



**SUPPLEMENT TO THE PROSPECTUS
REGARDING THE INVITATION TO SUBSCRIBE FOR SHARES
IN SCANDIC HOTELS GROUP AB (PUBL)**

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SUPPLEMENT TO PROSPECTUS

This document (the "**Supplement**") has been prepared by Scandic Hotels Group AB (publ), registration number 556703-1702, ("**Scandic**" or the "**Company**") and constitutes a supplement to the prospectus regarding the invitation to subscribe for shares in Scandic, which was approved by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the "**SFSA**") on 1 June 2020 (SFSA's registration number 20-10289) (the "**Prospectus**"). The Supplement forms a part of, and must be read together with, the Prospectus. The definitions in the Prospectus apply to the Supplement as well.

The Supplement has been prepared by reason of Scandic on 8 June 2020, through a press release, publishing information concerning Scandic's occupancy and booking levels. The press release is available on Scandic's website, <https://www.scandichotelsgroup.com>.

The Supplement has been prepared in accordance with article 23 under Regulation (EU) 2017/1129 of the European Parliament and of the Council Regulation (the "**Prospectus Regulation**") and was approved by the SFSA on 10 June 2020 (SFSA's registration number 20-13770).

Investors who before the publication of this Supplement have applied for, or in any other manner consented to, subscription of shares in the Rights Issue have, in accordance with article 23 of the Prospectus Regulation, the right to withdraw their application or consent within two working days from the publication of the Supplement, meaning up to and including 12 June 2020. A withdrawal shall be made in writing to Handelsbanken Capital Markets, Emission, SE-106 70 Stockholm, Sweden, or by e-mail to emissionsavdelningen@handelsbanken.se. Investors who have applied for subscription of shares through a nominee shall contact their nominee regarding any withdrawal. Applications that are not withdrawn within the prescribed time will remain binding and no measure is required for investors wishing to withhold their subscription of shares. The Prospectus and the Supplement is available at www.scandichotelsgroup.com and www.handelsbanken.se/prospekt. For complete terms and other information regarding the Rights Issue, please refer to the Prospectus.

The subscription rights and the new shares have not been and will not be registered under the United States Securities Act of 1933 (the "**Securities Act**"), or with the securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered, sold or otherwise transferred except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable state law. Accordingly, the subscription rights are being issued and the new shares are being offered and sold in the Rights Issue (subject to the limited exceptions described under the section "*Selling and transfer restrictions*" in the Prospectus) and in the Global Offering only outside the United States pursuant to Regulation S under the Securities Act. No action has been taken by the Company, the Underwriters or the Joint Bookrunners which would permit a public offering of any subscription rights or new shares outside Sweden or distribution of this document in any jurisdiction where action for that purpose is required. The distribution of this Supplement and the offering and sale of the new shares in certain jurisdictions may be restricted by law. Persons into whose possession this Supplement comes are required by the Company, the Underwriters and the Joint Bookrunners to inform themselves about and to observe any such restrictions. This Supplement does not constitute an offer of, or an invitation to purchase, the new shares in any jurisdiction in which such offer or invitation would be unlawful. For a description of certain restrictions on the offer and sale and other transfers of the subscription rights and the new shares, see section "*Selling and transfer restrictions*" in the Prospectus.

SUPPLEMENT TO CAPITAL STRUCTURE AND OTHER FINANCIAL INFORMATION

The section “*Capital structure and other financial information*” is supplemented with a new sub-section, “*Occupancy and booking levels as of 8 June 2020*”, on page 52 in the Prospectus as set out below. In addition, “*Significant changes since 31 March 2020*” under the same section on page 52 in the Prospectus is supplemented by a new second last paragraph as set out below.

OCCUPANCY AND BOOKING LEVELS AS OF 8 JUNE 2020

Booking and occupancy levels at Scandic’s hotels are continuing to improve gradually from a record low level in mid-April 2020 in line with the Company’s forecast in its interim report for the first quarter 2020 that was published on 20 May 2020. As announced earlier, Scandic is preparing additional cost-saving measures to enable profitability at lower occupancy levels than before.

Since mid-April 2020, there has been a gradual increase in average occupancy at Scandic’s hotels. In general, activity levels have improved somewhat in part as a result of governments and authorities easing some of the restrictions that were introduced to reduce the spread of COVID-19. In May 2020, average occupancy at Scandic’s hotels was 8 percent compared with a record low level of 6 percent in April 2020. Occupancy also continued to rise during the first week of June 2020.

Booking activity has also gradually improved since the middle of April 2020. The number of hotel bookings per week is now more than twice as high as a month ago. After the Swedish government announced on 4 June 2020 that the restrictions on domestic travel will be lifted, a clear increase in the number of bookings for the Swedish hotels was immediately noted.

For June 2020, Scandic continues to expect occupancy to increase a few percentage points compared with May 2020 and further improvement is expected once the holiday season starts as a result of domestic tourism.

At the beginning of May 2020, more than half of Scandic’s hotels were temporarily closed. In Sweden and Poland, all hotels were open during the entire period and it is in these markets that activity levels have been highest. In Norway, Finland and Denmark, most hotels have been closed and until recently, all hotels in Germany were also closed. Scandic has as per 8 June 2020 started to open hotels again and at the end of June, about 220 hotels, or about 80 percent of the total portfolio, are expected to be operating. Additional hotel openings are planned during the summer and in principle, all Scandic hotels are expected to be open by the end of August 2020. The hotels’ food and beverage and meeting operations, however, will be adapted to the current situation.

By the start of the second quarter 2020, Scandic had reduced cost levels excluding rent by approximately 70 percent as a result of COVID-19. This has been achieved by lowering variable costs, reducing staffing levels extensively and introducing measures to lower the general cost level. Additionally, the Company received State aid including support for furlough and covering fixed costs. Scandic is preparing further cost-savings measures and among other things, the Company is evaluating fixed and guaranteed rental levels to find solutions together with the property owners that make it profitable to conduct hotel operations at lower occupancy levels than before.

Scandic confirms its previous forecast in the Company’s interim report for the first quarter 2020 regarding an increase in occupancy of a few percentage points per month in May and June 2020 as well as continued improvement during the holiday period. Scandic expects the hotel market to continue to improve gradually during the second half-year and that net sales for 2020 will be more than halved compared with 2019.

SIGNIFICANT CHANGES SINCE 31 MARCH 2020

In April, Scandic’s occupancy rate hit a record low of 6 percent. Both occupancy level and the booking trend have improved since mid-April 2020. From the end of May, the Group plan to gradually reopen more hotels. The Company expect a gradual increase in occupancy of a few percentage points per month in May and June 2020. During the summer 2020, Scandic expect further improvement as national tourism flows resume. That said, the level of uncertainty remains high and the Group is preparing for a slow recovery in demand with continued cost reductions and cash flow enhancing measures determining our success. For 2020, Scandic expect sales to be more than halved compared with 2019.

In 2021, the Company expects RevPAR to be 15–25 percent lower than in 2019. Combined with measures taken to cut costs and strengthen cash flow, this has resulted in a need for additional liquidity including a requisite safety margin, corresponding to an operational liquidity need of SEK 2,900 million in total until the end of 2021. The need is expected to be greatest in the first six months of 2021 due to the seasonal increase in working capital and the payment of deferred taxes and fees. In the end of April 2020, a solution to the liquidity needs was presented when the board of directors resolved on a SEK 1.750 million rights issue with preferential rights for shareholders and also entered into an agreement for a New Revolving Credit Facility of SEK 1,150 million. For more information on the Company’s working capital needs, see the section “*Working capital statement*” above. Even if it is still highly uncertain how long COVID-19 will continue and how Scandic’s business will be affected, it is highly likely that the measures described above, combined with continued good business practices regarding managing revenue, expenses and cash flow, will suffice to ensure liquidity and continuity both this year and the next.

On 8 June 2020, Scandic published information concerning Scandic’s occupancy and booking levels as of the same date. Please refer to the section “*Occupancy and booking levels as of 8 June 2020*” above.

Apart from the above, no significant changes in Scandic’s financial position or earnings have occurred since 31 March 2020.

Scandic