Scandic

The leading hotel company in the Nordics

January - December 2020

EXPECTED RECOVERY AFTER A CHALLENGING 2020

FOURTH QUARTER IN SUMMARY

- Net sales fell by 71 percent to 1,377 MSEK (4,831).
- Occupancy dropped to 23 percent during the quarter due to the increased spread of the coronavirus and stricter restrictions from authorities in all markets.
- Adjusted EBITDA was -282 MSEK (504). Results for the quarter were impacted positively by state aid of 226 MSEK and rental rebates of around 180 MSEK.
- Excluding IFRS 16 and items affecting comparability, earnings per share amounted to -2.37 SEK (1.83).
- At the end of the quarter, Scandic's available liquidity, including credit commitments, was approximately 1,900 MSEK.

SUMMARY OF THE YEAR

- Net sales fell by 61 percent to 7,470 MSEK (18,945) and adjusted EBITDA amounted to -1,503 MSEK (2,046). Received rental rebates during the year amounted to 196 MSEK and governmental support amounted to 726 MSEK.
- Adjusted for IFRS 16 and items affecting comparability, earnings per share totalled -37.19 SEK (7.49) with a significant negative impact from the impairment of intangible assets carried out during the first quarter.

EVENTS AFTER REPORTING DATE

- Following negotiations with landlords, Scandic reached agreements for rent reductions of up to 900 MSEK, primarily for the period 2020-2022, most of which apply to 2021.
- At present, available liquidity including credit commitments amounts to approximately 1,400 MSEK.

GROUP KEY RATIOS

MSEK	Oct-Dec 2020	Oct-Dec 2019	% change	Jan-Dec 2020	Jan-Dec 2019	% change
Financial key ratios						
Net sales	1,377	4,831	*-71%*	7,470	18,945	*-61%*
Adjusted EBITDA	-282	504	*-156%*	-1,503	2,046	*-173%*
Adjusted EBITDA margin, %	-20.5	10.4		-20.1	10.8	
EBIT (Operating profit/loss)	-377	498	*-176%*	-4,800	2,144	*-324%*
Net profit/loss for the period	-527	126	*-520%*	-5,951	725	*-921%*
Net profit/loss for the period excl. IFRS 16	-462	189	*-345%*	-5,739	942	*-709%*
Earnings per share, SEK	-2.75	1.21	*-327%*	-40.02	7.01	*-671%*
Earnings per share, SEK, excl. IFRS 16	-2.42	1.84	*-231%*	-38.62	9.15	*-522%*
Earnings per share, SEK, excl. IFRS 16 & items affecting comparability	-2.37	1.83	*-230%*	-37.19	7.49	*-597%*
Net debt	4,714	3,497		4,714	3,497	
Net debt/Adjusted EBITDA, LTM	neg	1.7		neg	1.7	
Hotel-related key ratios						
RevPAR (SEK)	193	672	*-71%*	271	707	*-62%*
ARR (Average Room Rate), SEK	842	1,080	*-22%*	945	1,071	*-12%*
OCC (Occupancy), %	23.0	62.2		28.7	66.0	
Total number of rooms on reporting date	53,003	52,755	*0%*	53,003	52,755	*0%*

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CEO's COMMENTS

Expected recovery after a challenging 2020

The past year has been tremendously challenging for the entire hotel industry. As we previously announced, our occupancy rate fell to 23 percent in the fourth quarter due to increased spread of the virus and stricter restrictions. Both in December last year and during January this year, occupancy has been around 15 percent, with a certain negative effect during Christmas and the New Year's holidays when about half of the hotels were closed. For February, the occupancy rate is expected to be around 18 percent.

Towards a more normal hotel market from the summer

We are convinced that the hotel market will recover during 2021. As the vaccinations are carried out, we foresee that the restrictions will be eased, which will enable increased travel, sports and cultural events and meetings. Initially we expect that demand will be driven by intra-Nordic travel, which normally accounts for just over 80 percent of Scandic's total guest nights.

In the short term, demand will be completely determined by the pace at which restrictions are eased. We foresee a recovery where occupancy increases month by month, driven mainly by domestic and intra-Nordic leisure travel combined with gradual increase in business travel and meetings for our Nordic customers. We expect that pace of recovery will gradually increase and that occupancy during the summer will be higher than it was during the corresponding period last year. Crucial to this scenario is that infection and death rates due to the pandemic continue to decrease as vaccinations are completed by the summer.

Decisive actions make us well equipped for a recovery

Scandic has acted quickly and decisively the crisis. In a short time, we halved our cost base, which unfortunately affected thousands of team members. In recent months, we've also made great efforts into reaching agreements on lower rental costs with our landlords. We've achieved reductions of up to 900 MSEK, and we've also postponed the planned openings of some hotels in our pipeline for 2021. We continue to work actively to optimize our hotel portfolio and pipeline. I would like to take the opportunity to extend a big thank you to the landlords who have contributed and for the government support we have received during this very special year.

With a significantly reduced cost level combined with our efficient operating model, Scandic has all the prerequisites to reach a good level of profitability when demand returns, even if occupancy is expected to be lower than it was just before the pandemic. Scandic has an attractive hotel offer that is aimed at broad target groups, which makes us well positioned for a recovery in the market.

High focus on financing and liquidity

As occupancy increases, cash outflow will decrease and we continue to expect that we have the capacity to generate positive cash flow at an occupancy rate of around 50 percent. We will shortly present a solution to strengthen our financial position that is aligned with our main owners.

Jens Mathiesen
President & CEO

"We are convinced that the hotel market will recover during 2021"

"Decisive actions make us well equipped for a recovery"

"We've achieved rent reductions of up to 900 MSEK"

Q4

NORDIC HOTEL MARKET DEVELOPMENT

Weak market due to stricter restrictions

During the fourth quarter, there was a further weakening in both average occupancy and average revenue per available room (RevPAR) in the markets where Scandic operates. In all countries, stricter restrictions were introduced by the authorities to reduce the spread of the coronavirus, which has had an extremely negative impact on the hotel market.

For the quarter as a whole, the average occupancy rate was between 24 and 27 percent in the Nordic countries compared with 55 to 68 percent during the corresponding period last year. December was the weakest month of the quarter as occupancy was only between 16 and 18 percent. The level of activity in Germany was also very low due to extensive restrictions.

RevPAR fell by between 59 and 72 percent in the Nordic countries in the fourth quarter compared with the corresponding period in 2019, with Denmark being the market most impacted by restrictions.

Historically low levels in big cities

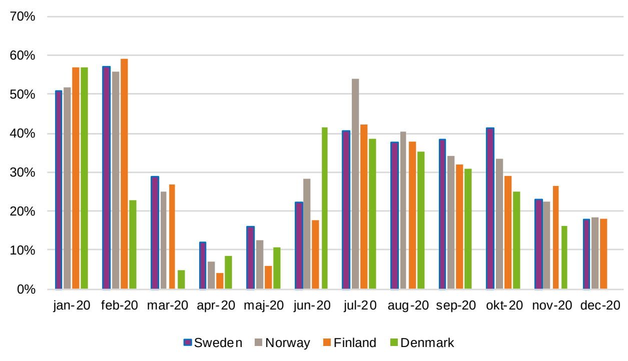
There have been relatively large disparities in occupancy between destinations. In some smaller towns, activity levels have been comparatively good with demand driven by specific industrial projects. In all of the major cities, however, both occupancy and RevPAR dropped to levels that are less than a third of what is considered normal.

During the fourth quarter, the market's occupancy rate was 23 percent in Stockholm and only about 16 percent in Oslo, Helsinki and Copenhagen. This can be compared with an occupancy rate of between 65 and 75 percent in the Nordic capitals during the period October to December 2019. Market RevPAR dropped by between 75 and 85 percent in the capitals during the fourth quarter.

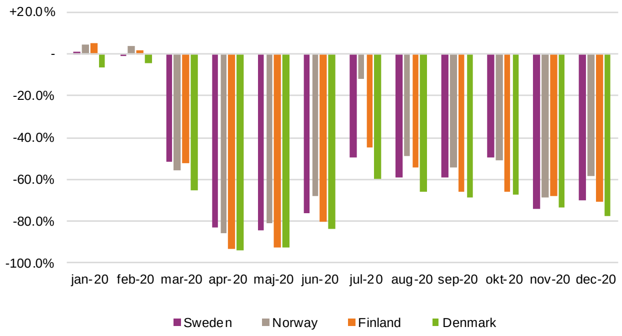
Continued low occupancy in January

In January 2021, demand remained at approximately the same low level as in December 2020, with average occupancy of between 10 and 21 percent in the Nordic countries.

MARKET OCCUPANCY JANUARY - DECEMBER 2020



REVPAR DEVELOPMENT JANUARY - DECEMBER 2020



Source: Benchmarking Alliance

HOTEL PORTFOLIO

Existing hotel portfolio

At the end of the period, Scandic had a total of 53,003 rooms in operation at 265 hotels, of which 241 had lease agreements.

During the quarter, Scandic Kotka and Scandic Ikaalinen in Finland, which together include 255 rooms, were exited as well as the 150-room Scandic Ålesund in Norway in connection with leases expiring. In total, the number of rooms in operation decreased by 156 during the quarter.

Approximately 15 percent of Scandic's lease agreements will expire by the end of 2022, with approximately 25 percent before the end of 2025.

Portfolio changes	**Number of rooms**
Opening balance October 1, 2020	
Lease contracts	49,930
Franchise, Management & Other	3,229
Total	**53,159**
Change lease contracts	**-156**
Change other operating models	**0**
Total change during the quarter	**-156**
Closing balance December 31, 2020	
Lease contracts	49,774
Franchise, Management & Other	3,229
Total	**53,003**

Number of hotels in operation and in pipeline

	Operational on Dec 31, 2020				**Pipeline on Dec 31, 2020**	
	Hotels	**of which with Lease contracts**	**Rooms**	**of which with Lease contracts**	**Hotels**	**Rooms**
Sweden	84	78	17,541	16,749	5	1,339
Norway	87	71	16,630	14,470		57
Finland	61	60	12,159	12,092	4	1,113
Denmark	27	26	4,955	4,745	3	1,574
Other Europe	6	6	1,718	1,718	2	739
Total	**265**	**241**	**53,003**	**49,774**	**14**	**4,822**
Change during the quarter	*-3*	*-3*	*-156*	*-156*	*0*	*-270*

High-quality pipeline

At the end of the period, Scandic's pipeline comprised 14 hotels with 4,822 rooms, corresponding to about 9 percent of the current portfolio. The number of rooms in the pipeline decreased by 270 during the quarter. In November, Scandic signed an agreement to take over a 150-room hotel in Arlandastad outside Stockholm. The transaction took place without a purchase price and involves a variable rental agreement that provides a low break-even level. Scandic took over the operations of the hotel on January 10, 2021.

Seven hotels in the pipeline are expected to start operating during 2021. Due to the prevailing market situation, however, planned openings have been postponed from the first to the second quarter for Scandic Helsinki Railway Station in Finland and from the first to the third quarter for Scandic Nørreport in Denmark. It is also possible that further hotel openings will be postponed.

SALES AND ADJUSTED EBITDA

Group

	Oct-Dec 2020	Oct-Dec 2019	%	Jan-Dec 2020	Jan-Dec 2019	%
Net sales (MSEK)	**1,377**	**4,831**	**-71.5%**	**7,470**	**18,945**	**-60.6%**
Currency effects	-71		-1.5%	-246		-1.3%
Organic growth	-3,384		-70.0%	-11,229		-59.3%
New hotels	*-90*		*-1.9%*	*-196*		*-1.0%*
Exits	*-28*		*-0.6%*	*-178*		*-0.9%*
LFL	*-3,266*		*-67.5%*	*-10,855*		*-57.4%*
Adjusted EBITDA	**-282**	**504**	**-156.0%**	**-1,503**	**2,046**	**-173.5%**
% margin	-20.5%	10.4%		-20.1%	10.8%	
RevPAR (SEK)	**193**	**672**	**-71.2%**	**271**	**707**	**-61.6%**
Currency effects	-9		-1.4%	-9		-1.2%
New hotels/exits	-1		-0.2%	-1		-0.1%
LFL	-468		-69.6%	-426		-60.3%

Fourth quarter

Net sales fell by 71.5 percent to 1,377 MSEK (4,831). Currency effects affected net sales negatively by 1.5 percent.

Organic sales growth, i.e. excluding currency effects and acquisitions, amounted to -70.0 percent. Net sales for comparable units dropped by 67.5 percent. Sales were affected negatively by Covid-19 in all countries.

Of the total 241 hotels that are owned or operated under lease or management agreements, about half remained closed at the end of December 2020.

Average Revenue Per Available Room (RevPAR) dropped by 69.8 percent in local currency compared with the previous year. RevPAR for comparable units went down 69.6 percent.

Revenue from restaurant and conference operations fell by 75.4 percent and the share of total net sales fell to 31.2 percent (36.3). Scandic's restaurants operated with limited opening hours during the quarter. Revenue from conferences remained at a very low level during the quarter due to restrictions limiting the number of meeting participants.

Rental costs excluding IFRS 16 fell to 589 MSEK (1,274). The sharp decrease in net sales meant that for nearly all hotels, only fixed and guaranteed rent was paid. In the fourth quarter, negotiated rent rebates of 180 MSEK were received, and rental costs were reduced by approximately 143 MSEK due to state aid.

Results for central functions improved to -39 MSEK (-126). Personnel costs were reduced due to terminations and furlough subsidies.

Adjusted EBITDA dropped to -282 MSEK (504). Operating expenses, excluding rental expenses, decreased in the quarter by SEK 1,873 MSEK or 63.3 percent excluding currency effects compared with the corresponding quarter last year. Compared with the end of February, the equivalent of approximately 4,200 full-time employees have left the Group. At the end of December, the equivalent of approximately 3,300 full-time employees were furloughed.

Adjusted EBITDA includes state aid received during the quarter, and different forms of furlough subsidies were received to a varying degree in all countries. Direct state aid, excluding furlough subsidies, was 226 MSEK during the fourth quarter, chiefly related to previous periods.

The period January – December

Net sales fell by 60.6 percent to 7,470 MSEK (18,945). Currency effects affected net sales negatively by 1.3 percent.

Organic sales growth amounted to -59.3 percent. The organic growth was affected negatively by Covid-19 in all countries.

New hotels/exits contributed -374 MSEK net. New hotels made a negative contribution as net sales for these hotels decreased compared with the period they were in operation last year.

Average Revenue Per Available Room (RevPAR) dropped by 60.4 percent in local currency compared with the previous year. RevPAR for comparable units fell 60.3 percent.

Revenue from restaurant and conference operations fell by 63.3 percent and the share of total net sales dropped to 29.9 percent (32.2).

Rental costs excluding IFRS 16 fell to -3,121 MSEK (-5,061). The sharp decrease in net sales meant that for almost all hotels, only fixed and guaranteed rent was paid from the second quarter. Rental costs were reduced by approximately 469 MSEK due to state aid during the period. Rental discounts affected results positively by 196 MSEK.

Costs for central functions fell to -298 MSEK (-409). Personnel costs were reduced from the end of the first quarter due to terminations and furlough.

Adjusted EBITDA dropped to -1,503 MSEK (2,046). Substantial cost savings, mainly staff reductions, reduced the negative effect of Covid-19 after the end of the first quarter.

Adjusted EBITDA include state subsidies during the period. Different forms of furlough subsidies were received to a varying degree in all countries. Direct state aid excluding furlough subsidies was 726 MSEK during the period.

Segment reporting

Quarterly, Oct-Dec	**Net sales**		**Adjusted EBITDA**		**Adjusted EBITDA margin**	
MSEK	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Sweden	465	1,622	-136	239	-29.2%	14.7%
Norway	410	1,277	6	115	1.5%	9.0%
Finland	300	1,222	-89	216	-29.7%	17.7%
Other Europe	201	710	-24	60	-11.9%	8.5%
Central costs and Group adjustments	-	-	-39	-126	-	-
Total Group	**1,376**	**4,831**	**-282**	**504**	**-20.5%**	**10.4%**

Period, Jan-Dec	**Net sales**		**Adjusted EBITDA**		**Adjusted EBITDA margin**	
MSEK	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Sweden	2,489	6,291	-402	910	-16.2%	14.5%
Norway	2,236	5,343	-48	539	-2.1%	10.1%
Finland	1,714	4,547	-456	707	-26.6%	15.5%
Other Europe	1,031	2,764	-298	298	-28.9%	10.8%
Central costs and Group adjustments	-	-	-298	-408	-	-
Total Group	**7,470**	**18,945**	**-1,503**	**2,046**	**-20.1%**	**10.8%**

EFFEKT IFRS 16

As of January 1, 2019, the Group applies IFRS 16 Leases. The accounting principle means that lease agreements with a 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. Reported EBITDA increases significantly as the reported cost of leases falls while depreciation of right-of-use assets and interest expenses for the lease liability grows.

In connection with agreements on rental discounts, there have in some cases been extensions in the terms of the leases. These extensions have negatively impacted the net profit for 2020 and the following years and deferred the time at which when the negative effect of IFRS 16 on the net profit is expected to cease.

With the current portfolio of lease agreements at the end of 2020, net profit after tax for 2021 is expected to be negatively impacted by approximately 480 MSEK. With an unchanged portfolio of lease agreements and unchanged assumptions, the negative effect on the profit is expected to decline over time and have a positive effect on the net profit from 2027. This is because interest expenses for the lease liability decrease over time as the lease liability is amortized continuously.

The definition of adjusted EBITDA has not changed compared with the previous year and 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 2020			Jan-Dec 2019
	Excl. effect IFRS 16	Effect IFRS 16	Reported	Reported
Total operating income	**7,470**	**0**	**7,470**	**18,945**
EBITDAR	**1,619**	**0**	**1,619**	**7,107**
Total rental charges	-3,121	3,191	70	-1,770
Adjusted EBITDA	**-1,503**			
Pre-opening costs	-32	0	-32	-81
Items affecting comparability	-269	0	-269	169
EBITDA	**-1,804**	**3,191**	**1,387**	**5,425**
Depreciations, amortizations and impairment losses	-3,761	-2,426	-6,187	-3,281
EBIT	**-5,565**	**765**	**-4,800**	**2,144**
Net financial items	-245	-1,036	-1,281	-1,242
EBT (Profit before tax)	**-5,810**	**-271**	**-6,081**	**902**
Tax	71	59	130	-177
Profit/loss for the period	**-5,739**	**-212**	**-5,951**	**725**
Earnings per share, SEK	-38.62	-1.40	-40.02	7.01

Result excluding effect of finance leases

	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Total operating income	**1,377**	**4,831**	**7,470**	**18,945**
EBITDAR	**307**	**1,778**	**1,619**	**7,107**
Total rental charges	-589	-1,274	-3,121	-5,061
Adjusted EBITDA	**-282**	**504**	**-1,503**	**2,046**
Pre-opening costs	1	-13	-32	-81
Items affecting comparability	-11	1	-269	169
EBITDA	**-292**	**492**	**-1,804**	**2,134**
Depreciations, amortizations and impairment losses	-204	-229	-3,761	-859
EBIT	**-496**	**263**	**-5,565**	**1,275**
Net financial items	-58	-19	-245	-99
EBT (Profit before tax)	**-554**	**245**	**-5,810**	**1,176**
Tax	91	-56	71	-234
Profit/loss for the period	**-463**	**189**	**-5,739**	**942**
Earnings per share, SEK	-2.42	1.84	-38.62	9.15

REPORTED RESULT

Fourth quarter

EBITDA was 470 MSEK (1,401) and -292 MSEK (492) excluding IFRS 16. EBITDA included pre-opening costs for new hotels of 1 MSEK (-13). Items affecting comparability amounted to -11 MSEK (1) and primarily referred to costs related to the reduction in the number of employees in Norway and Denmark.

EBIT was -377 MSEK (498) and -496 MSEK (263) excluding IFRS 16. Depreciation and amortization totaled -847 MSEK (-903). Excluding IFRS 16 depreciation and amortization amounted to -204 MSEK (-229).

The Group's net financial expense amounted to -262 MSEK (-334) MSEK and -59 (-19) excluding IFRS 16. The interest expense, excluding the effect of leases, was -60 MSEK (-22).

The loss before tax was -639 MSEK (profit: 164) and -555 MSEK (profit: 245) excluding IFRS 16.

Reported tax amounted to 111 MSEK (-38).

Net profit/loss dropped to -527 MSEK (126). Excluding IFRS 16, net profit/loss fell to -463 MSEK (189).

Earnings per share after dilution amounted to -2.75 SEK (1.21) per share and -2.42 SEK (1.84) excluding IFRS 16. Adjusted for items affecting comparability, earnings per share amounted to -2.37 SEK (1.83).

The period January – December

EBITDA was 1,387 MSEK (5,425) and -1,804 MSEK (2,134) excluding IFRS 16. EBITDA included pre-opening costs for new hotels of -32 MSEK (-81) and items affecting comparability of -269 MSEK (169). Items affecting comparability primarily referred to costs related to the reduction in the number of employees in Sweden, Norway, and Denmark. Items affecting comparability for the same period of the previous year mainly comprised a capital gain of 181 MSEK from the sale of Scandic Hasselbacken in Stockholm and costs of -13 MSEK in connection with the change of President & CEO.

EBIT was -4,800 MSEK (2,144) and -5,565 MSEK (1,275) excluding IFRS 16. Due to negative effects of Covid-19 on Scandic's operations, non-current assets were tested for impairment in connection with the preparation of the interim report for the first quarter. The test showed an impairment of intangible assets of 2,955 MSEK. The impairment primarily involved assets in Norway and Sweden, but also in Denmark and Finland. Approximately 85 percent of the impairment was due to the increased discount rate caused by estimated increased risk and ensuing return requirements on hotel operations. The remaining part of the impairment amount was due to the fact that future cash flows are expected to be somewhat lower.

Depreciation and amortization totaled -6,187 MSEK (-3,281). Excluding IFRS 16, depreciation and amortization amounted to -3,761 MSEK (-859).

The Group's net financial expense amounted to -1,282 MSEK (-1,242) MSEK and -246 (-99) excluding IFRS 16. The interest expense, excluding IFRS 16, was -193 MSEK (-101). The net financial expense included non-recurring items related to amending and updating a -52 MSEK loan agreement.

Loss before tax was -6,081 MSEK (profit: 902) and -5,810 MSEK (profit: 1,176) excluding IFRS 16.

Reported tax amounted to 130 MSEK (-177). The administrative court in Finland rejected Scandic's appeal regarding the supplementary taxation of the Finnish branch of Scandic Hotels AB in the years 2007–2017. Scandic has appealed the decision. The supplementary taxation amounted to approximately 400 MSEK and was fully expensed in the first quarter. The amount is marginally lower than the company's previous payment to the Finnish Tax Administration. Scandic therefore received approximately 15 MSEK in the second quarter.

Net profit/loss dropped to -5,951 MSEK (725) and to -5,739 MSEK (942) excluding IFRS 16.

Earnings per share after dilution amounted to -40.02 SEK (7.01) per share and -38.62 SEK (9.15) excluding IFRS 16. Adjusted for items affecting comparability, earnings per share amounted to -37.19 SEK (7.49) with a significant negative impact from the impairment of intangible assets and a tax expense from supplementary taxation in Finland.

Earnings per share

	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Earnings per share, SEK	**-2.75**	**1.21**	**-40.02**	**7.01**
Effect from lease	0.33	-0.61	1.40	-2.12
Earnings per share, SEK, excl. effect lease	**-2.42**	**1.84**	**-38.62**	**9.15**
Items affecting comparability	0.04	-0.01	1.42	1.66
Earnings per share, SEK, excl. effect lease & items affecting comparability	**-2.37**	**1.83**	**-37.19**	**7.49**

CASH FLOW & FINANCIAL POSITION

Operating cash flow for the full year 2020 excluding IFRS 16 was -2,040 MSEK (1,704), which was impacted by the negative effects of Covid-19 on the company's operations. The cash flow contribution from the change in working capital amounted to -221 MSEK (158). The deterioration was primarily due to reduced operating liabilities and receivables related to state aid of approximately 145 MSEK in Norway, which was granted in January 2021 but has not yet been paid.

Paid tax amounted to -54 MSEK (-343).

Net investments totaled -751 MSEK (-1,155), of which hotel renovations accounted for -414 MSEK (-722) and IT for -35 MSEK (-71). Investments in new hotels and increased room capacity totaled -302 MSEK (-367). The rate of investment fell after the second quarter and only encompassed the completion of investments that were already contracted. In the same period in the previous year, Scandic received the purchase price of 232 MSEK for the divestment of Scandic Hasselbacken.

In total, free cash flow fell to -2,939 MSEK (777) in 2020.

The proceeds of 1,765 MSEK from the rights issue were received before the end of the second quarter 2020 after the deduction of paid expenses of 64 MSEK for the rights issue.

Operating cash flow

MSEK	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Adjusted EBITDA	-282	504	-1,503	2,046
Pre-opening costs	1	-14	-32	-81
Non-recurring items	-11	1	-269	169
Adjustments for non-cash items	5	1	39	-173
Paid tax	1	-42	-54	-343
Change in working capital	-843	502	-221	158
Interests paid, credit institutions	-57	-15	-148	-71
Cash flow from operations	**-1,186**	**938**	**-2,188**	**1,705**
Investments in hotel renovations	-8	-279	-414	-722
Investments in IT	-7	-27	-35	-71
Free cash flow before investments in expansions	**-1,201**	**632**	**-2,637**	**912**
Acquisitions/sales of operations	-	-	-	232
Investments in new capacity	-133	-33	-302	-367
Free cash flow	**-1,334**	**599**	**-2,939**	**777**
Right issue	-1	-	1,701	-
Other items in financing activities	-	-	-75	-14
Subscription rights	-	-	17	-
Transaction costs expensed	-6	-3	-4	-8
Exchange difference in net debt	55	50	84	-55
Dividend	-	-180	-	-361
Change net debt	**-1,287**	**466**	**-1,217**	**339**

The balance sheet total on December 31, 2020 was 38,283 MSEK, compared with 43,509 MSEK on December 31, 2019.

Interest-bearing net liabilities, excluding lease liabilities, increased by 1,217 MSEK during the year to 4,713 MSEK. The increase was due to the fact that the negative free cash flow exceeded the proceeds from the rights issue.

On May 22, 2020, Scandic entered into an agreement amending and updating an existing loan agreement, adding an additional credit facility of 1,150 MSEK in total, of which 500 MSEK was available from September 1, 2020 and an additional 650 MSEK was available from January 1, 2021. The additional credit facility will be available until December 31, 2021. The original 5,500 MSEK loan agreement will mature on June 22, 2022. The updated loan agreement includes adjustments of interest terms, securities and covenants.

Total agreed credit facilities including credit commitments amounted to 6,650 MSEK at the end of December 2020. Loans from credit institutions totaled 4,526 MSEK, commercial papers amounted to 201 MSEK and cash and cash equivalents were 14 MSEK. Total available liquidity totaled approximately 1,900 MSEK.

Liabilities to property owners decreased in the fourth quarter 2020 to approximately 120 MSEK due to the offsetting of liabilities against rent concessions and increased preliminary payments. It is estimated that approximately 40 MSEK of the rent liability will be repaid in the first six months of 2021. The liability for the payment respite for VAT and social security contributions amounted to approximately 240 MSEK. The payment respite has been extended until the first half of 2022.

As of December 31, 2020, before issue expenses, the rights issue resulted in an increase of 1,765 MSEK in equity, of which 22.1 MSEK was an increase in share capital. The number of shares grew by 88,272,918. Total issue expenses amounted to 64 MSEK. As of December 31, 2020, the total number of outstanding shares was 191,257,993 and the average number of shares after dilution was 191,284,879. Equity was 2,071 MSEK compared with 6,601 MSEK on December 31, 2019.

SEGMENT REPORTING

Sweden

	Oct-Dec 2020	Oct-Dec 2019	%	Jan-Dec 2020	Jan-Dec 2019	%
Net sales (MSEK)	**465**	**1,622**	**-71.3%**	**2,489**	**6,291**	**-60.4%**
Organic growth	-1,157	2	-71.3%	-3,802	16	-60.4%
New hotels	*-*	*0*	*-*	*-*	*-*	
Exits	*-*	*-22*	*-*	*-7*	*-82*	*-0.1%*
LFL	*-1,157*	*24*	*-71.3%*	*-3,795*	*98*	*-60.3%*
Adjusted EBITDA	**-136**	**239**	**-156.9%**	**-402**	**910**	**-144.2%**
% margin	-29.2%	14.7%		-16.2%	14.5%	
RevPAR (SEK)	**215**	**703**	**-69.4%**	**285**	**727**	**-60.8%**
New hotels/exits	0	-1	-	0	-2	0.0%
LFL	-487	3	-69.4%	-442	10	-60.8%
ARR (SEK)	831	1,069	-22.2%	911	1,052	-13.4%
OCC %	25.9%	65.8%		31.2%	69.0%	

Fourth quarter

Net sales fell by 71.3 percent to 465 MSEK (1,622). For comparable units, net sales decreased by 71.3 percent.

Average Revenue Per Available Room (RevPAR) decreased by 69.4 percent compared with the same quarter in the previous year. RevPAR for comparable units dropped by 69.4 percent.

Adjusted EBITDA dropped to -136 MSEK (239). Direct state aid excluding furlough subsidies reduced costs by 80 MSEK of which aid for rent amounted to 47 MSEK in the fourth quarter.

The period January – December

Net sales fell by 60.4 percent to 2,489 MSEK (6,291). For comparable units, net sales declined by 60.3 percent.

Scandic Hasselbacken in Stockholm was sold on March 1, 2019, which affected net sales negatively by 7 MSEK compared with the previous year.

Average Revenue Per Available Room (RevPAR) increased by 60.8 percent compared with the previous year. RevPAR for comparable units dropped by 60.8 percent.

Adjusted EBITDA decreased to -402 MSEK (910) including state aid. Direct state aid excluding furlough subsidies reduced costs by 228 MSEK of which aid for rent amounted to 145 MSEK in the period.

Norway

	Oct-Dec 2020	Oct-Dec 2019	%	Jan-Dec 2020	Jan-Dec 2019	%
Net sales (MSEK)	**410**	**1,277**	**-67.9%**	**2,236**	**5,343**	**-58.2%**
Currency effects	-48		-3.8%	-220		-4.2%
Organic growth	-819		-64.1%	-2,888		-54.0%
New hotels	*1*		*0.1%*	*48*		*0.9%*
Exits	*-4*		*-0.3%*	*-34*		*-0.6%*
LFL	*-815*		*-63.9%*	*-2,901*		*-54.3%*
Adjusted EBITDA	**6**	**115**	**-94.6%**	**-48**	**539**	**-109.0%**
% margin	1.5%	9.0%		-2.2%	10.1%	
RevPAR (SEK)	**197**	**559**	**-64.7%**	**271**	**654**	**-58.5%**
Currency effects	-22		-3.9%	-27		-4.1%
New hotels/exits	11		2.0%	4		0.6%
LFL	-351		-62.8%	-360		-55.0%
ARR (SEK)	829	1,030	-19.5%	937	1,062	-11.8%
OCC %	23.8%	54.2%		29.0%	61.6%	

Fourth quarter

Net sales fell by 67.9 percent to 410 MSEK (1,277). Net sales for comparable units dropped by 63.9 percent.

Changes in the hotel portfolio contributed -3 MSEK to net sales. Scandic Voss, which opened on January 30, 2020, and Stavanger Royal, which Scandic took over on October 1, 2019, contributed positively.

Average Revenue Per Available Room (RevPAR) dropped by 60.8 percent in local currency compared with the same quarter the previous year. RevPAR for comparable units dropped by 62.8 percent.

Adjusted EBITDA fell to 6 MSEK (115) including state aid. Direct state aid excluding furlough subsidies reduced costs by 138 MSEK of which aid for rent amounted to 97 MSEK in the fourth quarter.

The period January – December

Net sales fell by 58.2 percent to 2,236 MSEK (5,343). Net sales for comparable units dropped by 54.3 percent.

Changes in the hotel portfolio contributed 14 MSEK to net sales. Scandic Voss, which opened on January 30, 2020, and Stavanger Royal, which Scandic took over on October 1, 2019, contributed positively.

Average Revenue Per Available Room (RevPAR) decreased by 54.4 percent in local currency compared with the previous year. RevPAR for comparable units dropped by 55.0 percent.

Adjusted EBITDA dropped to -48 MSEK (539) including state aid. Direct state aid excluding furlough subsidies reduced costs by 329 MSEK of which aid for rent amounted to 233 MSEK in the period.

Finland

	Oct-Dec 2020	Oct-Dec 2019	%	Jan-Dec 2020	Jan-Dec 2019	%
Net sales (MSEK)	**300**	**1,222**	**-75.4%**	**1,714**	**4,547**	**-62.3%**
Currency effects	-14		-1.2%	-17		-0.4%
Organic growth	-907		-74.2%	-2,816		-61.9%
New hotels	*-59*		*-4.8%*	*-220*		*-4.8%*
Exits	*-23*		*-1.9%*	*-137*		*-3.0%*
LFL	*-825*		*-67.5%*	*-2,459*		*-54.1%*
Adjusted EBITDA	**-89**	**216**	**-141.2%**	**-456**	**707**	**-164.5%**
% margin	-29.6%	17.7%		-26.7%	15.6%	
RevPAR (SEK)	**164**	**702**	**-76.6%**	**258**	**676**	**-61.9%**
Currency effects	-9		-1.3%	-3		-0.4%
New hotels/exits	-18		-2.6%	-9		-1.4%
LFL	-511		-72.7%	-407		-60.1%
ARR (SEK)	883	1,127	-21.7%	1,011	1,079	-6.3%
OCC %	18.6%	62.3%		25.5%	62.7%	

Fourth quarter

Net sales fell by 75.4 percent to 300 MSEK (1,222). Net sales for comparable units went down by 67.5 percent.

New hotels/exits contributed -82 MSEK net. Crowne Plaza, which was closed for renovations in January 2020 and opened again on October 1, 2020, had the greatest impact.

Average Revenue Per Available Room (RevPAR) dropped by 75.3 percent in local currency compared with the same quarter the previous year. RevPAR for comparable units dropped by 72.7 percent.

Adjusted EBITDA decreased to -89 MSEK (216) including state aid. In Finland, the state provided aid to cover the cost of employees who were furloughed during the quarter. Direct state aid excluding furlough subsidies was 5 MSEK in the fourth quarter.

The period January – December

Net sales fell by 62.3 percent to 1,714 MSEK (4,547). Net sales for comparable units dropped by 54.1 percent.

New hotels/exits contributed -357 MSEK net. Crowne Plaza, which closed for renovations in January 2020, had the greatest negative effect and new hotels made a negative contribution as net sales for these hotels have decreased compared with the corresponding period they were in operation last year.

Average Revenue Per Available Room (RevPAR) dropped by 61.5 percent in local currency compared with the previous year. RevPAR for comparable units declined by 60.1 percent.

Adjusted EBITDA dropped to -456 MSEK (707) including state aid. In Finland, the state provided aid to cover the cost of employees who were furloughed with effect from the first quarter. Direct state aid excluding furlough subsidies was 10 MSEK in the period.

Other Europe

	Oct-Dec 2020	Oct-Dec 2019	%	Jan-Dec 2020	Jan-Dec 2019	%
Net sales (MSEK)	**201**	**710**	**-71.7%**	**1,031**	**2,764**	**-62.7%**
Currency effects	-8		-1.2%	-10		-0.4%
Organic growth	-501		-70.5%	-1,723		-62.3%
New hotels	*-32*		*-4.5%*	*-24*		*-0.9%*
Exits	*-*			*-*		*-*
LFL	*-469*		*-66.0%*	*-1,699*		*-61.4%*
Adjusted EBITDA	**-24**	**60**	**-139.5%**	**-298**	**298**	**-200.0%**
% margin	-11.8%	8.5%		-28.9%	10.8%	
RevPAR (SEK)	**183**	**781**	**-76.6%**	**262**	**831**	**-68.5%**
Currency effects	-9		-1.1%	-3		-0.3%
New hotels/exits	3		0.3%	-4		-0.5%
LFL	-592		-75.8%	-562		-67.7%
ARR (SEK)	841	1,111	-24.3%	952	1,124	-15.3%
OCC %	21.7%	70.3%		27.5%	73.9%	

Fourth quarter

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

Net sales decreased by 71.7 percent to 201 MSEK (710). Net sales for comparable units dropped by 66.0 percent.

Average Revenue Per Available Room (RevPAR) dropped by 75.5 percent in local currency compared with the same quarter the previous year. RevPAR for comparable units dropped by 75.8 percent.

Adjusted EBITDA dropped to -24 MSEK (60) including state aid. Direct state aid excluding furlough subsidies reduced costs by 4 MSEK of which aid for rent amounted to 0 MSEK in the fourth quarter.

The period January – December

Net sales fell by 62.7 percent to 1,031 MSEK (2,764). Net sales for comparable units decreased by 61.4 percent.

Average Revenue Per Available Room (RevPAR) went down 68.2 percent in local currency compared with the previous year. RevPAR for comparable units fell 67.7 percent.

Adjusted EBITDA dropped to -298 MSEK (298) including state aid. Direct state aid excluding furlough subsidies reduced costs by 159 MSEK of which aid for rent amounted to 90 MSEK in the period.

Central functions

Adjusted EBITDA for central functions was -39 MSEK (-126) during the quarter and -298 MSEK (-408) during the period January to December.

EMPLOYEES

The average number of employees was 6,152 on December 31, 2020 compared with 11,666 on December 31, 2019. At the end of the period, the equivalent of approximately 3,300 full-time employees were furloughed.

EVENTS AFTER REPORTING DATE

Following negotiations with landlords, Scandic reached agreements on rent reductions of up to 900 MSEK, primarily for the period 2020-2022, most of which apply in 2021.

OUTLOOK

For February, the occupancy rate is expected to be around 18 percent.

FINANCIAL TARGETS

At the beginning of 2016, Scandic adopted the following financial targets:

- Annual net sales growth of at least 5 percent on average over a business cycle, excluding potential M&As.
- An adjusted EBITDA margin of at least 11 percent on average over a business cycle..
- Net debt in relation to adjusted EBITDA of 2–3x.

PRESENTATION OF THE REPORT

The presentation of Scandic's Year-end Report will take place at 9:00 CET on February 17, 2021 with President & CEO Jens Mathiesen and CFO Jan Johansson available by phone at +468 566 426 92 in Sweden or +44 3333 009 030 in the UK. Please call in five minutes before the start.

The presentation will also be available afterwards at www.scandichotelsgroup.com

FINANCIAL CALENDAR

2021-04-28	Interim Report Q1 2021 (silent period from March 27, 2021)
2021-05-10	Annual General Meeting
2021-07-16	Interim Report Q2 2021 (silent period from June 15, 2021)
2021-10-28	Interim Report Q3 2021 (silent period from September 27, 2021)

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

Scandic's business model is based on lease agreements where approximately 90 percent of its hotels (based on the number of rooms) have variable revenue-based rents. This results in lower profit risks since revenue losses are partly offset by reduced 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, 2020, Scandic's goodwill and intangible assets amounted to 6,687 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.

In view of the continued spread of Covid-19 and its impact on hotel operations, there is continued uncertainty about the strength and timing of a recovery in demand and, consequently, how average room revenue (RevPAR) will develop during the next 12-month period. Combined with uncertainty about the outcome of ongoing negotiations regarding rent reductions and postponing contracted projects, this means that there continues to be a risk of negative cash flows and, consequently, potential difficulties in financing Scandic's business.

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 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 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
INCOME				
Room revenue	884	2,991	4,923	12,416
Restaurant and conference revenue*	431	1,752	2,234	6,095
Franchise and management fees	5	7	19	30
Other hotel-related revenue	57	81	294	404
Net sales	***1,377***	***4,831***	***7,470***	***18,945***
Other income	-	-	-	-
TOTAL OPERATING INCOME	**1,377**	**4,831**	**7,470**	**18,945**
OPERATING COSTS				
Raw materials and consumables	-113	-430	-611	-1,634
Other external costs	-191	-1,133	-1,751	-4,335
Personnel costs	-766	-1,490	-3,489	-5,869
Fixed and guaranteed rental charges	242	63	494	-74
Variable rental charges	-69	-428	-424	-1,696
Pre-opening costs	1	-14	-32	-81
Items affecting comparability	-11	1	-269	169
EBITDA	**470**	**1,401**	**1,387**	**5,425**
Depreciation, amortization and impairment losses	-847	-903	-6,187	-3,281
TOTAL OPERATING COSTS	**-1,754**	**-4,333**	**-12,269**	**-16,801**
EBIT (Operating profit/loss)	**-377**	**498**	**-4,800**	**2,144**
Financial income	1	6	5	11
Financial expenses	-262	-340	-1,286	-1,253
Net financial items	**-261**	**-334**	**-1,281**	**-1,242**
EBT (Profit/loss before taxes)	**-638**	**164**	**-6,081**	**902**
Taxes	111	-38	130	-177
PROFIT/LOSS FOR PERIOD	**-527**	**126**	**-5,951**	**725**
Profit/loss for period relating to:				
Parent Company shareholders	-526	125	-5,949	722
Non-controlling interest	-1	1	-2	3
Profit/loss for period	**-527**	**126**	**-5,951**	**725**
Average number of outstanding shares before dilution	191,257,993	103,006,267	148,618,805	103,006,267
Average number of outstanding shares after dilution	191,284,879	103,036,484	148,645,691	103,036,484
Earnings per share before dilution, SEK	**-2.75**	**1.21**	**-40.02**	**7.01**
Earnings per share after dilution, SEK	**-2.75**	**1.21**	**-40.02**	**7.01**

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

Consolidated statement of comprehensive income

MSEK	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Profit/loss for period	-527	126	-5,951	725
Items that may be reclassified to the income statement	-183	-160	-237	69
Items that may not be reclassified to the income statement	-30	31	-10	-159
Other comprehensive income	**-213**	**-129**	**-247**	**-90**
Total comprehensive income for period	**-740**	**-3**	**-6,198**	**635**
Relating to:				
Parent Company shareholders	-747	-7	-6,200	626
Non-controlling interest	7	4	2	9

Consolidated balance sheet, summary

MSEK	**31 Dec 2020**	**31 Dec 2019**
ASSETS		
Intangible assets	6,687	9,941
Buildings and land	25,762	26,759
Equipment, fixtures and fittings	4,625	4,865
Financial fixed assets	479	616
Total fixed assets	**37,553**	**42,181**
Current assets	716	1,294
Derivative instruments	-	8
Cash and cash equivalents	14	26
Total current assets	**730**	**1,328**
TOTAL ASSETS	**38,283**	**43,509**
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent Company	2,035	6,558
Non-controlling interest	36	43
Total equity	**2,071**	**6,601**
Liabilities to credit institutions	4,526	3,036
Lease liabilities	26,169	26,661
Other long-term liabilities	1,159	1,342
Total long-term liabilities	**31,854**	**31,039**
Derivative instruments	18	-
Current liabilities for leases	1,850	2,116
Commercial papers	201	487
Other current liabilities	2,289	3,266
Total current liabilities	**4,358**	**5,869**
TOTAL EQUITY AND LIABILITIES	**38,283**	**43,509**
Equity per share, SEK	10.6	63.7
Total number of shares outstanding, end of period	191,257,993	102,985,075
Working capital	-1,573	-1,972
Interest-bearing net liabilities	4,714	3,497
Interest-bearing net liabilities/adjusted EBITDA	neg	1.7

Changes is Group Equity

MSEK	Share capital	Share premium reserve	Translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
OPENING BALANCE 01/01/2019	**26**	**7,865**	**85**	**-208**	**7,768**	**38**	**7,806**
Change in accounting principles	-	-	-	-1,466	-1,466	-	-1,466
OPENING BALANCE 01/01/2019	**26**	**7,865**	**85**	**-1,674**	**6,302**	**38**	**6,340**
Profit/loss for the period	-	-	-	722	722	3	725
Total other comprehensive income, net after tax	-	-	*63*	*-159*	*-96*	*6*	*-90*
Total comprehensive income for the year	**-**	**-**	**63**	**563**	**626**	**9**	**635**
Total transactions with shareholders	-	-	-	*-370*	*-370*	*-4*	*-374*
CLOSING BALANCE 12/31/2019	**26**	**7,865**	**148**	**-1,481**	**6,558**	**43**	**6,601**
OPENING BALANCE 01/01/2020	**26**	**7,865**	**148**	**-1,481**	**6,558**	**43**	**6,601**
Profit/loss for the period	-	-	-	-5,949	-5,949	-2	-5,951
Total other comprehensive income, net after tax	-	-	-232	-10	-242	-5	-247
Total comprehensive income for the year	**-**	**-**	**-232**	**-5,959**	**-6,191**	**-7**	**-6,198**
Other adjustments	-	-	-71	-	-71	-	-71
Total transactions with shareholders	*22*	*1,679*	-	*37*	*1,739*	-	*1,739*
CLOSING BALANCE 12/31/2020	**48**	**9,544**	**-155**	**-7,403**	**2,035**	**36**	**2,071**

Consolidated cash flow statement

	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
OPERATING ACTIVITIES				
EBIT (Operating profit/loss)	-377	498	-4,800	2,144
Depreciation, amortization and impairment losses	847	903	6,187	3,281
Items not included in cash flow	5	1	39	-173
Paid tax	1	-42	-54	-343
Change in working capital	-843	502	-221	158
Cash flow from operating activities	**-367**	**1,862**	**1,151**	**5,067**
INVESTING ACTIVITIES				
Net investments	-148	-338	-751	-1,155
Sale of operations	-	-	-	232
Cash flow from investing operations	**-148**	**-338**	**-751**	**-923**
OPERATIVE CASH FLOW	**-515**	**1,524**	**400**	**4,144**
FINANCING OPERATIONS				
Paid interest, credit institutions	-57	-15	-148	-71
Paid interest, lease	-203	-315	-1,036	-1,143
Right share issue	-1	-	1,701	-
Divident	-	-178	-	-357
Dividends from investments	-	-2	-	-4
Refinancing of loans	-	-	-38	-6
Dividend, share swap agreement	-	-	-37	-14
Net borrowing/amortization, credit institutions	1,286	168	1,572	52
Amortization, lease	-559	-595	-2,155	-2,147
Issue of commercial papers	-134	-614	-285	-513
Cash flow from financing operations	332	**-1,551**	-426	**-4,203**
CASH FLOW FOR PERIOD	**-183**	**-28**	**-26**	**-59**
Cash and cash equivalents at beginning of period	**171**	**33**	**26**	**103**
Translation difference in cash and cash equivalents	26	20	14	-18
Cash and cash equivalents at end of the period	**14**	**26**	**14**	**26**

Parent company income statement, summary

MSEK	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Net sales	-1	15	35	57
Expenses	3	-16	-32	-57
EBIT (Operating profit/loss)	**2**	**-1**	**3**	**-**
Financial income	45	38	243	155
Financial expenses	-58	59	-236	-149
Net financial items	**-13**	**97**	**7**	**6**
Appropriations	-	613	-	613
EBT (profit/loss before tax)	**-11**	**710**	**10**	**619**
Tax	-5	-152	-3	-133
PROFIT/LOSS FOR PERIOD	**-16**	**558**	**7**	**486**

Parent company statement of comprehensive income

MSEK	Oct-Dec 2,020	Oct-Dec 2,019	Jan-Dec 2,020	Jan-Dec 2,019
Profit/loss for period	**-16**	**558**	**7**	**486**
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	**-16**	**558**	**7**	**486**

Parent company balance sheet, summary

MSEK	31 Dec 2020	31 Dec 2019
ASSETS		
Investments in subsidiaries	8,415	5,039
Group company receivables	4,537	4,397
Other receivables	19	23
Total fixed assets	**12,971**	**9,459**
Group company receivables	4	618
Current receivables	9	0
Cash and cash equivalents	0	0
Total current assets	**13**	**618**
TOTAL ASSETS	**12,983**	**10,077**
EQUITY AND LIABILITIES		
Equity	**8,106**	**6,361**
Liabilities to credit institutions	4,526	3,036
Other liabilities	18	23
Total long-term liabilities	**4,544**	**3,059**
Liabilities for commercial papers	201	487
Other liabilities	27	142
Accrued expenses and prepaid income	104	28
Total current liabilities	**333**	**657**
TOTAL EQUITY AND LIABILITIES	**12,983**	**10,077**

Changes in Parent company's equity

MSEK	Share capital	Share premium reserve	Retained earnings	Total equity
OPENING BALANCE 01/01/2019	**26**	**1,534**	**4,685**	**6,245**
Profit/loss for period	**-**	**-**	**486**	**486**
Total other comprehensive income, net after tax	**-**	**-**	**-**	**-**
Total other comprehensive income			**486**	**486**
Total transactions with shareholders	**-**	**-**	**-370**	**-370**
CLOSING BALANCE 12/31/2019	**26**	**1,534**	**4,801**	**6,361**
OPENING BALANCE 01/01/2020	**26**	**1,534**	**4,801**	**6,361**
Profit/loss for period	**-**	**-**	**7**	**7**
Total other comprehensive income, net after tax	-	-	-	-
Total other comprehensive income	**-**	**-**	**7**	**7**
Transactions with shareholders				
New Rights issue and cost	**22**	**1,679**	**-**	**1,701**
Share-based payments	**-**	**-**	**-2**	**-2**
Forward contracts to repurchase own shares	**-**	**-**	**39**	**39**
Total transactions with shareholders	**22**	**1,679**	**37**	**1,738**
CLOSING BALANCE 12/31/2020	**48**	**3,213**	**4,846**	**8,106**

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 35 (57) MSEK. The operating profit was 3 MSEK (0).

Net financial items for the period totaled 7 (6) MSEK. The Parent Company's loss before taxes was 10 MSEK (profit: 619).

Transactions between related parties

The group Braganza AB is treated as a related party based on its ownership and representation on the Board during the year. Accommodation revenues from related parties totaled 0 MSEK and costs for purchasing services from related parties were 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 2019 and are outlined in Note 1, Accounting principles.

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

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

The information about the interim period on pages 1 to 28 is an integral part of these financial statements.

ALTERNATIVE PERFORMANCE MEASURES

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

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

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

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

CALCULATION OF FAIR VALUE

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

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

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

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

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

SEGMENT DISCLOSURES

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

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

Sweden – Swedish hotels operated under the Scandic brand.

Norway – Norwegian hotels operated under the Scandic brand.

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

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

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

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

Segment disclosures

Oct-Dec	Sweden		Norway		Finland		Other Europe		Central functions		Group	
MSEK	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Room revenue	334	1,053	255	705	180	773	115	460	-	-	884	2,991
Restaurant and conference revenue	120	547	129	550	100	412	81	243	-	-	430	1,752
Franchise and managment fees	1	3	3	3	-	0	1	1	-	-	5	7
Other hotel-related income	10	19	24	19	21	37	4	6	-	-	59	81
Net sales	**465**	**1,622**	**410**	**1,277**	**300**	**1,222**	**201**	**710**			**1,377**	**4,831**
Other income	-	-	-	-	-	-	-	-	-	-	-	-
Internal transactions	-	-	-	-	-	-	-	-	-1	15	-1	15
Group eliminations	-	-	-	-	-	-	-	-	1	-15	1	-15
Total income	**465**	**1,622**	**410**	**1,277**	**300**	**1,222**	**201**	**710**	**-**	**-**	**1,377**	**4,831**
Expenses	-601	-1,383	-404	-1,162	-389	-1,005	-225	-650	-39	-126	-1,658	-4,327
Adjusted EBITDA	**-136**	**239**	**6**	**115**	**-89**	**216**	**-24**	**60**	**-39**	**-126**	**-282**	**504**
Adjusted EBITDA margin, %	-29.2	14.7	1.5	9.0	-29.7	17.7	-11.9	8.5	-	-	-20.5	10.4
EBITDA	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**470**	**1,401**
EBITDA margin, %	-	-	-	-	-	-	-	-	-	-	34.1	29.0
and write-downs	-	-	-	-	-	-	-	-	-	-	-847	-903
Net financial items	-	-	-	-	-	-	-	-	-	-	-261	-334
EBT (Profit/loss before tax)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-638**	**164**

MSEK

Jan-Dec	Sweden		Norway		Finland		Other Europe		Central functions		Group	
MSEK	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**		**2020**	**2019**
Room revenue	1,755	4,309	1,404	3,231	1,113	2,998	652	1,878	-	-	4,924	12,416
Restaurant and conference revenue	688	1,897	678	1,947	509	1,398	358	853	-	-	2,233	6,095
Franchise and managment fees	5	11	8	11	-	1	5	7	-	-	18	30
Other hotel-related income	41	74	145	154	92	150	16	26	-	-	294	404
Net sales	**2,489**	**6,291**	**2,236**	**5,343**	**1,714**	**4,547**	**1,031**	**2,764**	**-**	**-**	**7,470**	**18,945**
Other income	-	-	-	-	-	-	-	-	-	-	-	-
Internal transactions	-	-	-	-	-	-	-	-	35	57	35	57
Group eliminations	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-35**	**-57**	**-35**	**-57**
Total income	**2,489**	**6,291**	**2,236**	**5,343**	**1,714**	**4,547**	**1,031**	**2,764**	**-**	**-**	**7,470**	**18,945**
Expenses	-2,891	-5,381	-2,284	-4,804	-2,170	-3,840	-1,329	-2,465	-298	-408	-8,972	-16,899
Adjusted EBITDA	**-402**	**910**	**-48**	**539**	**-456**	**707**	**-298**	**298**	**-298**	**-408**	**-1,503**	**2,046**
Adjusted EBITDA margin, %	-16.2	14.5	-2.1	10.1	-26.6	15.5	-28.9	10.8			-20.1	10.8
EBITDA	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,387**	**5,425**
EBITDA margin, %	-	-	-	-	-	-	-	-	-	-	18.6	28.6
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	-6,187	-3,281
EBIT (Operating profit/loss)	-	-	-	-	-	-	-	-	-	-	-4,800	2,144
Net financial items	-	-	-	-	-	-	-	-	-	-	-1,282	-1,242
EBT (Profit/loss before tax)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-6,081**	**902**

Assets & investments by segment

31 Dec	Sweden		Norway		Finland		Other Europe		Central functions		Group	
MSEK	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Fixed assets	10,624	10,862	8,466	11,913	13,626	13,923	5,384	5,394	-547	89	37,553	42,181
Investments in fixed assets	206	303	128	291	287	244	78	242	36	75	735	1,155

Revenue by country

MSEK	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Sweden	465	1,622	2,489	6,291
Norway	410	1,277	2,236	5,343
Finland	300	1,222	1,714	4,547
Denmark	175	509	776	1,979
Germany	24	178	226	696
Poland	3	23	29	89
Total countries	**1,377**	**4,831**	**7,470**	**18,945**
Other	-1	15	35	57
Group eliminations	1	-15	-35	-57
Group	**1,377**	**4,831**	**7,470**	**18,945**

Revenue by type of agreement

MSEK	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Lease agreements	1,372	4,815	7,443	18,877
Management agreements	2	3	7	12
Franchise and partner agreements	2	4	11	16
Owned	1	9	9	40
Total	**1,377**	**4,831**	**7,470**	**18,945**
Other	-1	15	35	57
Group eliminations	1	-15	-35	-57
Group	**1,377**	**4,831**	**7,470**	**18,945**

Summary of reported EBITDA & adjusted EBITDA

	Oct-Dec 2020	**Oct-Dec 2019**	**Jan-Dec 2020**	**Jan-Dec 2019**
EBITDA	470	1,401	1,387	5,425
Effect of leases, fixed and guaranteed rental charges	-762	-909	-3,191	-3,291
Pre-opening costs	-1	13	32	81
Items affecting comparability	11	-1	269	-169
Adjusted EBITDA	**-282**	**504**	**-1,503**	**2,046**

Total rent charges

Total rental charges	**Oct-Dec 2020**	**Oct-Dec 2019**	**Jan-Dec 2020**	**Jan-Dec 2019**
Fixed and guaranteed rental charges according to income statement *	242	63	494	-74
Fixed and guaranteed rental charges, reversed effect of lease	-762	-909	-3,191	-3,291
Total fixed and guaranteed rental charges	**-520**	**-846**	**-2,697**	**-3,365**
Variable rental charges	-69	-428	-424	-1,696
Total rental charges	**-589**	**-1,274**	**-3,121**	**-5,061**
* Of which received city grants and negotiated discounts	323	0	665	0
Fixed and guaranteed rental charges	37.8%	17.5%	36.1%	17.8%
Variable rental charges	5.0%	8.9%	5.7%	9.0%
Total rental charges	42.8%	26.4%	41.8%	26.7%

Quarterly data

MSEK	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Net sales	1,377	2,085	665	3,343	4,831	5,195
Adjusted EBITDA	-282	90	-1,138	-174	504	823
Adjusted EBITDA margin, %	-20.5	4.3	-171.1	-5.2	10.4	15.8
EBIT (Operating profit/loss)	-377	19	-1,114	-3,329	498	799
Profit/Loss for the period	-528	-254	-1,243	-3,927	126	387
Profit/lLoss for the period, excl. effect lease	-462	-203	-1,197	-3,876	189	441
Earnings per share, SEK	-2.75	-1.32	-11.49	-38.13	1.21	3.76
Earnings per share, SEK, excl. effects lease	-2.42	-1.06	-11.08	-37.63	1.84	4.28
Net debt / adjusted EBITDA, LTM	neg	neg	189.4	2.5	1.7	2.0
RevPAR (Revenue per available room), SEK	193	323	96	474	672	807
ARR (Average room revenue), SEK	842	896	-24	1,043	1,080	1,070
OCC (Occupancy), %	23.0	36.1	10.3	45.5	62.2	75.5

Quarterly data per segment

	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Net sales						
Sweden	466	625	246	1,154	1,622	1,674
Norway	410	724	215	888	1,277	1,519
Finland	300	472	107	833	1,222	1,234
Other Europe	201	264	97	468	710	768
Total net sales	**1,377**	**2,085**	**665**	**3,343**	**4,831**	**5,195**
Adjusted EBITDA						
Sweden	-136	77	-344	1	239	309
Norway	6	104	-94	-64	115	232
Finland	-89	-95	-309	38	216	247
Other Europe	-24	61	-296	-40	60	125
Central functions	-39	-57	-95	-107	-126	-90
Total adj EBITDA	**-282**	**90**	**-1,138**	**-172**	**504**	**823**
Adjusted EBITDA margin, %	*-20.5%*	*4.3%*	*-171.1%*	*-5.1%*	*10.4%*	*15.8%*

Exchange rates

SEK/EUR	Jan-Dec 2020	Jan-Dec 2019
Income statement (average)	10.4867	10.5892
Balance sheet (at end of period)	10.0375	10.4336
SEK/NOK		
Income statement (average)	0.9786	1.0747
Balance sheet (at end of period)	0.9546	1.0579
SEK/DKK		
Income statement (average)	1.4068	1.4183
Balance sheet (at end of period)	1.3492	1.3968

Alternative performance measures

Interest-bearing net liabilities	31 Dec 2020	31 Dec 2019
Liabilities to credit institutions	4,526	3,036
Liabilities, commercial papers	201	487
Cash and cash equivalents	-14	-26
Interest-bearing net liabilities	**4,713**	**3,497**

Working capital	31 Dec 2020	31 Dec 2019
Current assets, excl cash and bank balances	716	1,294
Current liabilities	-4,358	-3,266
Working capital	**-3,642**	**-1,972**

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

LONG-TERM INCENTIVE PROGRAM

Scandic has implemented long-term incentive programs in the Group since the end of 2015. The current incentive programs were adopted by the annual general meetings in 2018 (LTIP 2018) and 2019 (LTIP 2019).

The long-term incentive programs enable participants to receive matching shares and performance shares provided they make their own investments in shares or allocate shares already held to the program. For each savings share, the participants may receive a matching share, where 50 percent of the allocation depends on a requirement related to the total return on the company's shares (TSR) being met and 50 percent is free of consideration. In addition, participants may receive a number of performance shares, free of consideration, depending on the degree of meeting certain performance criteria adopted by the Board of Directors related to EBITDA and cash flow for the financial years 2018–2022 (LTIP 2018 and LTIP 2019).

Matching shares and performance shares will be allocated after the end of a vesting period until the date of publication of Scandic's interim report for the first quarter 2021 and the first quarter 2022 respectively, subject to the participant remaining a permanent employee within the Group and retaining the savings shares. Senior managers have invested in the program and may be allocated a maximum of 276,259 shares for the LTIP 2018 and 309,761 shares for the LTIP 2019 corresponding to approximately 0.3 percent of Scandic's share capital and votes. Scandic has taken into account the new share issue that was carried out at the turn of the month June–July and has therefore increased the maximum number of additional shares.

The cost of the program is expected to be 3.1 MSEK, including social security contributions, and the cost included in the Group's income statement in accordance with IFRS2 was 1.1 MSEK for the period January–December 2020, including social security contributions. The maximum cost of the program, including social security contributions, is estimated to be 56 MSEK.

For more information, see Note 6 in Scandic's Annual Report 2019. The expected financial exposure to shares that may be allotted under LTIP 2018 and LTIP 2019 and the delivery of shares to the participants has been hedged by Scandic's entering into a share swap agreement with a third party on market terms.

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

Stockholm, February 17, 2021

Per G. Braathen
Chairman of the Board

Ingalill Berglund
Board Member

Grant Hearn
Board Member

Kristina Patek
Board Member

Martin Svalstedt
Board Member

Fredrik Wirdenius
Board Member

Marianne Sundelius
Employee representative

Jens Mathiesen
President & CEO

Definitions

HOTEL-RELATED KEY RATIOS

ARR (Average Room Rate)
The average room rate is the average room revenue per sold room.

LFL (Like-for-Like)
LFL refers to the hotels that were in operation during the entire period as well as during the corresponding period of the previous year.

OCC (Occupancy)
Refers to sold rooms in relation to the number of available rooms. Expressed as percentage.

RevPAR (Revenue Per Available Room)
Refers to the average room revenue per available room.

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

FINANCIAL KEY RATIOS AND ALTERNATIVE PERFORMANCE MEASURES

EBITDAR
Earnings before interest, taxes, depreciation and amortization and rent.

Adjusted EBITDA
Earnings before pre-opening costs, items affecting comparability, interest, taxes, depreciation and amortization as well as adjusted for the effects of finance leases.

Adjusted EBITDA margin
Adjusted EBITDA as a percentage of net sales.

EBITDA
Earnings before interest, taxes, depreciation and amortization.

EBIT
Earnings before interest and taxes.

EBT
Earnings before tax.

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

Interest-bearing net liabilities
Liabilities to credit institutions and commercial papers less cash and cash equivalents.

Working capital, net
Total current assets, excluding derivative instruments and cash and cash equivalents, less total current liabilities, excluding derivative instruments, the current portion of finance lease liabilities and commercial papers.

EQUITY-RELATED KEY RATIOS

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

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

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

Scandic Hotels Group

Scandic is the largest hotel company in the Nordic countries with about 58,000 rooms at approximately 280 hotels in operation and under development. In 2020, the Group had annual sales of SEK 7.5 billion.

We operate within the mid-market hotel segment under our industry-leading Scandic brand. We have a high share of returning guests and our Scandic Friends loyalty program is the largest in the Nordic hospitality industry with 2 million members.

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

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

Press releases (selection)

2021-01-15 Scandic Arlandastad opens its doors

2020-11-03 Scandic to take over hotel at Stockholm Arlanda Airport

2020-09-28 Scandic strengthens commercial focus by recruiting Anna Spjuth as Chief Commercial Officer

2020-09-09 Scandic expects occupancy of 30-35 percent for September

2020-09-08 Scandic Hotels launches the largest network of coworking spaces in the Nordic countries

2020-08-21 Svein Arild Steen-Mevold to leave Scandic

2020-06-08 Scandic's occupancy and bookings continue to increase in line with Q2 forecast

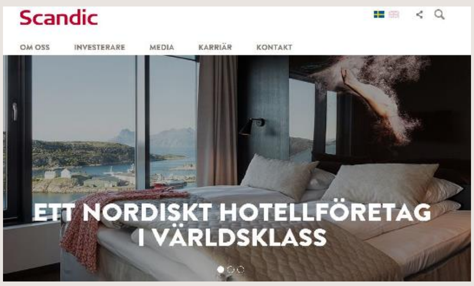
2020-05-25 Scandic announces the final terms of its fully underwritten rights issue

2020-04-29 Scandic decides on a rights issue of approximately SEK 1.75 billion and agrees on a SEK 1.15 billion credit facility

2020-03-16 Scandic's Board of Directors proposes to cancel dividend for 2019 in order to improve the financial position

2020-03-12 Business situation continues to worsen due to coronavirus – Scandic to give notice of termination

scandichotelsgroup.com



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