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Press Release

May 25, 2020

Scandic announces the final terms of its fully underwritten rights issue

Scandic Hotels Group AB (publ) (“Scandic” or the “Company”) announced on April 29, 2020 that the Board of Directors had decided, subject to approval by the extraordinary general meeting (the “EGM”) on May 28, 2020, on a rights issue of approximately SEK 1.75 billion with preferential rights for Scandic’s existing shareholders (the “Rights Issue”). Scandic’s Board of Directors today announces the final terms for the Rights Issue. The maximum number of new shares that may be issued is 88,272,918. The shareholders in Scandic have preferential rights to subscribe for six (6) new shares per seven (7) existing shares. The subscription price is SEK 20 per share.

The Rights Issue in brief

- Shareholders in Scandic have preferential rights to subscribe for six (6) new shares per seven (7) existing shares, indicating a subscription ratio of 6:7.
- The subscription price is SEK 20 per share, which means that a fully subscribed Rights Issue, will provide proceeds of up to approximately SEK 1,765m before deduction of transaction costs related to the Rights Issue.
- The record date for the Rights Issue is June 1, 2020 and the subscription period will run from June 3, 2020 up to and including June 17, 2020.
- The last day of trading in the Scandic share including the right to receive subscription rights is May 28, 2020 and the first day of trading excluding the right to receive subscription rights is May 29, 2020. Subscription rights will be traded on Nasdaq Stockholm during the period from June 3, 2020 up to and including June 15, 2020.
- The Rights Issue is subject to approval by the EGM to be held on May 28, 2020.



- Certain of the Company's largest shareholders, Stena Sessan AB ("Stena"), AMF Pensionsförsäkring AB ("AMF Pensionsförsäkring") and Formica Capital AB ("Formica Capital"), have, subject to customary conditions, committed to subscribe for their pro rata share of the Rights Issue of 19.9 percent, 16.5 percent, and 5.3 percent, respectively, in aggregate 41.6 percent of the Rights Issue and also to vote in favour of the Rights Issue at the EGM. In addition, AMF Pensionsförsäkring has undertaken, subject to customary conditions, to subscribe for an additional up to SEK 500m in the Rights Issue, equivalent to approximately up to 28.3 percent of the Rights Issue, subject to AMF Pensionsförsäkring not becoming an owner of more than 29.9 percent of the shares in the Company after completion of the Rights Issue, calculated including any holdings of other entities within the group in which AMF Pensionsförsäkring is included. Furthermore, Swedbank Robur has expressed its intention to subscribe for its pro rata share of the Rights Issue of 5.7 percent and also to vote in favour of the Rights Issue at the EGM. The Company's CEO, CFO and Chairman of the Board of Directors have expressed their intentions to participate in the Rights Issue as well.
- DNB Markets, a part of DNB Bank ASA, Sweden branch ("DNB Markets") and Goldman Sachs International have today entered into an underwriting agreement in connection with the Rights Issue, pursuant to which DNB Markets and Goldman Sachs International act as underwriters and, subject to customary conditions and the Company's shareholders (Stena, AMF Pensionsförsäkring and Formica Capital) subscribing for shares in the Rights Issue in accordance with what is set out above, underwrite the Rights Issue in equal proportion up to a maximum amount corresponding to the amount of the Rights Issue which is not covered by the subscription undertakings of Stena, AMF Pensionsförsäkring and Formica Capital.

Background and reason

Starting from the end of February 2020, occupancy at Scandic's hotels began to fall due to the COVID-19 outbreak. In March, like-for-like sales dropped 47 percent compared to 2019. In April, Scandic's occupancy rate hit a record low of 6 percent. Both occupancy and the booking trend have improved since mid-April. From the end of May, Scandic plans to gradually reopen more hotels. Scandic expects a gradual increase in occupancy of a few percentage points per month in May and June.

As announced on April 29, 2020, Scandic has acted quickly to implement a comprehensive set of initiatives to strengthen its capital structure and liquidity position, in addition to the significant cost saving and cash flow management measures already announced to adjust operations to this business environment. These initiatives are designed to help the Company sustain a period of extremely low occupancy and further



strengthen its competitive position as the leading and responsible Nordic hotel company in the longer term.

The initiatives taken include the forthcoming Rights Issue of up to approximately SEK 1,765m before deduction of transaction costs related to the Rights Issue as well as a new SEK 1,150m credit facility (the "Credit Facility"). To secure the Company's liquidity headroom until the Rights Issue and the Credit Facility are in place, Scandic has also agreed a short term bridge credit facility of SEK 250m (the "Bridge Facility" together with the Credit Facility and the Rights Issue, the "Financing Arrangement"). The Credit Facility and the Bridge Facility are subject to satisfaction of customary conditions precedent including, but not limited to, that the Rights Issue will be fully underwritten.

If fully subscribed, the Rights Issue is expected to raise a maximum of up to approximately SEK 1,765m before deduction of transaction costs related to the Rights Issue, which are estimated at approximately SEK 60m (including compensation of SEK 12m for underwriting commitments). The net issue proceeds of up to approximately SEK 1,705m will be used to repay the existing Bridge Facility (to the extent it was utilized) and the remainder of the issue proceeds, combined with the new Credit Facility of SEK 1,150m, which will be made available for use by the Company only after the completion of the Rights Issue, will be used to strengthen the Company's balance sheet, working capital and to secure the Company's liquidity position during a period of unprecedented disruption and to reset Scandic on a profitable growth path once the situation stabilizes.

The Financing Arrangement of approximately SEK 2.9bn before deduction of transaction costs related to the Rights Issue, is estimated to provide substantial liquidity headroom even under a pessimistic recovery scenario and including settlement of deferred rent payments. This means that liquidity, with a significant margin, is secured to the end of 2021. Liquidity needs are expected to peak during the first half of 2021 due to the seasonal build-up of working capital and settlement of certain deferred rent, tax and fee payments.

Scandic's recovery scenario expects a gradual increase in occupancy of a few percentage points per month in May and June from the record low level of 6 percent in May before it gradually recovers during the second half of 2020 and RevPAR levels to be 15-25 percent below the 2019 level during 2021.

For further information on the background and reasons, including further information on the Company, please see the press release of April 29, 2020 and the Rights Issue prospectus that is intended to be made public on June 1, 2020.

Terms for the Rights Issue

Shareholders who on the record date, June 1, 2020, are registered as shareholders of Scandic have preferential right to subscribe for new shares in proportion to the number

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of shares held on the record date. Shareholders will receive one (1) subscription right for each share held on the record date. Seven (7) subscription rights entitle to subscribe for six (6) new shares. The share capital will increase by a maximum of SEK 22,068,229.50 and the maximum number of new shares that may be issued is 88,272,918. The subscription price is SEK 20 per share and, if fully subscribed for, the Rights Issue will raise proceeds of up to approximately SEK 1,765m before deduction of transaction costs related to the Rights Issue.

Allotment of subscription rights and, where these subscription rights are exercised, the issue of new shares, to persons resident in countries other than Sweden and other jurisdictions which the prospectus will be passported to (Denmark, Norway and Finland) may be affected by securities legislation in those countries. In connection with this, shareholders whose shares are directly registered in securities accounts with registered addresses in Australia, Canada, Japan or the United States or another jurisdiction where participation would require further prospectuses, registration or other authority approval will not receive any subscription rights in their respective securities accounts. The subscription rights that would otherwise have been allocated to such shareholders will instead be sold and the proceeds of the sale, less costs, will be paid out to such shareholders. However, amounts of less than SEK 100 will not be paid out. Notwithstanding the foregoing, independently from and without the participation of DNB Markets and Goldman Sachs International, Scandic may allow existing shareholders in the United States who are qualified institutional buyers as defined in Rule 144A under the Securities Act to exercise their subscription rights in reliance on exemptions provided for private placements under Section 4(a)(2) of the Securities Act.

Should all shares not be subscribed for by virtue of subscription rights, the Board of Directors shall, within the framework of the Rights Issue, decide on the allocation of shares which have not been subscribed for by virtue of subscription rights. In such case, shares shall firstly be allocated to those who also subscribed for shares by virtue of subscription rights, regardless if they were shareholders on the record date, June 1, 2020, or not, pro rata in relation to the number of subscription rights each have exercised for subscription or, to the extent not possible, through the drawing of lots. Secondly, allocation shall be made to others whom have subscribed for shares without exercising subscription rights, pro rata in relation to their subscribed number of shares, or, to the extent not possible, through the drawing of lots. Thirdly, allocation of shares shall be made to AMF Pensionsförsäkring who has provided a guarantee and, ultimately, allocation shall be made to DNB Markets and Goldman Sachs International who have entered into underwriting commitments.

The record date for determining which holders of shares who are entitled to receive subscription rights is June 1, 2020. The shares are traded including the right to participate in the Rights Issue up to and including May 28, 2020. Subscription will take place during the subscription period commencing June 3, 2020 up to and including June 17, 2020. Trading in subscription rights is expected to take place from June 3, 2020 up to and including June 15, 2020 on Nasdaq Stockholm. Trading in paid subscribed shares (BTA) is expected to take place from June 3, 2020 up to and including June 23, 2020 on Nasdaq Stockholm.



Shareholders who choose not to participate in the Rights Issue will have their shareholding diluted by up to approximately 46 percent but are able to partly financially compensate for this dilution by selling their subscription rights.

The Rights Issue is subject to approval by the EGM to be held on May 28, 2020 at 13:00 CEST at Scandic Alvik, in Stockholm. The notice to the EGM is available on Scandic's website.

Subscription undertaking and underwriting commitments

Certain of the Company's largest shareholders, Stena, AMF Pensionsförsäkring and Formica Capital, have, subject to customary conditions, committed to subscribe for their pro rata share of the Rights Issue of 19.9 percent, 16.5 percent, and 5.3 percent, respectively, in aggregate 41.6 percent of the Rights Issue and also to vote in favour of the Rights Issue at the EGM. In addition, AMF Pensionsförsäkring has undertaken, subject to customary conditions, to subscribe for an additional up to SEK 500m in the Rights Issue, equivalent to approximately up to 28.3 percent of the Rights Issue, subject to AMF Pensionsförsäkring not becoming an owner of more than 29.9 percent of the shares in the Company after completion of the Rights Issue, calculated including any holdings of other entities within the group in which AMF Pensionsförsäkring is included. Furthermore, Swedbank Robur has expressed its intention to subscribe for its pro rata share of the Rights Issue of 5.7 percent and also to vote in favour of the Rights Issue at the EGM. The Company's CEO, CFO and Chairman of the Board of Directors have expressed their intentions to participate in the Rights Issue as well.

DNB Markets, a part of DNB Bank ASA, Sweden branch, acting as Joint Global Coordinator and Joint Bookrunner and Goldman Sachs International, acting as Joint Global Coordinator and Joint Bookrunner have today entered into an underwriting agreement in connection with the Rights Issue, pursuant to which DNB Markets and Goldman Sachs International act as underwriters and, subject to customary conditions and the Company's shareholders (Stena, AMF Pensionsförsäkring and Formica Capital) subscribing for shares in the Rights Issue in accordance with what is set out above, underwrite the Rights Issue in equal proportion up to a maximum amount corresponding to the amount of the Rights Issue which is not covered by the subscription undertakings of Stena, AMF Pensionsförsäkring and Formica Capital.

Rights Issue timetable

This timetable is preliminary and may be subject to change.

May 28, 2020 Extraordinary general meeting to approve the Board of Directors decision on the Rights Issue

May 28, 2020 Last day of trading in Scandic's shares, including the right to participate in the Rights Issue



June 1, 2020 Estimated date for the publication of the prospectus

June 1, 2020 Record date for participation in the Rights Issue, i.e. holders of shares who are registered in the share register on this day will receive subscription rights for participation in the Rights Issue

June 3, 2020 - June 15, 2020 Trading in subscription rights

June 3, 2020 - June 17, 2020 Subscription period

June 3, 2020 - June 23, 2020 Trading in BTA

June 24, 2020 Expected press release of the outcome of the Rights Issue

Advisers

Goldman Sachs International and DNB Markets, a part of DNB Bank ASA, Sweden Branch, are acting as Joint Global Coordinators and Joint Bookrunners; Svenska Handelsbanken AB (publ) and Nordea Bank Abp, Sweden Branch, are acting as Joint Bookrunners; and Vinge and Nord Advokater are acting as legal advisers to the Company in connection with the Rights Issue. Goldman Sachs International, DNB Markets, a part of DNB Bank ASA, Sweden Branch, Svenska Handelsbanken AB (publ) and Nordea Bank Abp, Sweden Branch, acted as Joint Financial Advisers to Scandic in respect of their financing options.

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This information is information that Scandic Hotels Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 08:00 CEST on May 25, 2020.

About Scandic Hotels Group

Scandic is the largest hotel company in the Nordic countries with more than 280 hotels, in operation and under development, in more than 130 destinations. The company is the leader when it comes to integrating sustainability in all operations and its award-



winning Design for All concept ensures that Scandic hotels are accessible to everyone. Well loved by guests and employees, the Scandic Friends loyalty program is the largest in the Nordic hotel industry and the company is one of the most attractive employers in the region. Scandic Hotels is listed on Nasdaq Stockholm. www.scandichotelsgroup.com

Important information

This announcement does not constitute or form part of an offer for sale or solicitation of an offer to purchase or subscribe for securities in the United States, any Member State of the European Economic Area ("EEA") or any other jurisdiction.

The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold, directly or indirectly, in the United States absent registration under or an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Company does not intend to register any portion of this offering in the United States or to conduct a public offering in the United States. Any public offering of securities to be made in the United States will be made by means of a prospectus that will contain detailed information about the Company and its management, as well as financial statements. Copies of this announcement are not being, and should not be, distributed in or sent into the United States.

This announcement is an advertisement and not a prospectus for the purposes of the Prospectus Regulation. Any purchase of securities of Scandic pursuant to the Rights Issue should only be made on the basis of the information contained in the formal prospectus to be issued in due course in connection with Rights Issue (the "Prospectus") and any supplement or amendment thereto. The Prospectus relating to the Rights Issue will contain detailed information about Scandic and its management, as well as financial statements and other financial data. The Prospectus, when published, will be available at the offices of Scandic at the address given above.

Offers to the public are permitted in Sweden, Denmark, Norway and Finland from and including the date of approval of the prospectus by the competent authority in Sweden and notified to the relevant competent authorities in other Member States of the EEA in accordance with the Prospectus Regulation ("Prospectus Publication"), through to and including the settlement date.

Elsewhere in the EEA, and in advance of Prospectus Publication, this announcement and this offering are only addressed to and directed at persons in Member States of the EEA, who are "Qualified Investors" within the meaning of Article 2(1)(e) of the Prospectus Regulation. The securities are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with Qualified Investors. This announcement should not be acted upon or relied upon in any member state of the EEA by persons who are not Qualified



Investors. “Prospectus Regulation” means Regulation (EU) 2017/1129 (as amended), and includes any relevant implementing measure in any Member State concerned.

In advance of Prospectus Publication, this announcement is for distribution only to and is directed only at persons who (i) have professional experience in matters relating to investments which fall within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “Financial Promotion Order”), (ii) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations etc”) of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom this announcement, to the extent that it constitutes an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities may lawfully be communicated or caused or be communicated, or who otherwise may receive this announcement on the basis that section 21 of the Financial Services and Markets Act 2000 does not apply (all such persons together being referred to as “relevant persons”). This announcement is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this announcement relates is available only to relevant persons and will be engaged in only relevant persons.