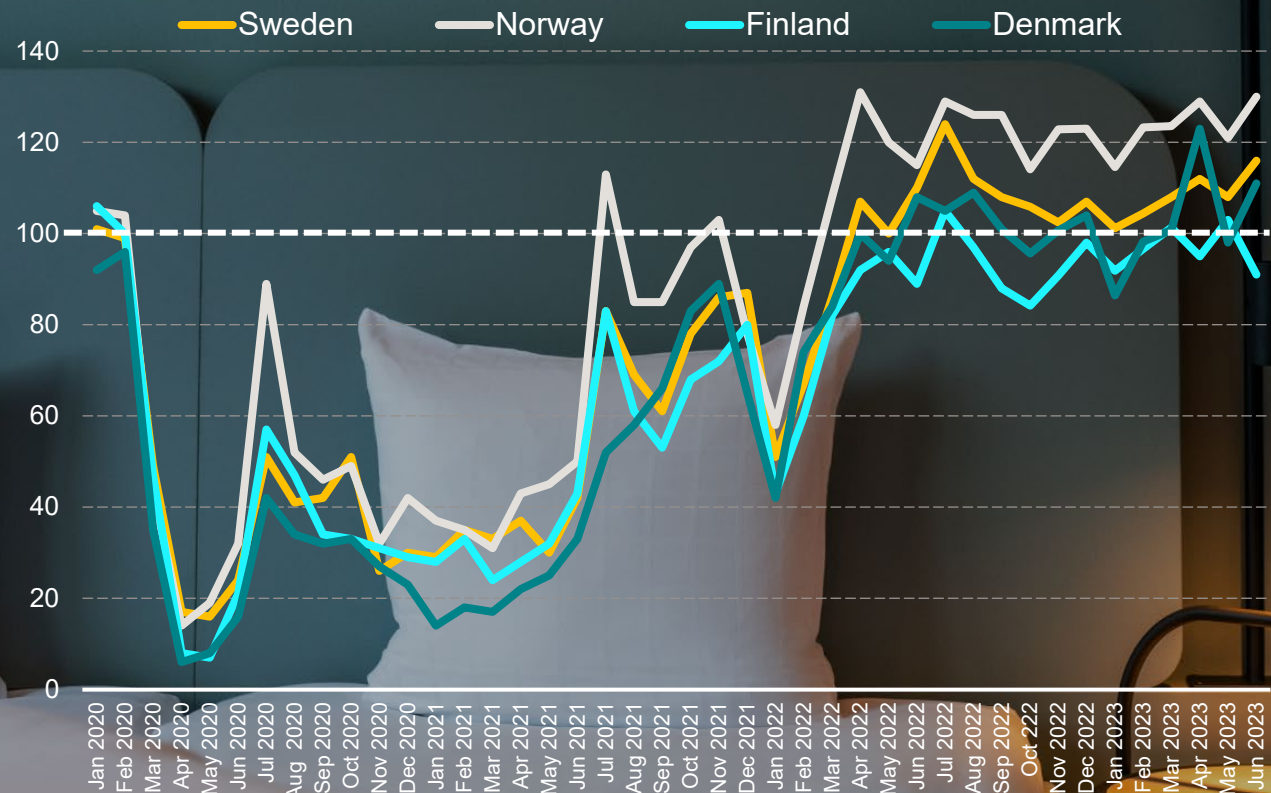
MARKET AVERAGE ROOM RATE DEVELOPMENT INDEXED TO CORRESPONDING MONTH 2019



CONTINUED POSITIVE PRICE DEVELOPMENT

- Room rates on high levels

MARKET REVPAR INDEXED TO CORRESPONDING MONTH 2019



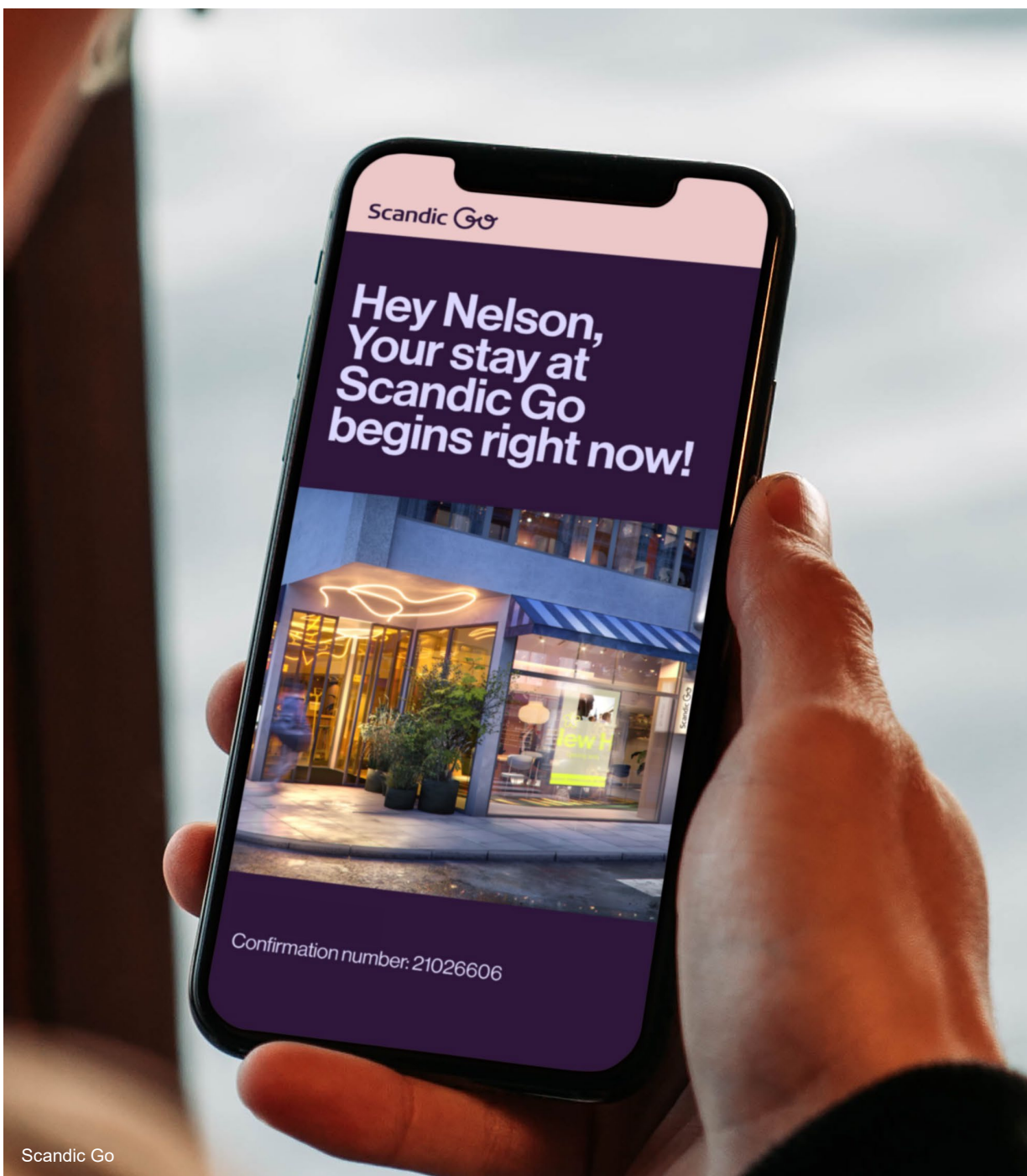
RECORD HIGH REVPAR

- Continued high levels on most of our markets, driven by positive price development



SCANDIC GO EXPANDING

- Second hotel signed with 221 rooms in downtown Stockholm
- Compact rooms and efficient configuration
- High share of room revenue and lower capex
- Ambition to take a leading position in the fast-growing economy segment



FOCUS ON GROWING PIPELINE

Pipeline as of June 30, 2023

| Year | Hotel | Destination | No. of rooms | |
|---------------------------------------|------------------------|-----------------|--------------|------------|
| Q3 2025 | Scandic Vervet Tromsø | Tromsø, Norway | New | 305 |
| Q1 2026 | Scandic in Ski | Oslo, Norway | New | 220 |
| Q4 2026 | Scandic Aarhus Harbour | Aarhus, Denmark | New | 342 |
| | | | | 867 |
| Ongoing extensions | | | | 144 |
| Closed for renovation ¹ | | | | 637 |
| Exits | | | | -731 |
| Total net pipeline² | | | | 917 |

1) Refers to the existing hotels Scandic Ariadne, Scandic Norra Bantorget and Scandic Go Upplandsgatan 4, of which the first two are closed for renovation and the last one for renovation and rebranding

2) On July 3, 2023, Scandic communicated a new long-term lease agreement for a new Scandic Go with 221 rooms in downtown Stockholm

FINANCIAL UPDATE

Scandic

| MSEK | Net sales | | Adjusted EBITDA | | Adjusted EBITDA margin | |
|------------------------------|--------------|--------------|-----------------|--------------|------------------------|--------------|
| | Q2 2023 | Q2 2022 | Q2 2023 | Q2 2022 | Q2 2023 | Q2 2022 |
| Sweden | 1,751 | 1,686 | 270 | 333 | 15.4% | 19.7% |
| Norway | 1,548 | 1,699 | 285 | 417 | 18.4% | 24.5% |
| Finland | 1,264 | 1,074 | 145 | 186 | 11.5% | 17.4% |
| Other Europe | 1,130 | 817 | 186 | 215 | 16.4% | 26.3% |
| Central costs and group adj. | - | - | -114 | -68 | - | - |
| Group | 5,693 | 5,276 | 772 | 1,083 | 13.6% | 20.5% |
| Adjusted for one-offs | | | | | 13.3% | 16.1% |

IMPROVED NET SALES AND STRONG RESULTS

- Net sales increased 8% to 5,693 MSEK (5,276)
- Adj.EBITDA of 772 MSEK (1,083), resulting in a margin of 13.6% (20.5)
- Excl.one-offs, adj.EBITDA margin of 13.3% (16.1)

| MSEK | H1 2023 | H1 2022 |
|--|------------|------------|
| Adjusted EBITDA | 942 | 846 |
| Change in working capital | -347 | 109 |
| Paid tax | -79 | -35 |
| Interest paid | -37 | -129 |
| Pre-opening costs & other items | 36 | -81 |
| Cash flow from operations | 515 | 711 |
| Investments in existing operations | -191 | -142 |
| Free cash flow before expansion capex | 324 | 569 |
| Expansion capex | -18 | -265 |
| Free cash flow | 306 | 304 |

GOOD CASH FLOW

- Free cash flow improved to 306 MSEK (304), driven by higher turnover, improved results and lower expansion capex
- Working capital affected by repayment of 700 MSEK in variable rent liabilities for 2022

FINANCING ITEMS

DEBT

- Net debt of 2,821 MSEK¹
- Net debt/adjusted EBITDA of 1.1x (0.5x excluding the convertible bond)
- Total credit facility of 3,450 MSEK

WORKING CAPITAL

- Repayment of 700 MSEK in variable rent liabilities for 2022

CONVERTIBLE BOND

- Maturity in October 2024, conversion price = 43.36 SEK
- Potential dilution = 41,464,787 shares

1) Includes the convertible bond of 1,566 MSEK and 841 MSEK in other interest-bearing liabilities related to deferred VAT payments and social security contributions in Sweden.

NET FINANCIAL ITEMS, REPORTED VS. CASH FLOW

| MSEK | Q2 2023 | Q2 2022 |
|--|-------------|-------------|
| Total financial net, reported | -503 | -479 |
| of which interest expenses, IFRS 16 | -432 | -365 |
| Financial net excl. IFRS 16 | -72 | -115 |
| Adjustments to paid financial items | | |
| Interest expenses, convertible bond (non-cash) | 42 | 37 |
| Timing difference, interest on bank loans | -6 | -18 |
| Other | 7 | 11 |
| Total adjustments | 43 | 31 |
| Cash financial items, net | -29 | -84 |

- Reported financial net amounted to -503 MSEK incl. IFRS 16 and -72 MSEK excl. IFRS 16
- Non-cash convertible interest amounted to 42 MSEK
- Interest on bank loans amounted to -6 MSEK
- Cash financial items totaled -29 MSEK

CONCLUDING REMARKS

Scandic



Scandic Grand Central, Stockholm

OUTLOOK

- Based on current bookings, we expect a strong third quarter driven by continued high demand and positive price development
- For the third quarter, we anticipate occupancy levels in line with last year at higher room rates
- Continued good momentum and efficiency



Scandic