SCANDIC HOTELS INVESTOR PRESENTATION

March 2021

Scandic

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RISK FACTORS (1/8)

This section describes the risk factors and significant circumstances considered to be material for Scandic's business and future development. The risk factors relate to Scandic's operations, industry and markets, and further include operational risks, legal risks, regulatory risks, risks related to corporate governance, tax risks, financial risks and risk factors related to the securities. The assessment of the materiality of each risk factor is based on the probability of their occurrence and the expected magnitude of their negative impact.

The description below is based on information available as of the date of the presentation. Risk factors currently considered to be the most material are presented first in each category, while subsequent risk factors are presented in no particular order.

1.1 Risks related to Scandic and its business

1.1.1 COVID-19 has had a material adverse effect on Scandic and Scandic remains subject to significant risks related to the virus and countermeasures

On 11 March 2020, the World Health Organization announced that the outbreak of the COVID-19 virus was classified as a pandemic. Cases of COVID-19 have been reported in virtually all countries and as a result of the pandemic government. As a result of the pandemic, governments, public authorities and other organizations have imposed guidelines, advice, recommendations, bans and taken other far-reaching measures to limit the spread of infection. Such measures include lockdowns of cities, regions and countries, shut downs of businesses, closure of schools, universities and public institutions, and social distancing recommendations and restrictions regarding transportation and travels, as well as restrictions on the number of participants at, or the complete ban of, public gatherings and public events and restrictions in relation to restaurants, which affect conferences, events and meetings between people.

The COVID-19 pandemic has had a significant adverse impact on the global economy, with the hotel and restaurant industry being one of the worst affected sectors with dramatically reduced demand for hotel rooms, restaurant and conference services due to, for example, travel bans, restrictions on gatherings and social distancing measures, and it remains a continuing threat to the industry as well as to Scandic.

To which extent, and for how long, COVID-19 will affect Scandic's business, earnings and financial position will depend on a number of factors that the Company cannot identify or assess with precision or certainty, including the following:

- the pandemic's duration, scope and negative effects on economic, political and market conditions, which in turn have negative effects on factors driving demand for the Group's products and services such as employment rate, consumption level and consumption patterns;
- the pandemic's short and long-term effects on demand for travel, hotel rooms and meeting and conference services (for example, because of increased travel costs, changed patterns for international and/or national leisure and/or business travel or reduced demand for physical meetings) which affects demand for all of the Company's hotel rooms as well as restaurant and conference services; and
- the measures taken by governments, public authorities and other organizations to counteract the negative effects of COVID-19, including restrictions or obstructions to, inter alia, travel, events, conferences, meetings could lead to Scandic's guests not being able to visit Scandic's hotels as planned or consume and demand the Company's services.

The hotel and restaurant industry has been dramatically impacted both by COVID-19 and the measures taken due to the virus. For example, the Group's occupancy rate has decreased dramatically, which in turn has had a material adverse effect on the Company's earnings. The occupancy rate at the Group's hotels amounted to 28.7 percent in 2020 (which can be compared with 66 percent in 2019). The decline can largely be attributed to the COVID-19 outbreak and the countermeasures imposed. The demand for hotel rooms is, among other things, driven by the number of leisure and business travels, which in turn is affected by factors such as the economic situation and travel costs. The Group's profit/loss for 2020 amounted to SEK -5,951 million, which can be compared with a profit/loss of SEK 725 million for 2019. There is a risk that, as a consequence of COVID-19, revenue generation will continue to be weak for a longer time and may not recover at all, which would have a material adverse effect on the Company's earnings and financial position.

As a consequence of reduced demand for hotel rooms and other services offered by the Group, the Company has taken a number of measures in order to conduct their business in a significantly more cost-efficient manner and limit the negative cash flows. Such measures have included partial or complete shutdowns and postponed openings of hotels, layoffs and/or termination of staff and reduction of rent costs. Scandic has further reached agreements on rent reductions of up to SEK 900 million for primarily the period 2020-2022, most of which apply in 2021. Demand going forward remains uncertain and is heavily dependent on the easing of restrictions and increased travel. Furthermore, Scandic's earnings and future growth can be adversely affected by COVID-19, for example if ongoing or planned projects or investments are delayed or completely interrupted. In 2020, the Company invested SEK 302 million in new hotel capacity and there is a risk that these, and/or other, of the Company's current or future investments will not generate the expected results or benefits. Scandic has, in order to limit the negative cash flow due to COVID-19, reduced and delayed some maintenance investments. There is also a risk that, as described below, potential investments cannot be financed on terms that are acceptable to the Group, or at all, which can hamper the Company's growth and future revenues.

As of 31 December 2020, Scandic's net interest-bearing liabilities, excluding lease liabilities amounted to SEK 4,713 million and if the Company's financial position is further adversely affected by COVID-19, there is a risk that the Group's creditworthiness will deteriorate, or be considered to have deteriorated, which may lead to increased financing costs and an impaired possibility for the Group to finance itself on terms acceptable to Scandic.

Scandic

RISK FACTORS (2/8)

1.1.1 COVID-19 has had a material adverse effect on Scandic and Scandic remains subject to significant risks related to the virus and countermeasures (cont'd)

If the Company's assumptions and expectations of future recovery are not realized, in whole or in part, this could for example imply that the Company's cost-saving measures and funds raised through the contemplated issue of convertible bonds turns out to be insufficient to compensate for reduced revenues and to ensure that the Group's liquidity and financing needs are met, as well as that the Company's risk exposure, as described above, is aggravated.

COVID-19 and the global and regional economic changes caused by the pandemic (and as a result of any future virus outbreaks) may also involve increased risk exposure in relation to other risk factors that are identified and specified below, which in turn may have a material adverse effect on the Group's business, earnings and financial position.

1.1.2 Scandic is exposed to risks related to changed market conditions, the economic cycle and other economic factors

Scandic is a hotel operator with hotels in Sweden, Norway, Denmark, Finland, Germany and Poland. As of 31 December 2020, the Company had 53,003 rooms spread across 265 hotels with a wide geographical reach within the Nordic region. In addition, the Company also operates hotels in Germany and in Poland. A number of macroeconomic and other factors affects the Company's business, including the following:

- adverse effects of economic, political and market conditions, particularly in the Nordic region (where 259 of the Company's 265 hotels are located as of 31 December 2020), which may lead to a decline in consumer confidence, increased levels of unemployment and decreased corporate travels and conferences, each of which could adversely impact the demand for the Company's hotel, restaurant and conference services; and

- factors that may negatively affect travel patterns and reduce the number of business and leisure travellers, which in turn affects the demand for the Group's products and services, such as impediments to means of transportation (including airline strikes and road closures), extreme weather conditions, rising fuel costs, impact of acts of war or terrorism, outbreaks of pandemic or contagious diseases and health concerns such as COVID-19 and Ebola. For example, the occupancy rate at the Group's hotels was significantly negatively affected, which largely can be related to the outbreak of COVID-19. The occupancy rate in 2020 amounted to 28.7 percent (which can be compared with 66 percent in 2019).

Out of the Company's 53,003 hotel rooms as of 31 December 2020, 17,541 rooms were located in Sweden, 16,749 were located in Norway and 12,159 were located in Finland, and 4,955 were located in Denmark. The concentration of hotels in the Nordic region exposes Scandic to risks of adverse economic, or other developments in the Nordic market, having a greater impact on the Company compared to if the portfolio was more geographically diverse. Scandic's geographical concentration in the Nordic region also means that the Group is particularly exposed to changes in the region's ability to attract tourists and other travellers. Certain economic or other development can affect Scandic's hotel business more in some countries than in others due to country-specific features, such as for example the large proportion of corporate contract customers in Sweden. All these factors may result in a lower occupancy of Scandic's hotel rooms and demand for Scandic's other services, which could lead to loss of revenue, which in turn would have a negative impact on the Company's operating profit.

1.1.3 Scandic operates in the competitive mid-market segment of the hospitality industry and may be unable to compete for hotel guests and customers for any of the ancillary services they offer, such as food and beverage and conference rooms

The Company primarily operates in the mid-market segment of the hospitality industry, which is subject to competition from competitors operating in the same segment. There is also a risk that hotels that do not currently offer the same range of services as the Company increase their service offering to overlap with the Company's offering, whereby hotels within other market segments could contribute to increased competition in the mid-market segment. The resulting increased competition for guests and inability of Scandic to compete successfully may result in the Company's ability to generate revenue being limited or completely absent.

1.1.4 Scandic may not be able to successfully compete for new hotels

Scandic's hotels are mainly operated under lease agreements and to a lesser extent under franchise and management agreements. In addition, Scandic is a joint owner of one hotel. As of 31 December 2020, 49,774 of Scandic's 53,003 hotel rooms were operated under lease agreements. Scandic competes to secure and open new hotels pursuant to the Company's lease model, based primarily on brand recognition and reputation, agreed rent levels, the Company's revenue potential affecting the variable rent levels and other contract terms, in order to secure new hotels under the best lease terms. As a result, rent levels and other terms of new lease agreements may not be agreed on similar levels in the future as current arrangements and Scandic may be unable to achieve expected margins and growth of their business. Changes in the terms of the Company's lease agreements would, in the event that they change in a negative way, adversely affect the Company's rental costs and thus the Company's operating profit.

1.1.5 Scandic may be unable to retain, extend or renew its existing lease agreements

Scandic is dependent on its ability to operate hotels under lease agreements with property owners and as of 31 December 2020, 49,774 of Scandic's 53,003 hotel rooms were operated under lease agreements. Scandic relies on certain significant landlords for parts of their hotel portfolio. For example, 21 percent the Company's hotel rooms as of 31 December 2020 is owned by the Company's largest landlord, Pandox. Furthermore, the other seven of the Company's eight largest landlords own 50 percent of the Company's number of hotel rooms as of 31 December 2020) of Scandic's hotel portfolio. This exposes Scandic to risks if the Company fails to renew existing agreements on favourable terms, or at all, with Pandox or any other significant landlord. Failure to retain, extend or renew on acceptable terms, lease agreements of a large portion of the hotel portfolio could result in significantly increased costs for the Company and/or lead to the Company's ability to generate revenue being limited or completely absent.

RISK FACTORS (3/8)

1.1.6 Scandic is exposed to risks related to the Company's lease agreements being concluded with a long term and that the main part includes a fixed or partially fixed rental component

Scandic's lease agreements are generally entered into for initial periods of 15 to 20 years. The longterm nature of these lease agreements may limit Scandic's ability to respond in a timely manner to unfavourable business results, weakened demand or changes in economic or market conditions. Except for a partly owned hotel property in Norway, Scandic's business operated under lease agreements consist exclusively of operating hotels owned by third-party property owners. During the financial year of 2020, the total rental costs accounted for 41.8 percent of the Group's net sales (excluding IFRS 16). The rental clauses in Scandic's lease agreements usually consist of one of the following three types: variable rent with fixed minimum ("**CRFM**"), variable rent or fixed rent. Of the Company's total rental costs in 2020, 86 percent represented fixed rent and 14 percent represented variable rent. Rent is usually paid monthly or quarterly in advance where the variable, revenue-based rent, is based on the Company's turnover for the previous year or budget for the current year. In the event a hotel pursuant to lease agreement turns out unprofitable or otherwise unfavourable to Scandic, and Scandic is unable to rectify this situation or terminate the contractual relationship, it may result in losses for such a hotel during the remaining term of the agreement, which may result in high costs over a long period and a material adverse effect on the Company's operating profit and financial position. For example, the revenues from Scandic's hotels have dramatically decreased due to COVID-19 and thus also fallen below the fixed costs. There is a risk that Scandic's hotels will not be able to successfully reset revenue generation neither in the short or long term, which would have a material adverse effect on the Company's earnings and financial position.

1.1.7 Scandic is affected by risks related to maintenance, renovation and upgrading of the standard of the Company's hotel as well as the investment commitments made under the Company's lease agreements

Scandic must maintain and renovate its hotels in order to remain competitive, maintain the brand standards of these hotels and comply with applicable laws and regulations, including provisions in agreements with landlords. Scandic and its landlords share the capital expenditure commitments. Generally, landlords are responsible for the maintenance and improvement of the building structure and bathrooms, as well as the mechanical and electrical infrastructure of the buildings, while Scandic is responsible for the maintenance and improvement of the hotel furniture, fixtures and equipment. The lease agreements stipulate what measures to be carried out and some agreements also specify the percentage of the hotel's revenue required to be invested. Scandic typically invests approximately up to 4 percent of the annual total revenue on the maintenance of hotels in accordance with what has been stated above. This creates an ongoing need for capital, which Scandic finances with cash flow from the Company's operations. Scandic may be unable to generate sufficient capital or unwilling to spend available capital when necessary, even if required by the terms of the lease agreements. To the extent that Scandic cannot finance expenditures from cash generated by the Company's hotel operations, capital must be borrowed or obtained in another way. Failure to make the investments necessary to comply with the Company's capital expenditure obligations could result in dilapidation claims, non-renewal or termination of the lease agreements. Failure to make such investments, either by the Company or due to the landlords' non-compliance because of lack of funds or otherwise, could result in negative impact on guest satisfaction levels, loss of future revenue and could adversely affect the quality and reputation of Scandic's brand. There is also a risk that Scandic may be unable to agree with the landlords on investment and renovation plans. Completed renovations may also prove to be insufficient to meet increased guest expectations on property standards and design, which may result in renovated hotels not being able to ramp-up their operations to expected occupancy and revenue generation levels. Any of these events could have a material adverse effect on the Company's business, earnings and financial position.

1.1.8 Scandic is dependent on its reputation and the Company's concepts

Scandic is dependent on its reputation, which is important for the Company in relation to guests, landlords, suppliers and partners. Scandic's good reputation in the industry and among guests is one of the Company's most important assets. Scandic believes that brand recognition, image and guest loyalty is critical not only for the Company's ability to achieve and maintain a high average occupancy, high room rates and high revenues from food and beverage and meetings, but also for Scandic's expansion plans. Scandic's reputation and brand can be damaged and negatively affected by, for example, complaints from guests or because of negative publicity about Scandic as a company, which may result in the Company's operating profit being adversely affected. There is also a risk that the Group's employees or other persons affiliated with Scandic, such as individual guests taking part in the Company's hotel, restaurant and conference services, may take measures that are unethical, criminal (including, but not limited to, violation of applicable anti-corruption, or bribery laws) or in violation of Scandic's internal guidelines and policies. If Scandic were to be associated with such measures or other poor behaviour through negative publicity or, for example, customer reviews, it could, especially taking into account Scandic's good reputation, cause guests, landlords, suppliers, partners and others to lose confidence in the Company's business and not wanting to use the Company's service offerings in the future. Costs to rebuild a damaged confidence in the market can be significant and reduce the Company's cash flow. Reduced cash flow could in turn affect the Company's opportunities to invest in the continued development of the business, which may damage Scandic's prospects.

An event that materially damages the reputation or awareness of the Company's brand and/or a material failure to sustain the appeal of the brand to customers could have a negative effect on the value of the Company's brands and reputation and subsequent revenue therefrom.

1.1.9 Scandic may not have the possibility to successfully implement its strategy for profitable growth and develop new hotels

Scandic has historically experienced growth, but since the outbreak of COVID-19 the Group's financial situation has been dramatically and negatively affected. As a result, the Company's ability to successfully implement its strategy for profitable growth in the short term has been significantly impaired. Similar to what has been described in the risk factor "*Scandic is affected by risks related to the coronavirus (COVID-19)*" above, the Company cannot assess the pandemic's duration, extent or adverse effects with certainty. In the event that the Company's assumptions and expectations of future recovery are not realized, in whole or in part, there is a risk that the Company will not be able to successfully implement its strategy for profitable growth in the long term either. Whether Scandic will succeed with the implementation of its strategic initiatives in the long term depends, in addition to what has been stated above on, inter alia, the Company's ability to evaluate market conditions and to identify and potentially develop new hotel expansion opportunities. The Company's aim is for expansion to generate demand from guests and meet Scandic's internal guidelines regarding, for example, rents, technical specifications and key ratios. Scandic may be unable to also implement new or disclosed initiatives or take advantage of the strategic initiatives already initiated. The Group is also, upon expansion, influenced by the Group's ability to obtain financing on favourable conditions and the Company may choose to finance changes in its operations with funds that would otherwise have been used in a different way. When developing and launching a new hotel, there is a risk that the new operations won't be as successful as expected. New hotels may not be able to ramp-up their business levels to what is considered normal or to expected in terms of, as an example, occupancy rates and/or revenue. All these risks could adversely affect the growth of Scandic's operations. As of 31 December 2020, the Company had 14 hotels with 4,822 rooms in its pipeline. These projects can be adversely affected and delayed due to, for example, either party failing to fulfil its obligations, or a rapid decline in demand. Furthermore, construction delays can cause hotels under development to have a delayed opening which can lead to increased costs and lost revenues for the Company. In light of the Company's expansive strategy, the Company is particularly exposed to the risk of the Company failing to integrate newly opened or newly acquired hotels in the Group, for example regarding group-wide functions such as IT systems, which can lead to increased costs for the Group and also lead to unprofitability.

Scandic

RISK FACTORS (4/8)

1.1.9 Scandic may not have the possibility to successfully implement its strategy for profitable growth and develop new hotels (cont'd)

Furthermore, the Company is active and well-established in the middle segment and there is a risk that, even in good market conditions, the Company will find it more difficult to expand further in this segment and thereby achieve the Company's growth goals, for example because the proportion of available market shares are few or particularly difficult to acquire.

If Scandic is unable to successfully implement its strategy, there is a risk that expected benefits will not be achieved and/or that this will result in significantly increased costs, which in turn could have a negative impact on the Company's operating profit and cause the Company's growth rate to decrease, stop or become negative.

1.1.10 A large part of Scandic's operating costs are fixed, which may limit the effectiveness of the Company's cost-cutting efforts during times of declining earnings and may result in reduced profit margins

The largest part of Scandic's operating costs consists of obligations to pay rent and salaries and other personnel related expenses. A portion of these costs is fixed and not linked to the net sales of Scandic's hotels. Furthermore, certain of Scandic's other operating costs, including heating, information technology and similar expenses, are to a large extent also fixed. This leads to Scandic's operating profit being susceptible to short-term changes in revenue. During times of economic distress, declining demand and declining revenue, Scandic may not be able to offset revenue reductions through cost-cutting and therefore will have a material adverse effect on the Company's operating profit.

1.1.11 Scandic is exposed to certain risks related to the Company's information technology systems

Scandic uses and is dependent on sophisticated information technology systems for hotels and revenue optimization, distribution and booking systems and operation of loyalty programs, which require maintenance and supervision.

The Company's information technology platform provides head offices and the Company's hotels with a common system for booking and hotel management, operational reporting, forecasting, staff planning, KPI benchmarking and follow-up. This is a key tool for Scandic's operational success and cost management. As part of Scandic's strategy, the Company intends to further invest in mobile capabilities to ensure that the Company's solutions meet the demands of the increasing number of customers who are migrating to these devices. However, the Company may not be able to develop capabilities and online solutions that meet this trend and therefore may not capture existing and new customers. For example, several different systems are growing to enable digital check-in and similar things in the hotel industry and in the event that Scandic cannot successfully adapt to the development, the Company's revenue generation may be adversely affected.

Scandic collects large volumes of internal and customer data including credit card numbers and other personal information for various business purposes, including providing requested products and services, managing the Company's loyalty program and maintaining guest preferences to enhance customer service and for marketing purposes to meet and adapt the business and supply according to the demand from guests, landlords, suppliers and partners. In light of the Company's dependence on its IT platform, the Company is particularly exposed to the risk of the IT platform being exposed to material disruptions, slowdowns or damage, among other things as a result of cyber-attacks, any of which could for example cause the number of bookings through the Company's own distribution channels to be dramatically reduced and that valuable information is lost. The Company handles a large amount of personal data and credit card details, which exposes the Company to risks associated with the collection, handling, storage and transmission of sensitive information, including risks related to compliance with data protection regulations for the protection of such data, such as the General Data Protection Regulation (EU) 2016/679 ("**GDPR**") and the PCI Data Security Standard (PCI DSS).

The Company's risks related to the handling of its IT system and platform affects the Company's reputation, which, should the Company fail with the handling, could result in the Company's guests being reluctant to share their personal information with Scandic, which would affect the Company's ability to market directly to its customers and which in turn may lead to the Company's customers choosing other alternatives instead of Scandic's. Furthermore, it can also mean increased costs for the Company and / or lead to the Company's ability to generate revenue being limited which in turn, would have a negative impact on the Company's operating profit.

1.1.12 Scandic is dependent on attracting and retaining dedicated and competent staff

Scandic's success is largely dependent on the Company's ability to attract, retain, educate, manage and motivate staff. If Scandic is unable to attract, retain, educate, manage and motivate competent staff, the Company's ability to adequately operate and staff hotels may be impaired, which may reduce guest satisfaction. Scandic operates in an industry with generally high staff turnover. If the Company does not manage this high staff turnover efficiently, it can result in high costs for, for example, recruitment or operational restructuring and it can affect the quality of the Company's service offering and service to the guests. Furthermore, increasing the minimum wage can lead to significantly higher costs and lower profits. If the Company would experience staff shortages, it could also limit Scandic's possibilities to expand its operations and make it grow. Since personnel costs are a significant part of Scandic's operating costs, a lack of competent staff could also mean that Scandic must offer higher salaries, which would increase the Company's personnel costs and adversely affect the Company's earnings. Furthermore, a significant part of Scandic's employees are members of labour unions and have collective bargaining agreements, and Scandic's hotels may, although Scandic receives high marks in its internal employee surveys, suffer from interruptions in work, such as strikes, if the relations with employees or their labour unions deteriorate, which could potentially lead to disruptions in the day-to-day operations and divert management's attention.

RISK FACTORS (5/8)

1.1.12 Scandic is dependent on attracting and retaining dedicated and competent staff (cont'd)

During periods of reduced revenues, Scandic may reduce its workforce through layoffs and/or terminations or similar measures. When such a period is over, there is a risk that such staff will not return to the Company, for example because the person has been given another employment, which would have a negative impact on the business and, in the long run, the operating profit. Furthermore, cost-saving measures taken can damage the Company's brand and reputation, which in turn may have a negative impact on Scandic's ability to attract and retain staff in the future.

Following the outbreak of COVID-19, Scandic took several measures to dramatically cost-streamline the business, inter alia through measures to reduce personnel-related costs. On 31 December 2020 the number of employees was 6,152 which can be compared with 11,666 on 31 December 2019. On 31 December 2020, the equivalent of approximately 3,300 full-time employees were furloughed. Provided that the market conditions are recovered and demand for the Group's services increases, the Company will need to re-employ staff to manage the business, which will entail costs for the Company. There is a risk that Scandic will not, in a successful manner, manage such a change and, consequently, can't conduct its operations with the same efficiency as before. Furthermore, there is a risk that the rules temporarily allowing more generous application of short-term layoffs expire, which would lead to increased costs for the Company.

1.1.13 Scandic is dependent on online distribution channels and the maintaining of a favourable distribution mix

Scandic has a relatively large number of distribution channels for its services, consisting of the Company's own website and mobile application as well as a number of other types of external online distribution channels. A significant part of Scandic's hotel rooms are booked through external online distribution channels. Scandic contracts with such intermediaries and pay them various commissions and transaction fees for sales of Scandic's rooms through their systems.

Scandic is working actively to ensure that the Company has an optimized distribution mix for all times. There is a risk that the Company will not succeed in ensuring that customers are directed to the right type of distribution channel and that the Company will thus receive high costs for its distribution or lost revenues. Furthermore, there is a risk that the external online distributors that the Company hires tries to negotiate higher commissions, reduced room rates or other significant contract discounts from Scandic. Furthermore, the Company may to some extent lose valuable direct contact, for example marketing, with consumers.

The online distribution channels have increased transparency for consumers regarding the prices charged by various hotel operators for their products and services, thereby making price management more difficult for hotel operators and the agreements with external online distributors typically include restrictive provisions on rate parity (i.e., the ability for hotel operators to use differentiated pricing in their own distribution channels). While such rate parity restrictions have been outlawed or are currently under review by competition authorities in a number of jurisdictions, these restrictions are still permitted in the jurisdictions in which most of Scandic's hotels are located. There is also a risk in that the external online distribution channels do not market Scandic to Scandic's target group or at all. If guest preferences increasingly shift to external online distribution channels and divert bookings away from Scandic's internal distribution channels, or if the fees charged by third-party websites increase the overall cost of internet bookings for Scandic's hotels, this may have a material adverse effect on the Company's operating profit.

Given the amount of hotel nights sold through external online distribution channels, Scandic is to a certain extent dependent on such external online distribution channels, particularly in remote markets that are difficult to reach and where Scandic does not make active marketing efforts on its own. For example, the Company is, to a certain extent, dependent on online distribution channels to reach potential customers in China or in the United States. Any interruptions in the relationships with Scandic's external online distribution channels or interruptions in OTA-services may have a material adverse effect on the Company's business, earnings or financial position.

1.2 Risks related to legal and regulatory issues

1.2.1 Changes in the regulatory environment in which the Company conducts operations or a failure to comply with applicable laws and regulations may adversely affect the Company's business

In order for the Company to be able to offer its hotel, restaurant and conference services, the Company is dependent on various licenses and permits for hotel services as well as food and beverage services such as serving permits. If Scandic's serving permits issued to any of the Company's hotels should be revoked or not renewed, it will affect the Company's ability to conduct its business in its current form and also affect the Company's reputation. Furthermore, in light of the labour law measures taken by the Company at the outbreak of COVID-19, the Company is also exposed to the development in the area of labour law, and in particular with regard to the furloughing rules and state aid. As of 31 December 2020, the Company had the equivalent of approximately 3,300 full-time employees furloughed and there is a risk that economic relief related to the furloughed personnel isn't received as expected or at all.

RISK FACTORS (6/8)

1.2.2 Failure to protect Scandic's trademarks and other intellectual property could reduce the value of the Company's brands

The recognition and reputation of Scandic's brands and concepts are vital to the success of Scandic. Scandic relies on trademark laws to protect the Company's proprietary rights. The success of Scandic's business depends in part on the Company's continued ability to use its trademarks to increase brand awareness and further develop them. From time to time, Scandic applies to have trademarks registered; however, there can be no assurances that trademarks or other intellectual property registrations will be granted or that the steps Scandic takes to use, control or protect the Company's trademarks or other intellectual property in the Nordic region and other jurisdictions will always be adequate to prevent third parties from copying or using the trademarks or other intellectual property without authorization or in a manner where authorization may not be required. Scandic may also fail to obtain and maintain trademark protection for its brands in all jurisdictions. A few hotel names include trademarks owned by the property owner. Furthermore, third parties may challenge Scandic's rights to certain trademarks or oppose the Company's trademark applications. Defending against any such proceedings may be costly, and if unsuccessful, could result in the loss of important intellectual property rights as well as high costs for reprofiling. If Scandic's trademarks or other intellectual property are misappropriated, or otherwise used in a manner where authorization may not be required, the "Scandic" brand or brand endorsements, including their value and reputation, could be harmed.

Furthermore, third parties may make claims against Scandic for infringing or misappropriating their trademarks or other intellectual property rights. Any such claims could be expensive, and time consuming to defend and may force Scandic to stop using the intellectual property that is being challenged. These claims will divert management's attention and resources. In many cases, the reputation risk is also related to the Company's exposure to litigation or penalties / fees issued by regulatory authorities exceeding the direct financial consequences of these. These events could lead to a significantly impaired revenue potential for the Company, increased costs and may cause a write-down of non-current assets in the Company's balance sheet.

1.3. Financial risks

1.3.1 Scandic may be required to recognize impairment charges

Scandic has significant amounts of goodwill and trademarks with an indefinite life, which are not amortized. As of 31 December 2020, Scandic's goodwill and intangible assets amounted to SEK 6,687 million. In accordance with IFRS, goodwill and intangible assets that are not amortized must be subject to at least one annual impairment test. An impairment test is performed more frequently if there are indicators of impairment needs, something that also needs to be considered for other non-current assets and not just for those with indefinite right-of-use (including right-of-use assets in Scandic's case). Examples of indications are:

- significant adverse changes that have taken place or are expected in the near future in the market, economic or legal environment in which the Company operates or in its markets;
- increases in interest rates or other market rates of return that may materially affect the discount rate used in calculating the asset's recoverable amount;
- the carrying amount of Scandic's net assets exceeding the Company's market capitalization;
- management's forecasts of future net cash inflows or operating profits showing a significant decline from previous budgets and forecasts;
- actual net cash outflows or operating profit or loss being significantly worse than budgeted; and
- the Company predicts operating losses or net cash outflows being forecast.

As an example, and due to negative effects on the Group's operations, a write-down test of non-current assets was carried out in connection with the preparation of the quarterly report for the period January-March 2020. The write-down test showed an impairment need of intangible assets of SEK 2,955 million and the corresponding impairment charge was made for the first quarter of 2020. The write-down mainly relates to assets in Norway and Sweden, but also in Denmark and Finland. About 85 percent of the write-down was explained by higher discount rates as a result of an estimated higher risk and thus a return requirement for hotel operations. The remaining part of the write-down amount was explained by the fact that future cash flows were expected to be somewhat lower.

While Scandic believes that assessments and assumptions made are reasonable based on currently available information and current business performance as well as assumptions about future business performance, should the Company's assumptions and estimates about future economic and financial market conditions, operating performance in the Company's cash generating units, or any other of the Company's assumptions and estimates, including those listed above, prove to be incorrect, a future impairment test may require the Company to write down these assets, generating future impairment charges. For example, a significant decline in Scandic's markets due to further consequences of COVID-19, beyond the assumptions made in management's forecasts of future net cash inflows or operating profits from operations, could imply that a future impairment test may require Scandic to write-down goodwill and other intangible assets that have decreased in value. Furthermore, changes in the hotel portfolio or contract terms could cause a future impairment charge of right-of-use assets included in accordance with IFRS16. Any future impairment charges that the Company is required to record could have a material adverse effect on Scandic's recorded earnings and equity.

RISK FACTORS (7/8)

1.3.2 Scandic's existing facilities agreements contain, and future facilities agreements may contain, restrictions that could limit the Company's flexibility in operating its business

Scandic's existing facilities agreements contain, and documents governing future financing may contain, operating covenants that limit the discretion of management with respect to certain business matters. For example, Scandic's existing facilities agreements contain limitations in its ability to incur additional facilities, make acquisitions and divestments, carry out mergers, make changes to the Company's business, guarantee obligations or incur other contingent liabilities and provide pledges. Scandic's ability to meet these and other obligations in the Company's existing and future facilities agreements is dependent on the Company's future earnings, which in turn is dependent on several factors, some of which are beyond the Company's control. Breach of any of these obligations or failure to meet financial ratios and tests may result in a breach of the facilities agreements, which could lead to a termination of the current debt unless the breach or deficiency is rectified or the lender refrains from calling for termination; and termination of other obligations as a result of the indebtedness being subject to provisions on cross-termination or cross-breach of contract. Termination of one or more loans raised by the Company or other companies in the Group could have a material adverse effect on the Company's liquidity and financial position in general.

1.3.3 Payment in accordance with Scandic's financing requires a significant amount of cash. Scandic's ability to generate sufficient cash is dependent on many factors, some of which are beyond the Company's control

Scandic's ability to make payments in accordance with the Company's financing and to finance planned capital expenditures will depend on the Company's ability to generate cash in the future. If Scandic is unable to generate sufficient cash flow to service its debt and meet other commitments, the Company may need to restructure or refinance all or a portion of its financing, sell material assets or businesses or raise additional debt or equity capital. Scandic's failure to make the required interest and principal payments on the Company's indebtedness would result in an event of default under the agreement governing such facilities, which may result in the acceleration of some or all of Scandic's outstanding facilities. As of 31 December 2020, the Group's net interest-bearing debt, excluding lease liabilities, amounted to SEK 4,713 million. Termination of one or more facilities raised by the Company or other companies in the Group, or the pledging of pledged collateral, could have a high impact on the Company's liquidity.

The Group finances parts of its operations, and may in the future finance growth, with external capital. The Company is therefore dependent on the availability of such capital and if the Company would fail to raise sufficient capital on satisfactory terms, or at all, there is a risk that Scandic will be forced to refrain from investing, cancel payments or that Scandic cannot continue its business in its present shape or, at all.

1.4 Risks related to the securities

1.4.1 Risk related to the convertible bonds not being secured and the subordination of the convertible bonds

The convertible bonds are unsecured and subordinated to all other senior indebtedness of the Company. Rights to receive payment on the convertible bonds in a default situation will therefore be subject to all secured and senior lenders first receiving due payment. Under a bankruptcy, the bondholders will not receive any payment unless there are remaining funds after the ordinary senior creditors of the Company not having subordinated indebtedness have received payment in full. As a bankruptcy is unlikely to occur in the event the Company's assets, if sold, will be sufficient to cover the claims of the ordinary creditors in full, the bondholders must expect to receive zero payment in in case of a bankruptcy of the Company.

1.4.2 Risk related to convertible bonds being issued at a substantial discount

The Company may issue convertible bonds at a substantial discount to their nominal amount. The market values of such securities tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. The longer the remaining term of the securities, the greater the price volatility may be as compared to conventional interest-bearing securities with comparable maturities.

1.4.3 Credit risk towards the Company

The convertible bonds constitute unsecured and subordinated debt obligations of the Company and the bondholders carry a credit risk relating to the Company and the Group. The bondholders' ability to receive payment under the bonds is therefore dependent on the Company's ability to meet its payment obligations, which in turn is dependent upon the performance of the Group's operations and its financial position and also, the availability of capital. A significant part of the Group's financing consists of the convertible bonds. As of 31 December 2020, Scandic's net interest-bearing liabilities, excluding lease liabilities amounted to SEK 4,713 million. There is a risk that the Company will not have sufficient funds at the time of repayment of the convertible bonds, or e.g. in case of mandatory repurchase of any or all convertible bonds upon the occurrence of a change of control event. The Company's failure to repay or repurchase the convertible bonds could in turn adversely affect the Company, e.g. by causing insolvency or an event of default under the terms and conditions, and thus adversely affect all bondholders and, in case of mandatory repurchase of the convertible bonds.

Further, an increased credit risk is likely to cause the market to charge the convertible bonds a higher risk premium, which can affect the convertible bonds' value negatively. Further, if the Company's financial position deteriorates, it is likely to affect the Issuer's possibility to receive debt financing at the time of the maturity of the convertible bonds. There is a risk that this could have a material adverse effect on the value of the convertible bonds.

RISK FACTORS (8/8)

1.4.4 The conversion right is subject to approval from a general meeting and right to exercise the conversion rights may be limited in certain events

The right to convert the convertible bonds into shares in the Company is subject to approval from a general meeting and, if approved, the conversion right subsists during the conversion period but may be limited in certain situations. There is a risk that the general meeting does not resolve to approve the conversion right of the convertible bonds and, if materialised, the convertible bonds will not be convertible to shares in the Company. If a general meeting does not resolve to make the convertible bonds convertible into shares, the convertible bonds will, in accordance with the terms and conditions, be subject early redemption. If the general meeting approves the conversion right, the bondholders will not have the right to convert convertible bonds if it is redeemed, or purchased and cancelled, in accordance with the terms and conditions. Further, the right to exercise the conversion rights may be limited upon an event of default and bankruptcy.

1.4.5 Risk related to the convertible bonds liquidity and, if applicable the secondary market

The convertible bonds may not always be actively traded, and there is a risk that there will not always be a liquid market for trading in the convertible bonds. This may result in the bondholders not being able to sell their convertible notes when desired or at a price level which allows for a profit comparable to similar investments with an active secondary market. Lack of liquidity in the market may have a negative impact on the market value of the convertible bonds. Further, the nominal value of the convertible notes may not be indicative compared to the market price of the convertible bonds. It should also be noted that during a given time period it may be difficult or impossible to sell the convertible bonds on reasonable terms, or at all, due to, for example, severe price fluctuations, close down of the relevant market or trade restrictions imposed on the market.

1.4.6 The convertible bonds may be subject to taxation

The tax treatment may differ depending on type of investor and taxation laws in various jurisdictions, and there is a risk that bondholders under the convertible bonds are or may in the future become subject to taxation that are not applicable to shareholders in the Company. Investors in the convertible bonds should consult with its own professional advisors for tax or other professional advice in this respect.

1.4.7 Dependency on subsidiaries and other group companies

The Company’s ability to pay any amounts due on the convertible bonds is, to a significant extent, dependent on the financial performance of its subsidiaries and other group companies and will depend upon the level of distributions, interest payments and loan repayments, if any, received from such entities, any amounts received on disposals of assets and equity holdings and the level of cash balances.

1.4.8 Risks relating to limited anti-dilution protection for bondholders

Upon exercise of conversion rights by a bondholder, the Company will issue the relevant number of shares to the relevant bondholder on and as at the relevant conversion date in accordance with the terms and conditions. The conversion price at which the convertible bonds will effectively be converted into shares will be adjusted, inter alia, in the event that there is a share consolidation, share splits, rights issues, capital distributions and bonus issues, but only in the situations and only to the extent provided under the terms and conditions. There is no requirement that there should be an adjustment for every corporate or other event that may affect the value of the shares. Events in respect of which no adjustment is made may adversely affect the value of the shares and, therefore, adversely affect the value of the convertible bonds.

TRANSACTION OVERVIEW

CONTEMPLATED KEY TERMS

Issuer:	Scandic Hotels Group AB (publ)
Principal amount:	Up to approximately SEK 1,800,000,000
Issue price:	[89.41 to 90.94]% of the principal amount
Gross cash proceeds raised:	Up to approximately SEK 1,600,000,000
Securities offered:	Convertible Bonds
Status:	Subordinated and unsecured
Duration:	3.5 years
Yield to Maturity:	[2.75 to 3.25]%
Conversion premium:	[22.0 to 27.0]% above the Reference Share Price
Reference Share Price:	The lower of: 1) SEK 36.80 (closing price of the Issuer’s Shares on the Stockholm Stock Exchange 25 March 2021), and 2) the volume weighted average share price of the Issuer’s shares on the Stockholm Stock Exchange on 26 March 2021 between launch and pricing
Redemption price:	100%
Issuer’s call options:	No
Dividend adjustment:	Yes, conversion price adjustment for any dividend or any other advantage shareholders may receive (share split, rights issue etc). No adjustment for equity capital raised in a private placement “at market”
Trustee / Law / CSD:	Nordic Trustee & Agency AB (publ) / Swedish / VPS
Denomination:	SEK 100,000, minimum subscription SEK 2,000,000
Listing:	Regulated market, 6 months after the settlement date on a best efforts basis
Joint bookrunners:	DNB Markets, Nordea, Handelsbanken

BACKGROUND AND RATIONALE

- **During the first quarter, Scandic's cash outflow is estimated at approximately SEK 1,100m and Scandic's available liquidity is expected to be approximately SEK 800 million, as of 31 March 2021**
- **The occupancy rate for Scandic is estimated to be around 18% in the first quarter of 2021 and around 19% in March**
- **Around 50% occupancy rate is required to reach positive cash flow**
- **Scandic expects a recovery of the hotel market in 2021, mainly driven by national and intra-Nordic leisure travel. During the summer of 2021, occupancy is expected to be higher than in the corresponding period in 2020 (32 percent during June-August 2020)**
- **The resolved convertible bond issue is expected to fully cover Scandic's liquidity needs until market conditions are normalised and positive cash flow is reached**
- **With a sharply reduced cost level combined with our efficient operational model, Scandic has all the prerequisites to eventually exceed our long-term adjusted EBITDA margin target of at least 11 percent, even with a level of demand that is lower than it was just before the pandemic**
- **In conjunction with a successful issue of the convertible bonds and the shareholders approving the Board of Directors' resolution to make the Bonds convertible into Shares the Lenders have agreed to extend the SEK 6,650m credit facilities until 31 December 2023**
- **AMF, Stena Sessan and Formica Capital, representing approximately 41% of the shares and votes in the Company, have committed to subscribe for in total SEK 500m in the convertible bond**

INTRODUCTION TO SCANDIC AND TRANSACTION STRUCTURE

SCANDIC AT A GLANCE

- The leading hotel company in the Nordic region with an unrivalled geographic network with approximately a 15% market share
- Pre-pandemic organic revenue CAGR of 7% combined with an almost twofold of adjusted EBITDA increase from 2015 through 2019
- Post pandemic, Scandic is well positioned to capitalise on the operational improvements recently implemented, resulting in a slimmer cost base
- The convertible bond ("**CB**") will ensure the company is able to prepare for future demand and a recovery of economic activity post lockdown
- Further, the bank group have committed to extending the current SEK 6,650m credit facilities until 31 December 2023

SIMPLIFIED TRANSACTION STRUCTURE

Convertible bond up to SEK 1,600m gross proceeds → Scandic Hotels Group AB

Scandic Hotels Holding AB ← *SEK 1,150m RCF (EKN guaranteed)*
SEK 5,500m TL & RCF

Scandic Hotels Europe AB | Scandic Hotels Aktiebolag | Scandic Hotels OY

Scandic Hotels Aktiebolag → *Operating subsidiaries*

	Announcement	Books closed	CBs free to trade	Settlement	Date of EGM	CBs become convertible following EGM decision
Preliminary date:	*26 March*	*26 March*	*26 March*	*8 April*	*21 April*	*21/22 April*

Scandic

SCANDIC AT A GLANCE

SCANDIC– THE MARKET LEADING HOTEL COMPANY IN THE NORDICS

SOLID DEMAND DYNAMICS UNTIL 2019	**DEMAND HAS CONSISTENTLY OUTGROWN SUPPLY IN THE NORDICS, WITH A BROAD AND WELL-BALANCED CUSTOMER BASE**
STRONG MARKET POSITION	**#1 BRAND IN THE NORDICS WITH AN UNRIVALLED GEOGRAPHIC NETWORK AND APPEALING ROOM OFFERING IN THE ATTRACTIVE MID-MARKET**
EFFICIENT OPERATING MODEL	**CONTROLLED AND FLEXIBLE COST BASE WITH UNIQUE ECONOMIES OF SCALE**
SUSTAINABLE OFFERING	**LEGACY OF INSPIRING AND DRIVING CHANGE FOR SUSTAINABLE HOTEL OPERATIONS**
STRONG CULTURE	**ATTRACTIVE EMPLOYER WITH HIGHLY ENGAGED TEAM MEMBERS LEADING TO SATISFIED AND LOYAL GUESTS**

AN UNRIVALLED MARKET POSITION

130 DESTINATIONS

53,000 ROOMS

15% NORDIC MARKET SHARE

250	5	7	3
SCANDIC	SIGNATURE HOTELS	IHG	HILTON

Scandic

AN ATTRACTIVE BUSINESS MODEL

SEVERAL ADVANTAGES OF THE VARIABLE LEASE MODEL

FLEXIBLE COST STRUCTURE IN NORMAL MARKET FLUCTUATIONS

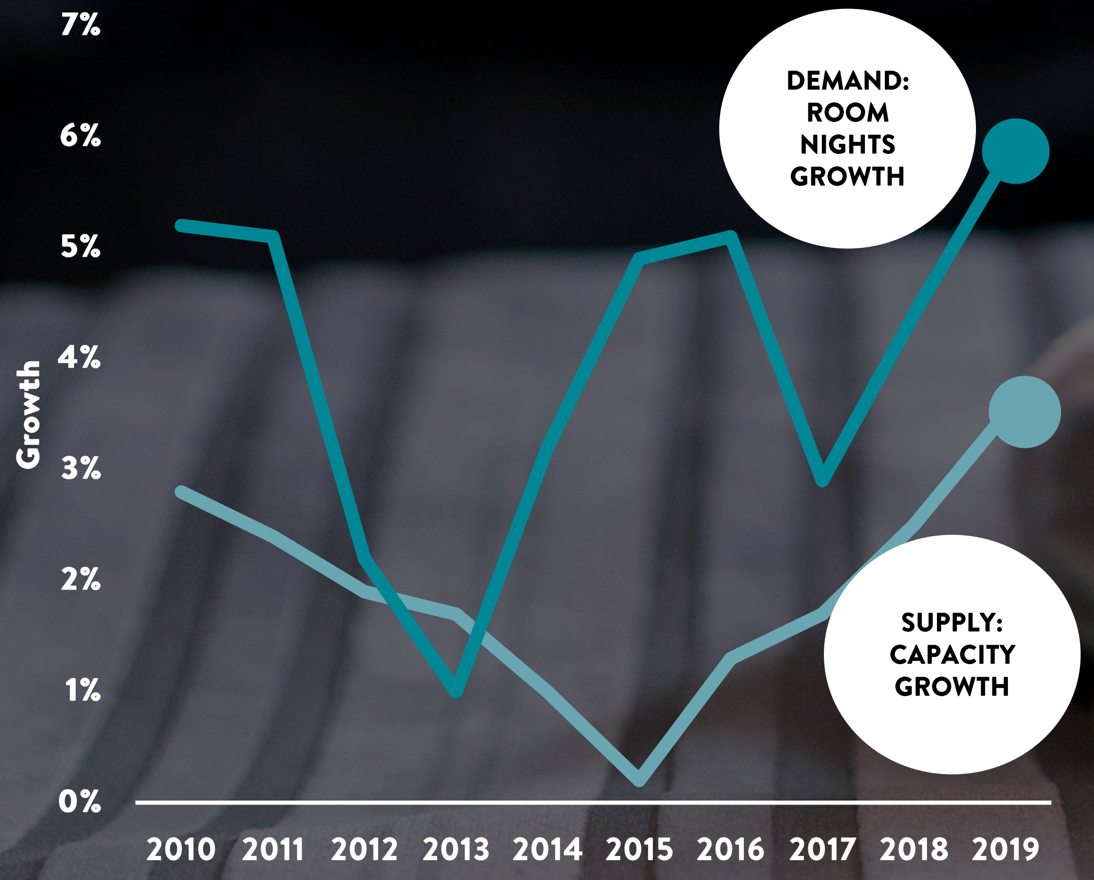
CONTROL OF CUSTOMER OFFERING

SHARED INTEREST WITH LANDLORDS

LIMITED INTERNATIONAL COMPETITION

STRONG AND CONSISTENT UNDERLYING GROWTH FOR DEMAND IN THE NORDIC MARKET PRE COVID 19, AND THE IMPACT FROM THE PANDEMIC WAS UNPRECEDENTED...

AN OVERVIEW OF THE SUPPLY AND DEMAND IN THE NORDIC MARKET PRE COVID-19



Source: National Statistics, Benchmarking Alliance

HOTEL MARKET (NORDICS) 1986-2020e
% CHANGE IN MILLION SOLD ROOM NIGHTS VS LAST YEAR

Like-for-like growth as historical data is not available from 1986 in all countries (Norway: 1986-, Denmark: 1992-, Finland: 1995, Sweden 2008-) Source: SCB, SSB, Statistics Finland for 2014-2019. Data for 2020 is based on 11 months of actuals and forecast for December (assume same % drop from 2019 as November)

Scandic

...BUT WE ACTED QUICKLY AND FORCEFULLY

CASH FLOW PROTECTION

Postponed rent payments

Cancelled dividend

Rescheduled capex

Project freeze

COST REDUCTIONS

Non-rent cost base reduced by ~60% as of Q2

Temporary closed >50% of the hotels during the spring

Staff reduction of >80% including furlough

FINANCING

New credit facility of SEK 1,150m and bridge financing of SEK 250m

Total credit facility increased to SEK 6,650m

Rights issue of SEK ~1,765m

NEGOTIATIONS WITH LANDLORDS

Negotiations with landlords have resulted in rent reductions of up to SEK 900m

ENTERING MARKET RECOVERY WITH LOW COSTS

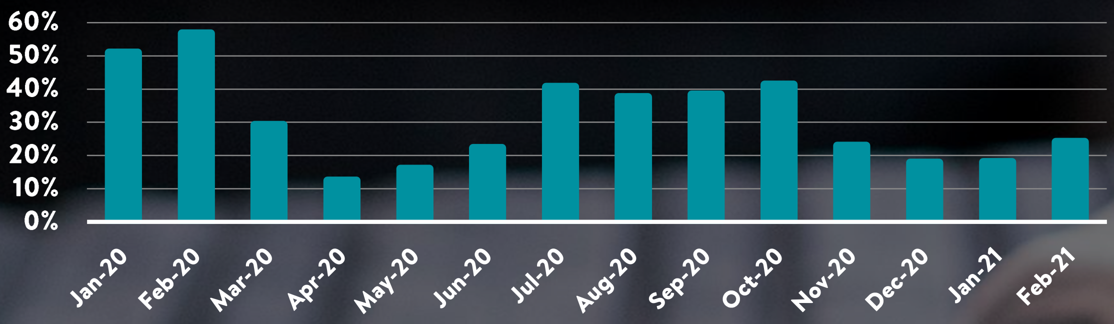
2019	Record year with revenue of SEK 19bn and adjusted EBITDA above SEK 2bn
2020	Substantial measures to handle ~60% revenue decline due to Covid-19
2021	Recovery with high cash conversion given slimmed cost base
Longer term	Potential to exceed 11% adjusted EBITDA margin even with RevPAR below 2019 level

SCANDIC HOTELS Q4 2020 AND OUTLOOK

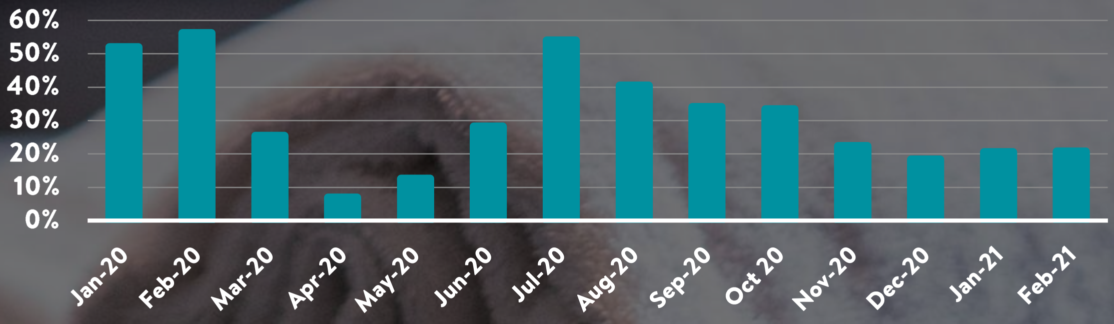
Scandic

A SLOW END OF THE YEAR

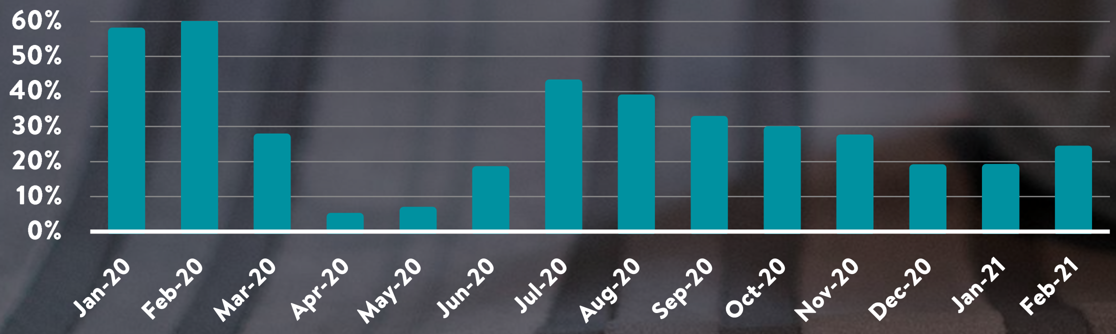
SWEDEN (TOTAL MARKET OCCUPANCY)



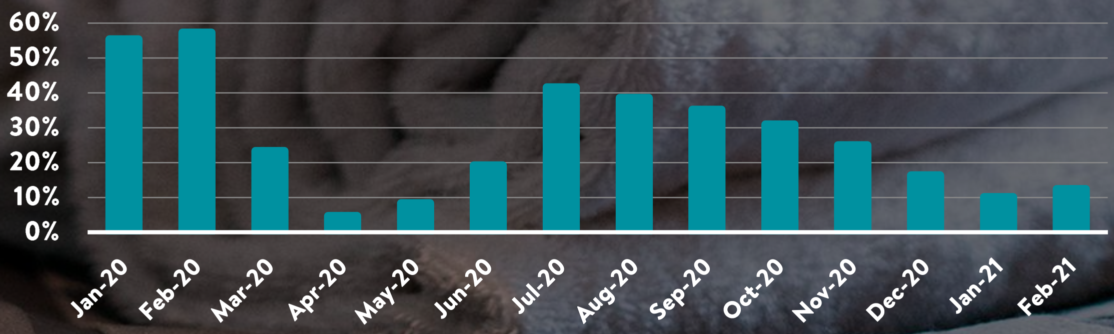
NORWAY (TOTAL MARKET OCCUPANCY)



FINLAND (TOTAL MARKET OCCUPANCY)



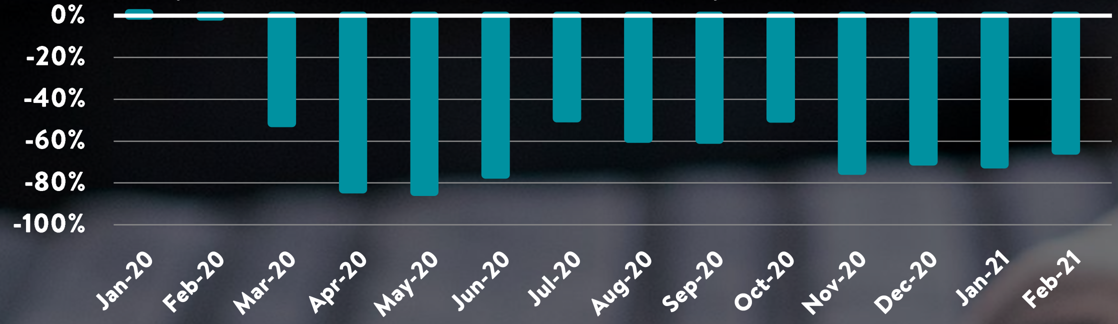
DENMARK (TOTAL MARKET OCCUPANCY)



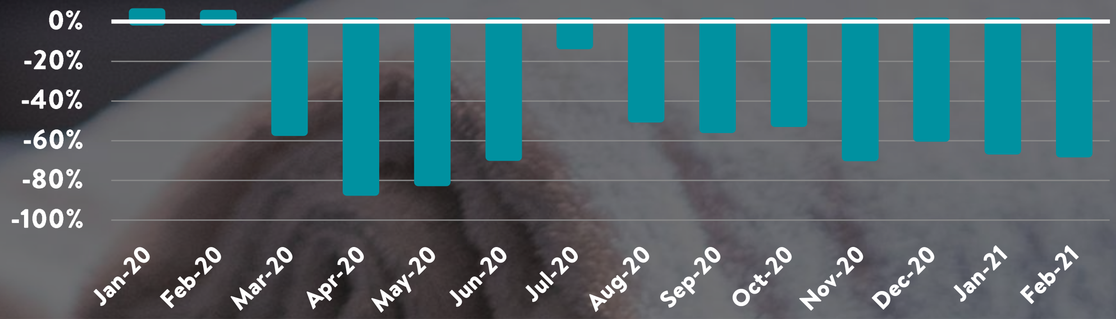
Source: Benchmarking Alliance

NORDIC MARKET REVPAR DOWN ~65% IN Q4

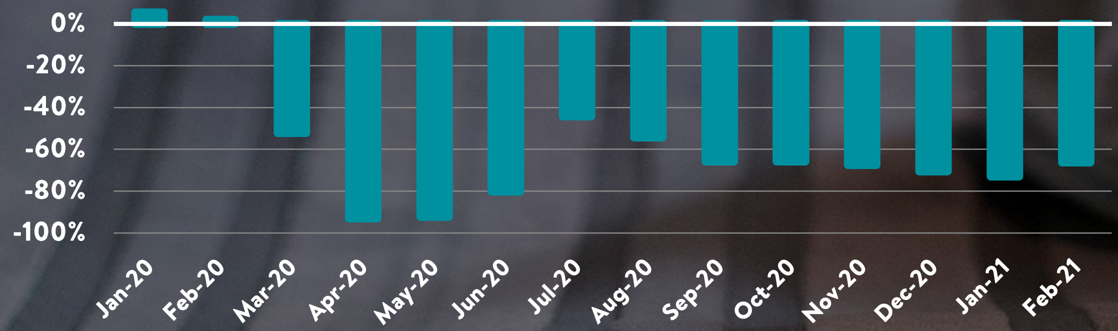
SWEDEN (Y-O-Y CHANGE IN MARKET REVPAR)



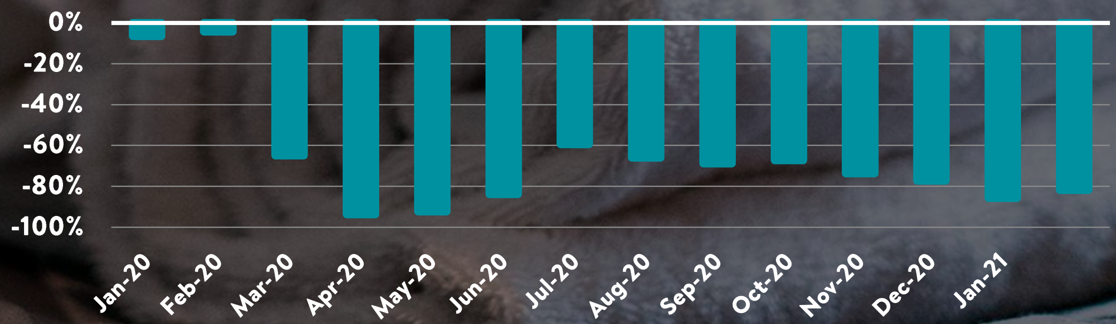
NORWAY (Y-O-Y CHANGE IN MARKET REVPAR)



FINLAND (Y-O-Y CHANGE IN MARKET REVPAR)



DENMARK (Y-O-Y CHANGE IN MARKET REVPAR)



Source: Benchmarking Alliance

Scandic

REDUCED RENT COSTS AFTER CONSTRUCTIVE DIALOGUE WITH LANDLORDS

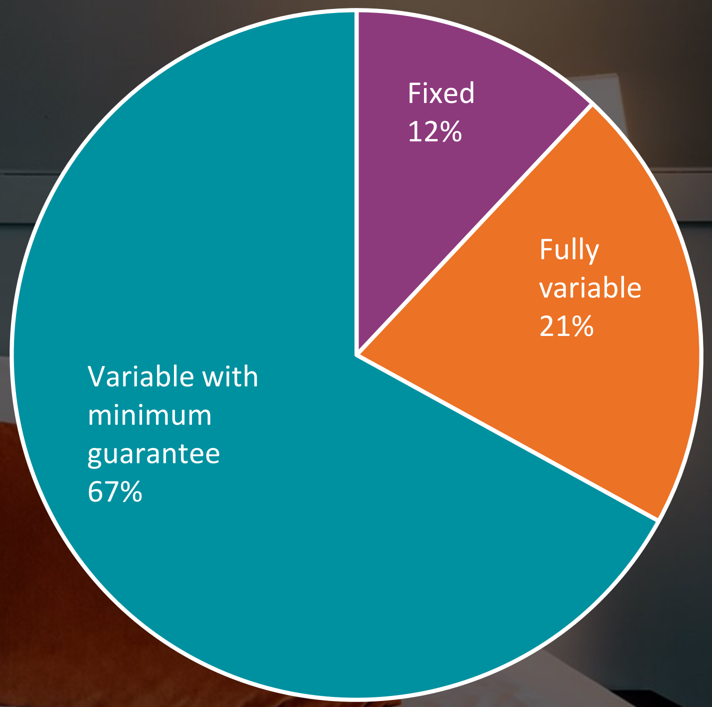
AGREED OR OFFERED TEMPORARY REDUCTIONS OF SEK ~900m, OF WHICH SEK ~500m IN 2021

INCREASED DURATION BY 1 YEAR TO 12 YEARS

POSTPONED OPENINGS

LEASES FOR 57 HOTELS EXPIRE BY END OF 2025, OF WHICH 37 BY END OF 2022

SCANDIC PORTFOLIO BY LEASE MODEL AS OF YEAR-END 2020



Scandic

A FEW POSTPONED OPENINGS

Year	Hotel	Destination		# Rooms	
Q1 2021	Scandic Arlandastad	Stockholm, Sweden	Take-over	150	Opened January 10
Q1 2021	Scandic by Copenhagen Airport	Copenhagen, Denmark	New	357	
Q1 2021	Scandic Sortland	Sortland, Norway	Franchise	130	
Q2 2021	Scandic Grand Central Helsinki	Helsinki, Finland	New	491	Postponed from Q1 to Q2
Q2 2021	Scandic Landvetter Airport	Gothenburg, Sweden	New	223	
Q3 2021	Scandic Nørreport	Copenhagen, Denmark	New	100	Postponed from Q1 to Q3
Q4 2021	Scandic Spectrum	Copenhagen, Denmark	New	632	
Q4 2021	Scandic Hamburger Börs	Turku, Finland	Take-over	272	
Q1 2022	Scandic Macherei	Munich, Germany	New	234	
Q1 2022	Scandic Helsingborg Harbour	Helsingborg, Sweden	New	184	
Q1 2022	Scandic Örebro Central	Örebro, Sweden	New	160	
Q2 2022	Scandic Platinan	Gothenburg, Sweden	New	451	
Q2 2022	Scandic Ferrum	Kiruna, Sweden	New	230	Postponed from Q1 to Q2 -22
Q3 2022	Scandic Avenue	Helsinki, Finland	New	350	
Q1 2023	Scandic Hafenpark	Frankfurt, Germany	New	505	
Q3 2024	Scandic Aarhus Harbour	Aarhus, Denmark	New	485	Likely to be reconfigured
	Ongoing extensions			221	
	Exits			**-353**	
	Total net pipeline			**4,822**	

EXPECTED RECOVERY IN 2021

Q2

- VACCINATION GAINS MOMENTUM
- IMPROVED COVID-19 DATA
- OCCUPANCY INCREASES AS RESTRICTIONS ARE GRADUALLY EASED
- DEMAND INITIALLY DRIVEN BY DOMESTIC DEMAND
- OCCUPANCY IN THE SUMMER EXPECTED TO EXCEED LAST YEAR'S LEVEL

H2

- GRADUAL MARKET NORMALIZATION
- INTRA-NORDIC BUSINESS TRAVEL
- MEETINGS, SPORTS AND CULTURAL EVENTS
- STILL LIMITED INTERNATIONAL TRAVEL

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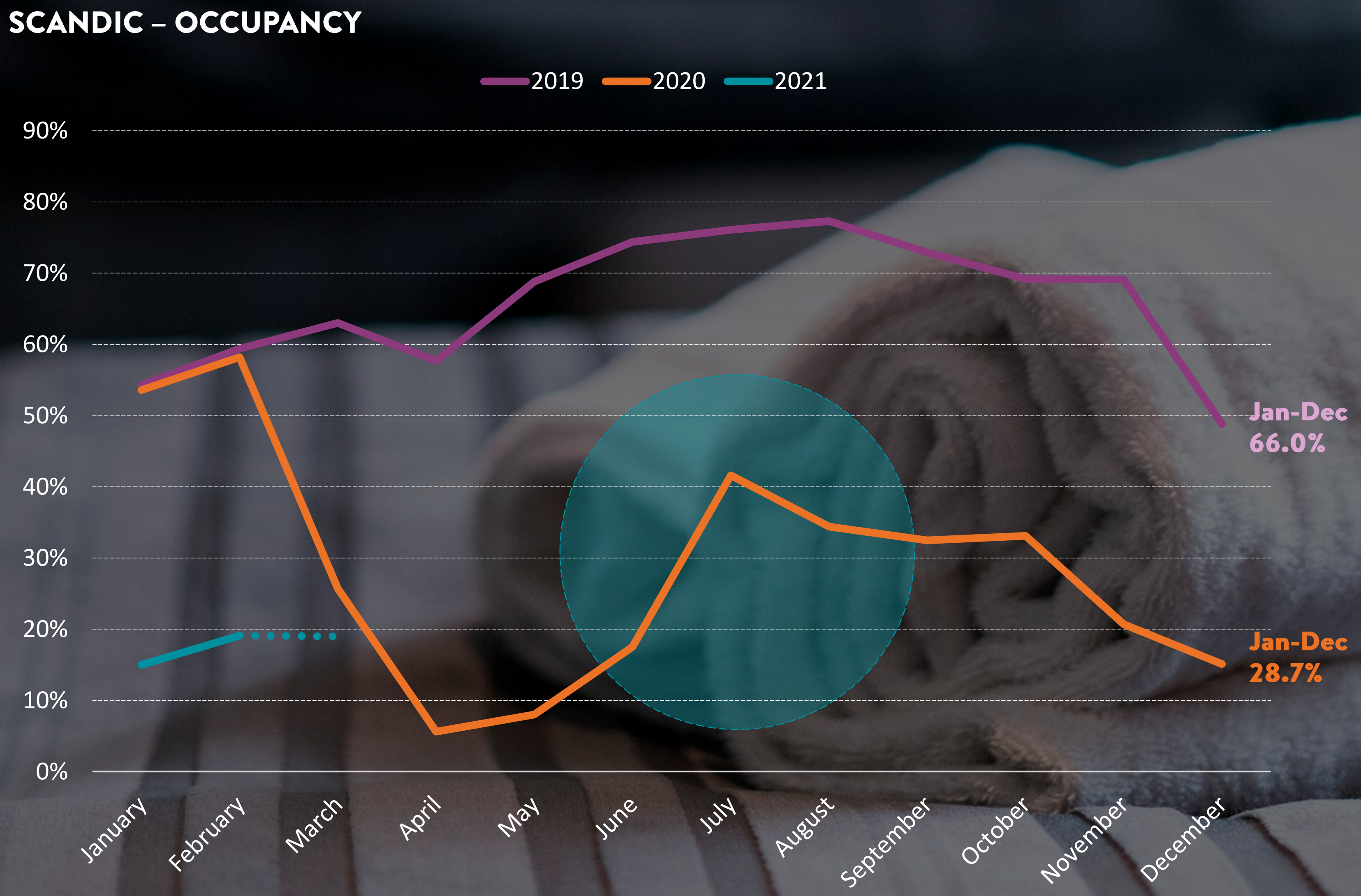
SCANDIC'S OCCUPANCY IS EXPTECTED TO BE AROUND 19% IN MARCH AND TO EXCEED LAST YEAR'S LEVEL DURING THE SUMMER



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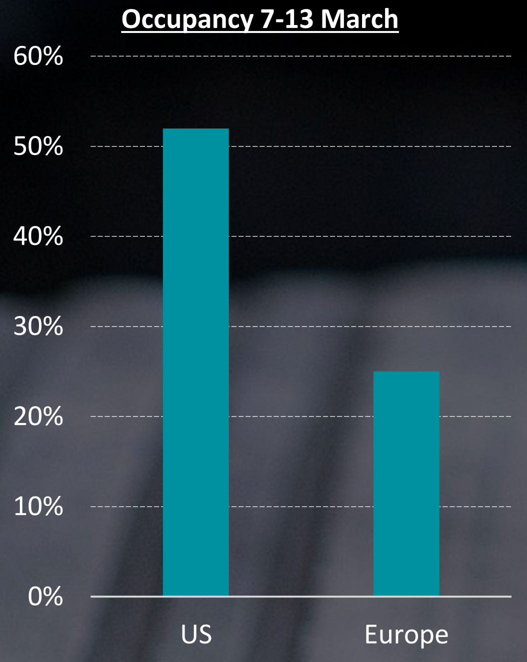
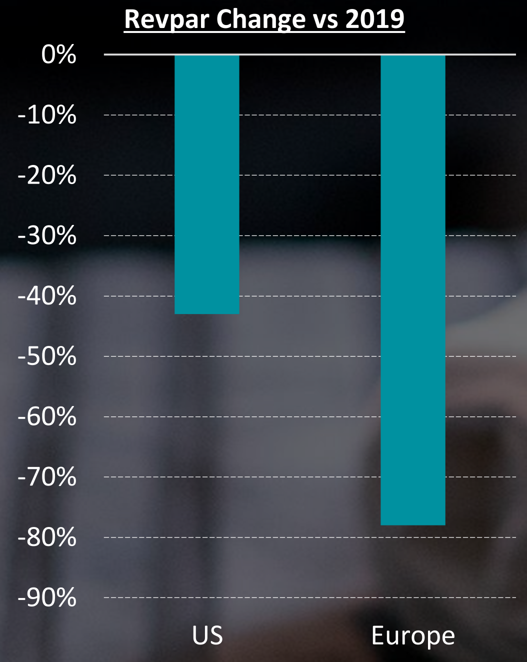
SOME ENCOURAGING SIGNS FROM THE US HOSPITALITY MARKET

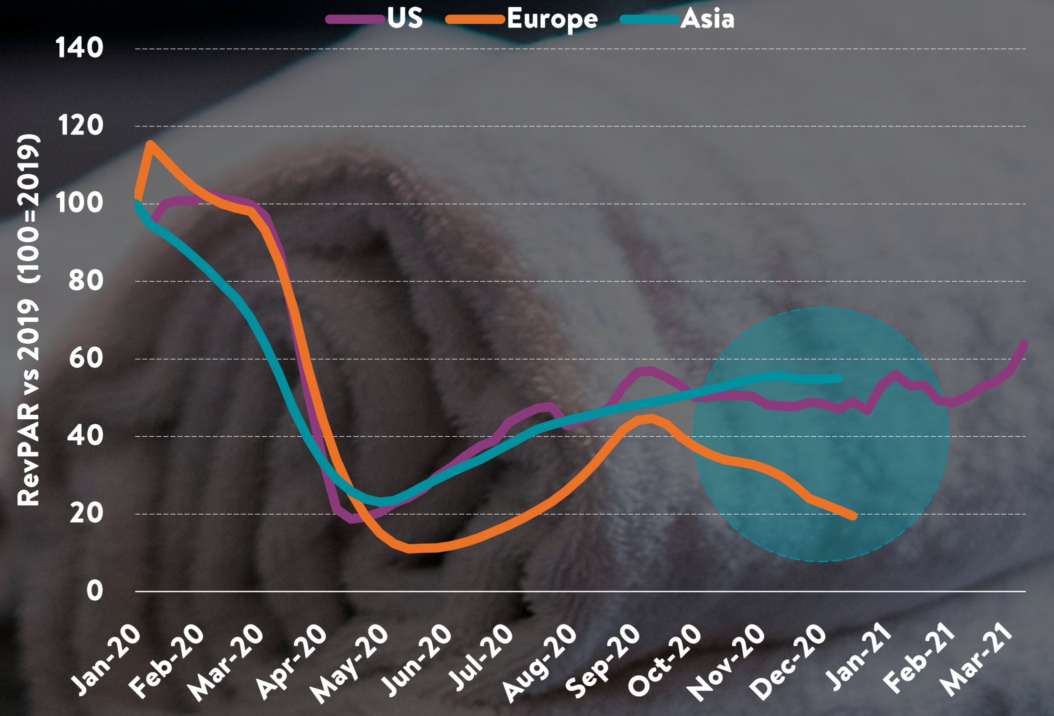
Market occupancy the week 7-13 March, and the market RevPAR change 7-13 March vs. 2019





Source: STR

RevPAR development per region, indexed to pre Covid



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FINANCIAL UPDATE

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NET SALES DECLINED BY 71% IN Q4

SEKm	Oct-Dec 2020	Oct-Dec 2019	%	Jan-Dec 2020	Jan-Dec 2019	%
Net sales	**1,377**	**4,831**	**-71.5%**	**7,470**	**18,945**	**-60.6%**
FX	-71		-1.5%	-246		-1.3%
Organic	-3,384		-70.0%	-11,229		-59.3%
- New hotels	-90		-1.9%	-196		-1.0%
- Exited hotels	-28		-0.6%	-178		-0.9%
- Like-for like	**-3,266**		**-67.5%**	**-10,855**		**-57.4%**

ORGANIC SALES DEVELOPMENT PER SEGMENT

	Q4
Sweden	-71.3%
Norway	-64.1%
Finland	-74.2%
Other Europe	-70.5%
Total	**-71.5%**

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NEGATIVE ADJUSTED EBITDA DESPITE GOVERNMENTAL SUPPORT

October-December	Net sales		Adjusted EBITDA			Adjusted EBITDA %	
SEKm	2020	2019	2020	*2020 ex. gov. support*	2019	2020	2019
Sweden	465	1,622	-136	*-216*	239	-29.2%	14.7%
Norway	410	1,277	6	*-132*	115	1.5%	9.0%
Finland	300	1,222	-89	*-94*	216	-29.7%	17.7%
Other Europe	201	710	-24	*-27*	60	-11.9%	8.5%
Central costs & group adj.	-	-	-39	*-39*	-126	-	-
Group	**1,376**	**4,831**	**-282**	***-508***	**504**	**-20.5%**	**10.4%**

January-December	Net sales		Adjusted EBITDA			Adjusted EBITDA %	
SEKm	2020	2019	2020	*2020 ex. gov. support*	2019	2020	2019
Sweden	2,489	6,291	-402	*-630*	910	-16.2%	14.5%
Norway	2,236	5,343	-48	*-377*	539	-2.1%	10.1%
Finland	1,714	4,547	-456	*-466*	707	-26.6%	15.5%
Other Europe	1,031	2,764	-298	*-457*	298	-28.9%	10.8%
Central costs & group adj.	-	-	-298	*-298*	-408	-	
Group	**7,470**	**18,945**	**-1,503**	***-2,228***	**2,046**	**-20.1%**	**10.8%**

GOVERNMENTAL SUPPORT OF SEK 226M IN Q4

- **SWEDEN: SEK 80M**
- **NORWAY: SEK 138M**
- **FINLAND: SEK 5M**
- **OTHER: SEK 4M**

RENT REBATES AMOUNTED TO SEK 180M IN Q4

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CASH OUTFLOW

SEKm	Q4	FY2020
Adjusted EBITDA	-282	-1,503
Change in working capital	-843	-221
Paid tax, interest, pre-opening and other items	-61	-464
Cash flow from operations	**-1 186**	**-2 188**
Investments in existing operations	-15	-449
Free cash flow before expansion capex	**-1,201**	**-2,637**
Expansion capex	-133	-302
Free cash flow	**-1,334**	**-2,939**
Net debt	**4,713**	
Available liquidity at year-end	**1,900**	

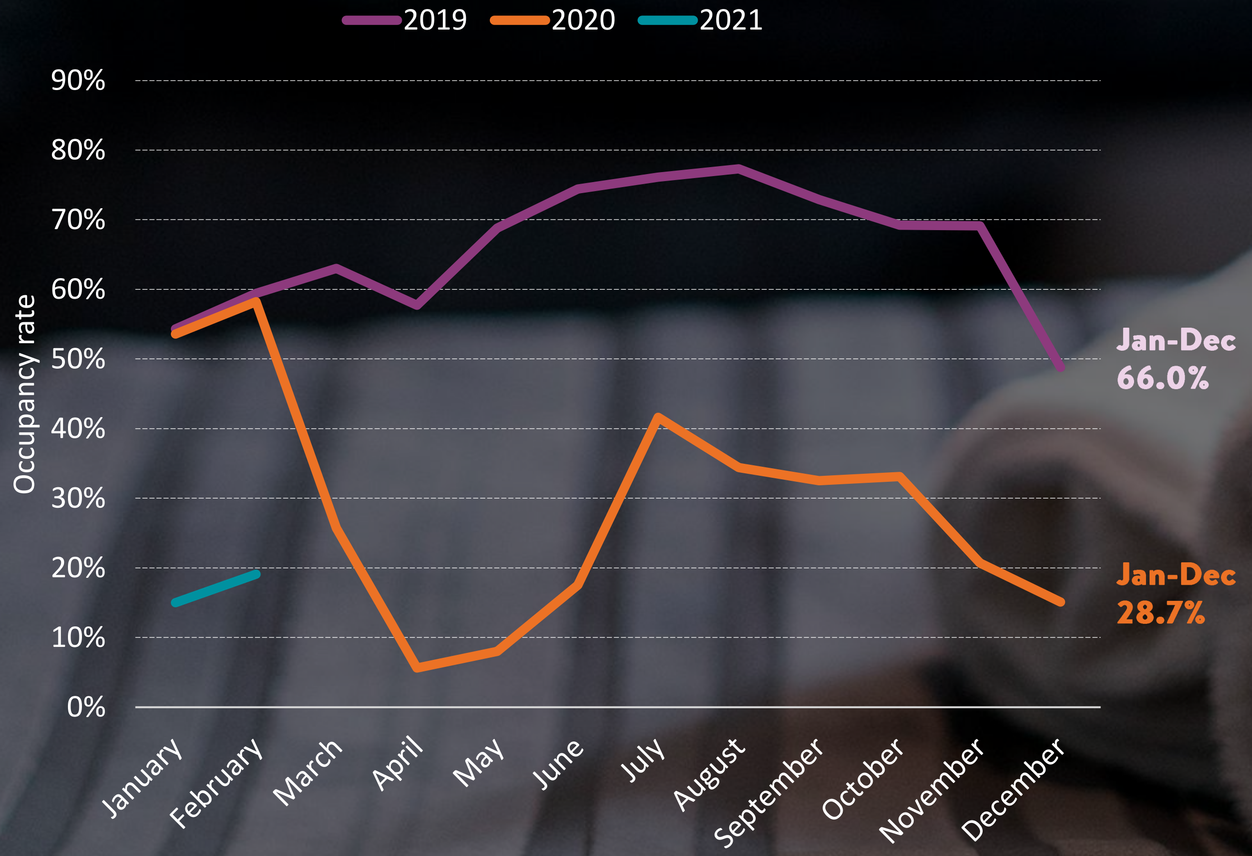
CASH FLOW NEGATIVELY IMPACTED BY SETTLEMENT OF DEFERRED RENTS IN Q4

ESTIMATED MONTHLY UNDERLYING CASH OUTFLOW IN Q4 SEK 300M AT 23% AVERAGE OCCUPANCY

ESTIMATED TOTAL CASH OUTFLOW IN Q1 SEK ~1,100M AT 18% AVERAGE OCCUPANCY

CASH FLOW SENSITIVITY

SCANDIC – OCCUPANCY



A 1%-POINT CHANGE IN OCCUPANCY AFFECTS MONTHLY CASH FLOW BY AROUND SEK 10-15M

AN OCCUPANCY RATE OF APPROXIMATELY 50% NEEDED IN ORDER TO REACH POSITIVE CASH FLOW

STRENGHTS & OPPORTUNITIES IN A POST COVID-19 ENVIRONMENT

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SCANDIC IS WELL POSITIONED FOR A MARKET RECOVERY

1	2	3	4
Local and regional demand	**Customer price consciousness**	**Well-known and trusted brand**	**Planned hotel openings in attractive locations**
Local and regional travel and market will likely come back faster than international	Affordable value proposition	Market leading customer loyalty program	Trusted and well-connected business partner to the landlords

APPENDIX

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IFRS 16 IMPACT ON INCOME STATEMENT

	2020			2019
SEKm	Excluding IFRS 16	Effect IFRS 16	Reported	Reported
Net sales	7,470		7,470	18,945
EBITDAR	1,619		1,619	7,107
Total rent costs	-3,121	3,191	70	-1,770
Adjusted EBITDA	**-1,503**			
Pre-opening costs	-32		-32	-81
Items affecting comparability	-269		-269	169
EBITDA	**-1,804**	**3,191**	**1,387**	**5,425**
Depreciation, amortization 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
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**

Fixed and guaranteed rents are reported as depreciation and financial costs in IFRS 16

With the current portfolio of lease agreements, net profit for 2021 is expected to be negatively impacted by approximately SEK 480m

With an unchanged portfolio the negative effect is expected to decline over time and become positive from 2027

Impairment of intangible assets of SEK 2,955m in 2020

BALANCE SHEET (IFRS 16) – YEAR END 2020

Assets (SEKm)	
Intangible assets	6,687
Buildings and land fittings	25,762
Equipment, fixtures and fittings	4,625
Financial fixed assets	479
Total fixed assets	**37,553**
Current assets	716
Derivative instruments	0
Cash and cash equivalents	14
Total current assets	**730**
Total assets	**38,283**

Equity and liabilities (SEKm)	
Total equity	**2,071**
Liabilities to credit institutions	4,526
Lease liabilities	26,169
Other long term liabilities	1,159
Total long term liabilities	**31,854**
Current liabilities for leases	1,850
Commercial papers	201
Other current liabilities	2,307
Total current liabilities	**4,358**
Total equity and liabilities	**38,283**

According to IFRS 16, fixed and guaranteed leases are reported as lease liabilities and right-to-use assets

THANK YOU!

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