

# Good growth in a strong hotel market

## April–June 2023

- Revenue from Property Management amounted to MSEK 942 (858). For comparable units, the increase was 12 percent, adjusted for currency effects
- Net operating income from Property Management amounted to MSEK 806 (761). For comparable units, the increase was 12 percent, adjusted for currency effects
- Net operating income from Operator Activities amounted to MSEK 219 (238). For comparable units, the increase was 38 percent, adjusted for currency effects
- EBITDA amounted to MSEK 977 (970), an increase of 1 percent
- Cash earnings amounted to MSEK 510 (645), equivalent to SEK 2.77 (3.51) per share
- The comparison quarter includes government grants in Property Management and Operator Activities of MSEK 68 and MSEK 88 respectively. Adjusted for these EBITDA and cash earnings increased by 20 and four percent respectively
- Changes in property values amounted to MSEK -466 (395). Unrealised changes in value of derivatives amounted to MSEK 332 (632)
- Profit for the period amounted to MSEK 288 (1,372), equivalent to SEK 1.56 (7.45) per share

## January–June 2023

- Revenue from Property Management amounted to MSEK 1,722 (1,492). For comparable units, the increase was 16 percent, adjusted for currency effects
- Net operating income from Property Management amounted to MSEK 1,468 (1,304). For comparable units, the increase was 16 percent, adjusted for currency effects
- Net operating income from Operator Activities amounted to MSEK 271 (189). For comparable units, the increase was 190 percent, adjusted for currency effects
- EBITDA amounted to MSEK 1,652 (1,438), an increase of 15 percent
- Cash earnings amounted to MSEK 769 (824), equivalent to SEK 4.18 (4.48) per share
- The comparison period includes government grants in Property Management and Operator Activities of MSEK 68 and MSEK 105 respectively. Adjusted for these EBITDA and cash earnings increased by 31 and 18 percent respectively
- Changes in property values amounted to MSEK -678 (674), of which MSEK -878 is unrealised and MSEK 200 is realised. Unrealised changes in value of derivatives amounted to MSEK -12 (1,562)
- Profit for the period amounted to MSEK 85 (2,416), equivalent to 0.39 (13.12) SEK per share
- In the first half year Pandox refinanced credit facilities equivalent to around MSEK 14,146
- The loan-to-value ratio was 46.7 percent and the interest cover ratio on a rolling 12-month basis was 3.2 times

## Financial summary

MSEK	Apr-Jun			Jan-Jun			Full-year
	2023	2022	Δ%	2023	2022	Δ%	2022
Total net sales	1,774	1,482	20	3,127	2,358	33	5,654
<i>Of which Property Management</i>	942	858	10	1,722	1,492	15	3,307
<i>Of which Operator Activities</i>	832	624	33	1,405	866	62	2,347
Total net operating income	1,025	999	3	1,739	1,493	16	3,434
<i>Of which Property Management</i>	806	761	6	1,468	1,304	13	2,868
<i>Of which Operator Activities</i>	219	238	-8	271	189	43	566
EBITDA	977	970	1	1,652	1,438	15	3,304
Profit for the period	288	1,372	-79	85	2,416	-96	4,204
Earnings per share, SEK	1.56	7.45	-79	0.39	13.12	-97	22.94
Cash earnings	510	645	-21	769	824	-7	2,056
Cash earnings per share, SEK	2.77	3.51	-21	4.18	4.48	-7	11.18
Market value properties	—	—	—	72,164	65,804	10	69,231
Net interest-bearing debt	—	—	—	33,718	31,472	7	32,334
Loan to value net, %	—	—	—	46.7	47.8	n.a	46.7
Interest cover ratio, times	2.9	4.7	n.a	2.6	3.5	n.a	3.7
EPRA NRV per share, SEK	—	—	—	209.86	190.37	—	205.03
WAULT (Investment Properties), years	—	—	—	14.6	15.4	n.a	15.0
RevPAR (Operator Activities) for comparable units at comparable exchange rates, SEK	1,147	913	26	948	635	49	827

## CEO comments

# Continued value creation

### High demand in the hotel market

The second quarter was strong and saw high demand in the hotel market. The majority of our submarkets improved compared with the corresponding quarter the previous year. Germany saw the strongest relative improvement, explained by an active trade fair calendar and increased business travel. Brussels also developed well with a clear increase in conference demand and a good level for leisure travel. As before, the UK and the Nordics were stable at a high level and had strong average price development. Weak exchange rates in several important markets helped to increase international demand, above all in the UK based on increased arrivals from the USA.

We have now entered into the third quarter which is dominated by leisure demand. The ensuing fourth quarter is more balanced with contributions from all demand segments.

### Strong operational development and continued value creation

Good hotel demand resulted in a higher total net operating income and EBITDA. Adjusted for pandemic-related government grants of MSEK 156, for the years 2020–2021, which we received in the second quarter of 2022, cash earnings increased by approximately four percent in the quarter. This shows that our model with variable rent is working and that we can create value also in a higher interest-rate environment. The grants were finally settled in the third quarter of 2022 and will therefore affect comparisons also in the third quarter of 2023.

For comparable units, net sales and total net operating income increased by a solid 18 and 16 percent in the second quarter. Higher demand in Germany positively affected Property Management and, combined with a more active hotel market in Brussels, contributed to both higher earnings and profitability in Operator Activities. Adjusted for certain renovation costs the net operating margin in Property Management was approximately 88 percent in the second quarter. At the same time, the net operating margin in Operator Activities rose to approximately 26 percent, which is a more normal level given the season and current portfolio composition.

The hotel property portfolio had high business momentum. At the beginning of the third quarter we signed a lease with Scandic to open a new Scandic Go at Fridhemsplan in Stockholm in 2024. The lease, which is revenue-based with a guaranteed minimum rent level, is for the property we acquired in February 2023 and is a good example of our value creation through investment and product shift activities. It is also inspiring to be able to contribute to Scandic's expansion in the economy segment in Stockholm.

### Refinancings completed and stable financial position

In the first half of the year we refinanced the equivalent of around MSEK 14,146 of our debt portfolio. The percentage of credit facilities maturing within one year has dropped to 15 percent. This demonstrates that our banking partners have a high level of confidence in us and that our refinancing risk is low.

Our interest expense increased somewhat also in the second quarter, mainly due to higher market rates, but our interest rate derivatives compensated for a large portion of this. The effect of higher credit margins is limited and is mainly in the form of a delayed effect from the credit margin increases that took place during the pandemic years and that are now having an impact when we refinance older credit facilities.

Our financial position remains stable with a loan-to-value ratio of 46.7 percent at the end of the second quarter. Our interest coverage ratio, on a rolling 12-month basis, as measured in all credit agreements, was 3.2 times.

### Multiple factors support the hotel market

The good development in the hotel market reflects an economy with strong legs. Household demand for experiences has been high and people have prioritised travel at any price over other consumption. We believe that what people experienced during the pandemic, when freedom of movement was limited, may be one explanation for this, and that it is still a strong driver. Also, surplus household savings remain high in many of our markets.

We see further potential for increased business travel in the autumn, particularly in Germany where trade fair calendars are now well-filled. The same applies to international travel which still has a way to go to reach 2019 levels. Re-opening in Asia after the Pandemic has been relatively slow and arrivals from countries such as China and Japan into Europe are still at a low level. One explanation, which also applies to international travel in general, is that flight capacity has not yet fully returned to pre-pandemic levels. One positive short-term factor is that weak exchange rates in the UK, Norway and Sweden should stimulate increased international arrivals to these markets.



*Liia Nõu, CEO*

# A leading hotel property company

Pandox is a leading hotel property owner in northern Europe with a focus on large hotels in important leisure and corporate destinations. Pandox's hotel property portfolio consists of 158 hotels with around 35,600 rooms in 15 countries.



<p><b>Vision and business concept</b></p> <p>Pandox's vision is to be a world-leading hotel property company.</p> <p>The business concept is to own hotel properties and lease them to strong hotel operators under long-term revenue-based leases. Pandox's ability to act throughout the hotel value chain reduces risk and creates business opportunities.</p>	<p><b>Strategy and business model</b></p> <p>Pandox's strategy and business model is based on:</p> <ol style="list-style-type: none"> <li>1. Focus on hotel properties</li> <li>2. Large hotel properties in strategic locations</li> <li>3. Long-term revenue-based lease agreements with the best hotel operators and shared investments</li> <li>4. Sustainability with a business focus</li> <li>5. Geographical diversification to limit fluctuations</li> <li>6. Operating our own hotels reduces risk</li> </ol>	<p><b>Financial targets and dividend policy</b></p> <p><b>Loan-to-value ratio</b> Pandox's target is a loan-to-value ratio of 45–60 percent, depending on the market environment and the opportunities that exist. The Company defines loan-to-value ratio as interest-bearing liabilities less cash and cash equivalents as a percentage of the market value of the properties at the end of the period.</p> <p><b>Dividend policy</b> Pandox's target is a dividend pay-out ratio of 30–50 percent of cash earnings, with an average pay-out ratio over time of around 40 percent. Future dividends and the size of any such dividends depend on Pandox's future performance, financial position, cash flows and working capital requirements.</p>
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**Presentation of the interim report**

Pandox will present the interim report January-June 2023 to investors, analysts and the media in a conference call/webcast on 14 July at 08:30 CEST. As a service to Pandox's stakeholders there will also be an external update on the hotel market.

To follow the webcast, go to <https://ir.financialhearings.com/pandox-q2-2023>

To participate by phone, please use one of the following phone numbers:  
 SE: +46 8 505 163 86  
 UK: +44 20 319 84884  
 US: +1 412 317 6300

Pin code: 6992204#

**Contact persons**

Lia Nõu, CEO  
+46 (8) 506 205 50

Anneli Lindblom, CFO  
+46 (0) 765 93 84 00

Anders Berg, Head of Communications and IR  
+46 (0) 760 95 19 40

This information is information that Pandox AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted, through the agency of the contact persons set out above, for publication on 14 July 2023 at 07:00 CEST.

**Financial calendar**

Interim report January-September 2023	26 October 2023
Hotel market day 2023	21 November 2023
Year-end report 2023	8 February 2024

# Hotel market development April–June 2023

## Good appetite for travel and hotel nights

Despite a challenging economic environment with higher living costs and interest rates, there was strong growth in travel in the second quarter. The recovery was initially and primarily driven by domestic and intra-European travel, but the contribution of transatlantic travel gradually increased. Europe is always a popular destination for American tourists and even more so when the dollar is strong. Another important driver behind the positive development was that people continued to prioritise leisure travel and hotel nights over other consumption. Any downside risk for individual travellers' travel consumption during the second half of the year is expected to be offset by a sustained improvement in business travel and increased international/Asian travel, which has not yet reached pre-pandemic levels.

## Occupancy slightly below and average price clearly above 2019

The second quarter of 2023 largely followed the same pattern as the first quarter, with occupancy slightly below and average prices significantly above 2019 levels.

- Occupancy in Europe\*\* amounted to 69 percent in April and 73 percent in May, with the good trend continuing in June, compared with 63 percent in April and 70 percent in May the previous year. (2019: 72 percent and 75 percent respectively).
- Average price development remained very strong, with an increase of +18 percent in April and +17 percent in May compared with the previous year (2019: +24 and +28 percent respectively).
- Altogether RevPAR in Europe amounted to EUR 94 in April and EUR 108 in May, an increase of 29 and 21 percent respectively compared with the previous year (2019: +23 and +28 percent respectively).
- There was significantly higher activity in international meetings, delegations and conferences – especially in Germany.
- After pandemic restrictions were removed, Asian travel has so far only materialised to a limited extent in European hotel demand.

## Positive RevPAR development in Pandox's markets

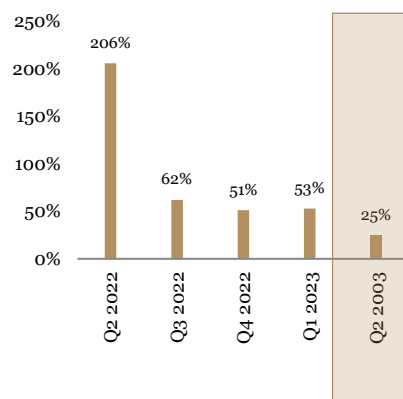
Despite a relatively strong comparative quarter in 2022, Pandox's markets developed well in the second quarter. As in the past, there were certain differences between countries and markets, explained by different demand mixes and how quickly pandemic restrictions were removed. Germany and Austria, where restrictions were removed last, were the countries with the strongest growth in the quarter.

- In the Nordics\*, occupancy was 65 percent, which was slightly lower than the corresponding period the previous year when pent-up domestic travel drove higher occupancy figures (2019: 68 percent).
- The average price for the Nordics\* as a whole exceeded both the levels of 2019 and the previous year by 19 and 9 percent respectively.
- Compared with 2019, regional Nordic markets continued to perform better than the four capital cities. However, development was very positive for the capital cities which, as a whole during the quarter and for the first time since the pandemic, exceeded the RevPAR level of the corresponding period in 2019.
- Helsinki\* remained the most challenging submarket due to a relatively strong dependence on long-haul flights from Asia and demand from Russia. Average prices were back at 2019 levels, while occupancy was 21 percent lower. The market has also seen a relatively significant addition of new hotels over the past few years.
- Norway\* had the strongest average price increase, with 32 percent compared with 2019. Oslo\* was exceptionally strong with an average price increase of 35 percent.
- The improved trade fair and congress related demand noted in Germany\*\* at the end of the first quarter further accelerated in April and May and the trend in June remained good. The good growth was particularly positive in trade fair cities such as Düsseldorf, Hannover, Frankfurt and Cologne.
- Germany\*\* as a whole exceeded 2019 RevPAR levels by 5 percent during the quarter. Development was driven by higher average prices, which were up 14 percent, while occupancy was down by around 8 percent.
- Ireland\*\* and UK regional\*\* (excl. London) were both strong compared with 2022 and 2019. For the period April–May RevPAR for Ireland and UK Regional was 39 and 28 percent respectively above the 2019 level, driven mainly by higher average prices.
- Supported by increased international travel, a continued recovery in Brussels\*\* was noted in April and May, with combined RevPAR growth of 16 percent compared with 2019. The good development was driven by improved average prices, although it was notable that occupancy in May was only one percentage point below the 2019 level.

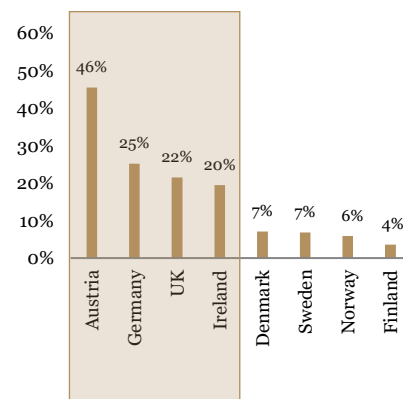
\* Benchmarking Alliance based on open hotels \*\* STR based on open hotels

## April–June 2023

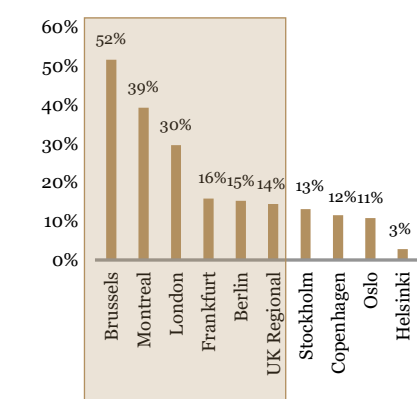
Europe RevPAR growth y/y



Countries RevPAR growth y/y



Key markets RevPAR growth y/y



Source: STR, Benchmarking Alliance. Based on open hotels. Rounded numbers.  
 Shaded box refers to average growth for open hotels for the period April–May 2023.

# Financial development April–June 2023

## Net sales

The Group's net sales amounted to MSEK 1,774 (1,482), an increase of 20 percent driven by good demand. Some remaining pandemic restrictions affected the comparison quarter negatively. For comparable units, net sales increased by 18 percent, adjusted for currency effects.

Revenue from Property Management amounted to MSEK 942 (858), an increase of 10 percent supported by increase revenue-based rent amounting to a total of MSEK 353 (258). Adjusted for government grants of MSEK 68 in Other property income for the years 2020–2021, received in the comparative quarter, the increase was 19 percent. For comparable units, revenue increased by 12 percent, adjusted for currency effects.

Revenue from Operator Activities amounted to MSEK 832 (624), an increase of 33 percent. For comparable units, revenue increased by 24 percent and RevPAR by 26 percent, adjusted for currency effects.

## Net operating income

Net operating income from Property Management amounted to MSEK 806 (761), an increase of 6 percent. For comparable units, net operating income increased by 12 percent, adjusted for currency effects.

Net operating income from Operator Activities amounted to MSEK 219 (238), a decrease of 8 percent. Adjusted for government grants of MSEK 88 in cost reduction for the years 2020–2021, received in the comparison quarter, the increase was 46 percent. For comparable units, net operating income from Operator Activities increased by 38 percent, adjusted for currency effects.

Total net operating income amounted to MSEK 1,025 (999), an increase of 3 percent. Adjusted for government grants received in the comparison quarter, the increase was 22 percent. For comparable units, net operating income increased by 16 percent, adjusted for currency effects.

## Administration costs

Central administration costs amounted to MSEK -53 (-34), where the comparison quarter was affected by cost reducing one-time items, and the current level is considered more normal given the current business structure.

## Depreciation

Depreciation within Operator Activities amounted to MSEK -72 (-63). Depreciation of MSEK -5 (-5) is included in administrative expenses.

## Financial income and expense

Financial expense amounted to MSEK -370 (-244), of which MSEK -22 (-18) consists of depreciation of capitalised loan arrangement fees. The increase is mainly explained by a higher net interest bearing debt, higher market rates and negative currency effects, and to a lesser extent by increased credit margins.

Financial income amounted to MSEK 9 (8). Financial expense associated with right-of-use assets amounted to MSEK -26 (-22).

## Changes in value

Unrealised changes in property values amounted to MSEK -468 (388), which is the net of increased average valuation yields and improved cash flow. The improved cash flow is mainly explained by a strong average price development in large parts of the portfolio.

Realised changes in value amounted to MSEK 2 (7). Unrealised changes in value of derivatives amounted to MSEK 332 (632).

## Current and deferred tax

Current tax amounted to MSEK -78 (-59). The increase in current tax is mainly explained by higher pre-tax profit in Sweden where Pandox has no tax loss carryforwards from previous years left to utilise.

Deferred tax amounted to MSEK -13 (-240), explained by changes in value of Investment Properties and activation of tax loss carryforwards from previous years. See also Note 3 on page 21.

## Profit for the period

Profit for the period amounted to MSEK 288 (1,372) and profit for the period attributable to the Parent Company's shareholders amounted to MSEK 287 (1,370), which is equivalent to SEK 1.56 (7.45) per share.

## Cash earnings

Cash earnings amounted to MSEK 510 (645), a decrease of 21 percent. Adjusted for government grants of MSEK 156 received in the comparison quarter, cash earnings increased by four percent.

## Financing

On 30 June 2023 cash and cash equivalents and unutilised credit facilities amounted to SEK 3,340, compared with MSEK 3,843 as of 31 March 2023.

Pandox's refinancing transactions during the first half of 2023 amounted to the equivalent of around MSEK 14,146, of which the equivalent of around MSEK 8,672 in the second quarter.

# Financial development January–June 2023

## Net sales

The Group's net sales amounted to MSEK 3,127 (2,358), an increase of 33 percent. For comparable units, net sales increased by 29 percent, adjusted for currency effects.

Revenue from Property Management amounted to MSEK 1,722 (1,492), an increase of 15 percent supported by increased revenue-based rent amounting to a total of MSEK 561 (356). Adjusted for government grants of MSEK 68 in Other property income for the years 2020–2021, received in the comparison period, the increase was 21 percent. For comparable units, revenue increased by 16 percent, adjusted for currency effects.

Revenue from Operator Activities amounted to MSEK 1,405 (866), an increase of 62 percent. For comparable units, revenue increased by 50 percent and RevPAR by 49 percent, adjusted for currency effects.

## Net operating income

Net operating income from Property Management amounted to MSEK 1,468 (1,304), an increase of 13 percent. For comparable units, net operating income increased by 16 percent, adjusted for currency effects.

Net operating income from Operator Activities amounted to MSEK 271 (189). Adjusted for government assistance of MSEK 105 in cost reduction for the years 2020–2021, received in the comparison period, the increase was 223 percent. For comparable units, net operating income from Operator Activities increased by 190 percent, adjusted for currency effects.

Total net operating income amounted to MSEK 1,739 (1,493), an increase of 16 percent. Adjusted for government grants received in the comparison quarter, the increase was 32 percent. For comparable units, net operating income increased by 26 percent, adjusted for currency effects.

## Administration costs

Central administration costs amounted to MSEK -98 (-66), where the comparison period was affected by cost reducing one-time items, and the current level is considered more normal given the business current structure.

## Depreciation

Depreciation within Operator Activities amounted to MSEK -139 (-124). Depreciation of MSEK -11 (-10) is included in administrative expenses.

## Financial income and expense

Financial expense amounted to MSEK -690 (-476), of which MSEK -43 (-36) consists of depreciation of capitalised loan arrangement fees. The increase is mainly explained by higher net interest bearing debt, higher market rates and negative currency effects, and to a lesser extent by increased credit margins.

Financial income amounted to MSEK 19 (10). Financial expense associated with right-of-use assets amounted to MSEK -52 (-45).

## Changes in value

Unrealised changes in property values amounted to MSEK -878 (667), which is the net of increased average valuation yields and improved cash flow. The improved cash flow is mainly explained by a strong average price development in large parts of the portfolio.

Realised changes in property values amounted to MSEK 200 (7), two thirds of which is a capital gain in connection with the sale of InterContinental Montreal and the remainder is the net amount of the disposal and insurance compensation received for Dorint Parkhotel Bad Neuenahr.

Unrealised changes in value of derivatives amounted to MSEK -12 (1,562).

## Current and deferred tax

Current tax amounted to MSEK -143 (-92). The increase in current tax is mainly explained by higher pre-tax profit in Sweden where Pandox has no tax loss carryforwards from previous years left to utilise.

Deferred tax amounted to MSEK 139 (-520), explained by changes in value of Investment Properties. See also Note 3 on page 21.

## Profit for the period

Profit for the period amounted to MSEK 85 (2,416) and profit for the period attributable to the Parent Company's shareholders amounted to MSEK 70 (2,412), which is equivalent to SEK 0.39 (13.12) per share.

## Cash earnings

Cash earnings amounted to MSEK 769 (824), a decrease of seven percent. Adjusted for government grants of MSEK 173 received in the comparison period, cash earnings increased by 18 percent.

# Segment reporting April–June 2023

## Property Management

MSEK	Apr-Jun		Jan-Jun		Full-year
	2023	2022	2023	2022	2022
Rental income	908	761	1,651	1,363	3,052
Other property income	34	97	71	129	255
Costs, excl. property admin	-66	-59	-146	-117	-245
<b>Net operating income, before property admin</b>	<b>876</b>	<b>799</b>	<b>1,576</b>	<b>1,375</b>	<b>3,062</b>
Property administration	-70	-38	-108	-71	-194
<b>Gross profit</b>	<b>806</b>	<b>761</b>	<b>1,468</b>	<b>1,304</b>	<b>2,868</b>
<b>Net operating income, after property admin</b>	<b>806</b>	<b>761</b>	<b>1,468</b>	<b>1,304</b>	<b>2,868</b>

### April–June 2023

Rental income and other property revenue amounted to MSEK 942 (858), an increase of 10 percent. Adjusted for government grants of MSEK 68 in Other property income received in the comparison quarter, for the years 2020–2021, the increase was 19 percent. For comparable units, revenue increased by 12 percent, adjusted for currency effects.

Revenue-based rent amounted to MSEK 353 (258). Occupancy at comparable hotels amounted to around 68 (64) percent during the quarter.

Contractual guaranteed minimum rents plus fixed rents amount to around MSEK 2,100 on an annual basis.

Germany noted a clear increase in demand, driven by higher trade fair and conference activity. UK Regional, Sweden, Norway and Denmark continued to perform at a good level.

Individual destinations with particularly strong development were Düsseldorf, Cologne, Hamburg, Birmingham, Edinburgh and Dublin.

Net operating income amounted to MSEK 806 (761), an increase of 6 percent. For comparable units, net operating income increased by 12 percent, adjusted for currency effects.

Property administration includes costs of around MSEK 20 for Hotel Pomander in Nuremberg which was closed for renovation. Adjusted for these costs the net operating margin was approximately 88 percent.

## Operator Activities

MSEK	Apr-Jun		Jan-Jun		Full-year
	2023	2022	2023	2022	2022
Revenue	832	624	1,405	866	2,347
Costs	-685	-449	-1,273	-801	-2,111
<b>Gross profit</b>	<b>147</b>	<b>175</b>	<b>132</b>	<b>65</b>	<b>236</b>
Plus: Depreciation included in costs	72	63	139	124	330
<b>Net operating income</b>	<b>219</b>	<b>238</b>	<b>271</b>	<b>189</b>	<b>566</b>

### April–June 2023

Revenue from Operator Activities amounted to MSEK 832 (624), an increase of 33 percent. For comparable units, revenue and RevPAR increased by 24 and 26 percent respectively, adjusted for currency effects.

Hotel demand was good during the quarter, supported by strong development in Brussels and a clear recovery in several German cities.

Occupancy at comparable hotels amounted to around 70 (65) percent and average price development was good.

Hotels that performed the best during the quarter were Hotel Mayfair (Copenhagen, Denmark), Hotel Hubert (Brussels, Belgium), Hilton Garden Inn London Heathrow Airport (Heathrow, UK) and Novotel Den Haag (Haag, Netherlands).

Net operating income amounted to MSEK 219 (238), equivalent to an operating margin of around 26 percent. For comparable units, net operating income increased by 38 percent, adjusted for currency effects.

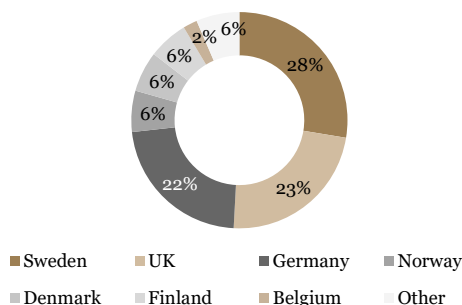
The comparison quarter includes government grants as cost reduction for the years 2020–2021 in the amount of MSEK 88.

NH Brussels Louise closed for renovation on 1 April and is expected to reopen in the first half of 2024 within the Property Management segment.

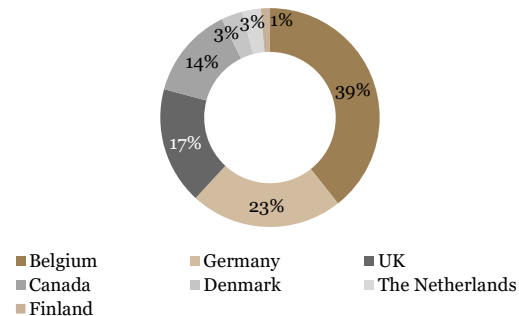
Hotel Mayfair Copenhagen was reclassified to Property Management on 30 June.

## April–June 2023

Revenue by country, Property Management



Revenue by country, Operator Activities



# Property portfolio

## Property valuation

Pandox performs internal valuation of its hotel properties each quarter and Investment Properties are recognised at fair value. The property values are based on Pandox's internal valuation. External valuation of the properties is also conducted for comparative and quality purposes (see also Note E in Pandox's 2022 Annual Report).

Over the past twelve months, external valuations were performed for around 97 percent of the hotel properties and are in line with the internal valuations, measured in value. External valuations were performed in the second quarter for around 13 percent of Pandox's hotel property portfolio, measured in value.

The value of Operating Properties is reported for information purposes only and is included in EPRA NRV calculations. The Operating Properties' carrying amounts recognised in the condensed consolidated statement of financial position are equivalent to cost minus depreciation and any impairment losses and amounted to MSEK 8,923 (8,450) at the end of the period.

Disposals (below) refers to Dorint Parkhotel Bad Neuenahr from the first quarter 2023. Hotel Mayfair Copenhagen was reclassified to Property Management per 30 June 2023.

## Market value of properties

At the end of the period, Pandox's property portfolio had a market value of MSEK 72,164 (69,231), of which Investment Properties accounted for MSEK 59,992 (57,563) and Operating Properties for MSEK 12,172 (11,669).

Unrealised changes in the value of Investment Properties amounted to MSEK -468 (388), explained by an increase in the average yield requirement of 0.26 percentage points, which to approximately 80 percent was offset by increased cash flows, mainly explained by a strong average price development in large parts of the portfolio. Unrealised changes in the value of Operating Properties amounted to MSEK -104 (251) (reported for disclosure purposes only), explained by an increase in the average yield requirement by 0.21 percentage points, which to approximately 70 percent, was offset by increased cash flows.

Changes in value Investment Properties

	MSEK
<b>Market value beginning of the year (1 Jan, 2023)</b>	<b>57,563</b>
+ Acquisitions	330
+ Investments	254
+/- Reclassifications	461
+/- Changes in value	-878
+/- Disposals	-225
+/- Change in currency exchange rates	2,487
<b>Market value end of period (30 Jun, 2023)</b>	<b>59,992</b>

Changes in value Operating Properties, reported for information purposes only

	MSEK
<b>Market value beginning of the year (1 Jan, 2023)</b>	<b>11,669</b>
+ Acquisitions	707
+ Investments	228
- Divestments	-616
+/- Reclassifications	-461
+/- Changes in value	-119
+/- Change in currency exchange rates	759
<b>Market value end of period (30 Jun, 2023)</b>	<b>12,172</b>

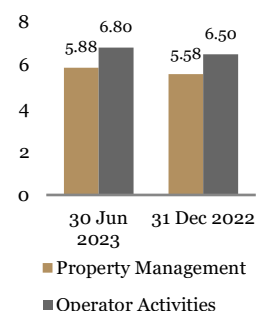
Investment Properties sensitivity analysis, effect on value per 30 June 2023

Effect on fair value	Change	MSEK
Yield	+/- 0.5%	-4,703/ +5,578
Change in currency exchange rates	+/- 1%	+/- 444
Net operating income	+/- 1%	+/- 544

Acquisitions, reclassifications and divestments

Date	Hotel property	Event
Q2 2023	Hotel Mayfair Copenhagen	Reclassification to Property Management
Q1 2023	Best Western Hotel Fridhemsplan	Acquisition Property Management
Q1 2023	The Queens Hotel Leeds	Acquisition Operator Activities
Q1 2023	InterContinental Montreal	Divestment Operator Activities
Q4 2022	Hotel Pomander Nuremberg	Reclassification to Property Management
Q4 2022	NH Brussels Louise	Reclassification to Property Management
Q3 2022	NH Brussels Louise	Acquisition Operator Activities
Q3 2022	DoubleTree by Hilton Bath	Acquisition Operator Activities
Q3 2022	Scandic Kajanus	Divestment Property Management
Q2 2022	Mora Hotell & Spa	Divestment Property Management

Average valuation yield, %  
(30 June 2023)





# Portfolio overview

At the end of the period Pandox's property portfolio consisted of 158 (157) hotel properties with 35,648 (35,490) hotel rooms in fifteen countries, including the sub-markets England, Scotland, Wales, and Northern Ireland.

Pandox's main geographical focus is Northern Europe. Germany (25 percent) is Pandox's single largest geographical market, measured as a percentage of the property portfolio's total market value, followed by Sweden (22 percent), UK (19 percent), Belgium (8 percent) and Finland (7 percent).

More than 80 percent of the total portfolio market value is covered by external leases. Pandox's tenant base consists of highly reputable hotel operators with strong hotel brands.

On 30 June 2023 Investment Properties had a weighted average unexpired lease term (WAULT) of 14.6 years (15.0).

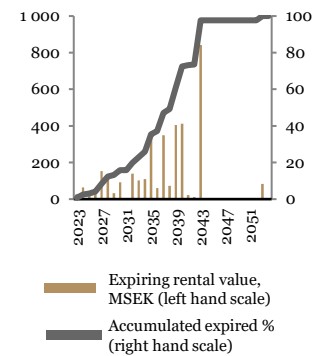
## Portfolio overview by segment and geography

Property Management	Number		Market value (MSEK)		
	Hotels	Rooms	Per country	In % of total	Per room
Sweden	42	9,107	15,641	22	1.7
Germany	33	6,871	13,645	19	2.0
UK	20	4,821	11,402	16	2.4
Finland	12	2,742	4,760	7	1.7
Norway	14	2,573	3,348	5	1.3
Denmark	8	1,843	4,120	6	2.2
Austria	2	639	1,654	2	2.6
Belgium	3	765	1,479	2	1.9
Ireland	3	445	1,683	2	3.8
Switzerland	1	206	964	1	4.7
The Netherlands	1	189	1,296	2	6.9
<b>Sum Property Management</b>	<b>139</b>	<b>30,201</b>	<b>59,992</b>	<b>83</b>	<b>2.0</b>
<b>Operator Activities</b>					
Belgium	7	1,967	4,484	6	2.3
Germany	5	1,490	4,087	6	2.7
Storbritannien	4	1,019	2,282	3	2.2
Kanada	1	595	861	1	1.4
The Netherlands	1	216	429	1	2.0
Finland	1	160	30	0	0.2
<b>Sum Operator Activities</b>	<b>19</b>	<b>5,447</b>	<b>12,172</b>	<b>17</b>	<b>2.2</b>
<b>Sum total</b>	<b>158</b>	<b>35,648</b>	<b>72,164</b>	<b>100</b>	<b>2.0</b>

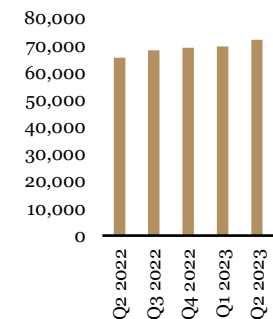
## Portfolio overview by brand

Brand	Number		
	Hotels	Rooms	In % of total
Scandic	49	10,853	30
Leonardo**	35	7,512	21
Hilton	9	2,840	8
Radisson Blu	8	2,033	6
Strawberry*	11	1,949	5
NH	7	1,681	5
Dorint	5	1,085	3
Mercure	4	760	2
Elite Hotels	2	493	1
Holiday Inn	2	469	1
Jurys Inn**	3	445	1
Novotel	2	421	1
Best Western	2	324	1
Indigo	1	284	1
Crowne Plaza	1	262	1
Pullman	1	252	1
Citybox	1	246	1
Meininger	1	228	1
Motel One	1	200	1
Adagio	1	146	0
Independent brands	12	3,165	9
<b>Total</b>	<b>158</b>	<b>35,648</b>	<b>100</b>

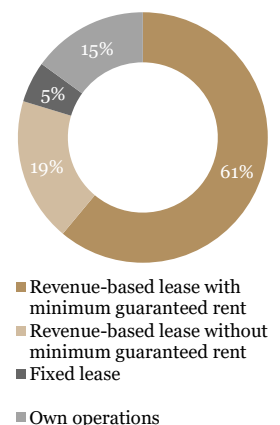
## Lease maturity profile (30 June 2023)



## Market value properties per quarter, MSEK



## Distribution of lease and operating models, number of rooms % (30 June 2023)



\*Brand change from Nordic Choice  
 \*\* 17 Jurys Inn hotels in the UK have been rebranded to Leonardo Hotels during 2022-2023.

# Investments and sustainability

## Investments

In the period January–June 2023, investments in property, plant and equipment, excluding acquisitions, amounted to MSEK 482 (416), of which MSEK 254 (174) was for Investment Properties and MSEK 228 (241) for Operating Properties. At the end of the period, approved investments for ongoing and future projects amounted to around MSEK 1,800 (1,500), of which around MSEK 650 is for projects that are expected to be completed in the remainder of 2023.

The cost of maintenance in the first quarter of 2023 was MSEK 32 (27).

Examples of larger current and completed projects



DoubleTree by Hilton Brussels City  
Operator Activities  
Extension of 151 rooms  
Completion expected in 2025  
Investment: around MEUR 35



Leonardo Royal Hotel Birmingham  
Property Management  
Extensive renovation  
Completed: Q1 2023  
Investment: around MSEK 40

## Sustainability strategy

Science-based targets

Pandox submitted a commitment letter to the Science Based Targets initiative (SBTi) on 30 November 2022. On 1 December 2022 Pandox also shared its targets with SBTi. These were produced in consultation with the Swedish Environmental Research Institute (IVL) in order to meet the requirements under the Paris Agreement. Target validation by SBTi is currently ongoing.

Focus areas

Pandox's sustainability work is aimed at promoting sustainable properties and operations and creating new business opportunities. The Company's overall sustainability goal is to offer tenants resource-efficient hotel properties that contribute to the UN Sustainable Development Goals, reduce climate impact and enable good management of climate risks.

Pandox's sustainability strategy is based on the Company's vision and business objectives, its impact on communities in terms of sustainability and climate change, and which issues the stakeholders consider to be important for Pandox to focus on. Current trends and the risks and opportunities identified by the Company are also taken into consideration.

Pandox has defined the most material sustainability topics and divided them up into five focus areas:

1. Environment and climate
2. Responsible and fair business
3. Guest satisfaction and security
4. Attractive and equal workplace
5. Inclusive local communities

## Green investments

Pandox's most important contribution to more sustainable growth is through its development of profitable green properties. The goal is to create resource-efficient properties and operations that reduce Pandox's environmental and climate footprint, but that can also handle climate change impacts in the form of torrential rain and a warmer climate.

Pandox's green investment programme of MEUR 8, with an expected return of around 20 percent, is expected to be completed in 2023. The purpose is to lower climate impact through energy and water reducing projects and technology installations. The target is a reduction in energy, gas and water use of 35 percent, 25 percent and 20 percent respectively, and a 20 percent reduction in CO<sub>2</sub> emissions.

# Financing

## Summary

- Per 30 June 2023 the average repayment period was 2.6 (1.7) years, the average interest rate was 4.3 (3.2) percent and the average fixed rate period was 4.3 (2.7) years.
- In the second quarter, Pandox and Aareal Bank AG have refinanced a hotel portfolio of 14 properties in four countries, with a total credit volume of MEUR 422 with a five-year tenor.
- During the first half of 2023, Pandox has refinanced debt with a shorter duration of twelve months, corresponding to approximately MSEK 14,146, of which the majority with international banks, with a five-year tenor.
- Per 30 June 2023, the share of credit facilities with a duration shorter than twelve months amounted to 15 percent, compared with 44 percent at the beginning of the year.
- All loans maturing in the coming twelve months are financed by Nordic relationship banks and positive dialogues on refinancing are ongoing.
- In the second quarter, Pandox has entered interest rate derivative contracts corresponding to approximately MSEK 6,434. Per 30 June 2023, approximately 76 percent of Pandox's net interest-bearing debt was hedged against interest movements for periods longer than one year.
- Per 30 June 2023, Pandox's average fixed interest rate on interest-rate derivatives was 1.3 (0.5) percent.

## Financial position and net asset value

At the end of the period the loan-to-value net was 46.7 (46.7) percent. Equity attributable to the Parent Company's shareholders amounted to MSEK 31,643 (30,731). EPRA NRV amounted to MSEK 38,583 (37,694), equivalent to SEK 209.86 (205.03) per share. Cash and cash equivalents plus unutilised credit facilities amounted to MSEK 3,340 (4,489) and there are several unpledged properties with a value of approximately MSEK 2,500 in total. In addition, there are additional unutilised credit facilities that, at any given time, fully cover the issued volume under the Pandox commercial paper programme.

## Interest-bearing liabilities

At the end of the period the loan portfolio amounted to MSEK 34,726 (33,964), excluding loan arrangement fees. Unutilised credit facilities, after deduction of commercial paper, amounted to MSEK 2,333 (2,859) and the volume issued under the commercial paper programme amounted to MSEK 543 (699). Commercial paper is only used to optimise Pandox's financial cost via interest rate arbitrage.

Commercial paper aside, all Pandox's debt financing is bank financing only with loans secured by a combination of mortgage collateral and pledged shares. Pandox has a geographically diversified lender base consisting of eleven Nordic and international banks, and AMF Tjänstepension AB.

Per 30 June 2023, the average repayment period was 2.6 (1.7) years and the average interest rate level, including effects from interest-rate derivatives, but excluding accrued arrangement fees, was 4.3 (3.2) percent, which also is a reasonable approximation for the expected level at year end, given unchanged market rates.

The increase in the average interest rates is mainly explained by higher market rates. At the end of the period the interest cover ratio (measured on rolling twelve months) was 3.2 times.

Short-term credit facilities maturing in less than twelve months amount to MSEK 5,593, of which nothing matures in the third quarter 2023 and approximately MSEK 3,175 matures in the fourth quarter 2023.

During the quarter, Pandox and Aareal Bank AG have refinanced the loan, which was entered into 2015 (thereafter extended and increased 2018) with an additional five years. The financed portfolio consists of a total of 14 hotels with number of brands and operators in Germany, Belgium, Austria and the Netherlands in both Pandox's business segments.

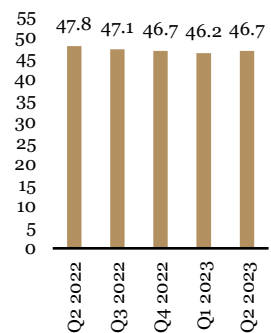
Pandox's refinancing transactions during the first half year 2023 amounted to a total of around MSEK 14,146, of which the majority with international banks with a five-year tenor.

Maturity structure credit facilities 30 June 2023

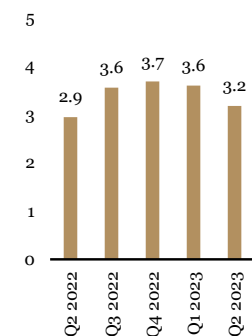
Year due (MSEK)	Credit facilities <sup>1)</sup>
< 1 year	5,593
1-2 year	5,309
2-3 year	16,067
3-4 year	655
4-5 year	9,435
> 5 year	-
<b>Sum</b>	<b>37,059</b>

<sup>1)</sup>Excluding contractual amortisation.

Loan to value net, %



Interest rate cover ratio (R12M), times



## Financial covenants

On group level, Pandox's financial covenants are:

- Loan to value, at a level where Pandox's financial target for loan to value offers comfortable headroom
- Interest cover ratio, at a level, where also revenues from contractual minimum guaranteed rent and fixed rent only, offers satisfactory headroom

## Loans by currency 30 June 2023

	SEK	DKK	EUR <sup>3)</sup>	CHF	CAD	NOK	GBP	Total
Sum credit facilities, MSEK <sup>1)</sup>	9,532	2,196	16,722	557	-	1,149	6,902	37,059
Sum interest bearing debt, MSEK <sup>1)</sup>	6,952	2,196	16,970	557	-	1,149	6,902	34,726
Share of debt in currency, %	20.0	6.3	48.9	1.6	-	3.3	19.9	100
Average interest rate, % <sup>2)</sup>	4.9	3.7	3.5	4.5	-	6.6	6.1	4.3
Average interest rate period, years	4.8	1.5	4.2	0.2	-	5.0	4.9	4.3
Market value Properties, MSEK <sup>1)</sup>	15,641	4,120	33,546	964	861	3,348	13,684	72,164

<sup>1)</sup>Converted to MSEK

<sup>2)</sup>Average interest rate including margin and derivatives, excluding arrangement fee for loans.

<sup>3)</sup>Part of the interest bearing debt is part of credit facilities in SEK, which can be drawn in multiple currencies, including EUR.

## Currency and interest rate risk

To reduce the currency exposure in foreign investment Pandox's aim is to finance the investment in local currency. Equity is normally not hedged as Pandox's strategy is to have a long investment perspective. Currency exposures are largely in form of currency translation effects.

Pandox's bank financing is with variable interest rate. In order to manage interest rate risk and increase the predictability of Pandox's earnings, interest rate derivatives are used. During the second quarter 2023, Pandox has entered into interest rate derivatives corresponding to the equivalent of approximately MSEK 6,434. The derivatives are in four different currencies and maturities of 7 to 10 years, where we have chosen to take advantage of opportunities in the interest rate market while at the same time achieve a more even maturity structure.

At the end of the period, the gross nominal volume of interest rate derivatives amounted to MSEK 35,960 and net nominal volume of interest rate derivatives amounted to MSEK 23,218 net. The gross nominal volume includes forward-starting interest rate swaps. The net volume is the portion of Pandox's loan portfolio for which interest rates are hedged. Approximately 76 percent of Pandox's net debt was thereby hedged against interest rate movements for periods longer than one year and the average fixed rate period was 4.3 (2.7) years.

## Interest maturity profile 30 June 2023

Tenor (MSEK)	Total interest maturity		Interest maturity derivatives		
	Amount <sup>1)</sup>	Share, %	Volume	Share, %	Average interest rate derivatives, %
< 1 year	9,003	26	-2,505	-11	0.6
1-2 year	1,474	4	1,474	6	-0.3
2-3 year	2,184	6	2,184	9	-0.1
3-4 year	2,640	8	2,640	11	0.4
4-5 year	4,515	13	4,515	19	1.5
> 5 year	14,910	43	14,910	64	1.7
Sum	34,726	100	23,218	100	1.3

<sup>1)</sup>Share of loans with an interest rate reset during the period.

The market value of the derivatives portfolio is measured on each closing date, with the change in value recognised in profit or loss. Upon maturing, the market value of a derivative contract is dissolved entirely and the change in value over time thus does not affect equity.

At the end of the period, the net market value of Pandox's financial derivatives amounted to MSEK 2,248 (2,261).

## Financial sensitivity analysis 30 June 2023

Effect on earnings before value changes	Change	MSEK
Current fixed interest hedging, change in interest rates, with derivatives	+/- 1%	-/+108
Current fixed interest hedging, change in interest rates, without derivatives	+/- 1%	-/+340
Remeasurement of interest-rate derivatives following shift in yield-curves	+/- 1%	+/- 1 147

# Other information

## Important events during and after the period

3 July 2023	Pandox signs new lease with Scandic
26 April 2023	Interim report January-March 2023
12 April 2023	Annual General Meeting 2023

To read the full press releases, see [www.pandox.se](http://www.pandox.se).

## Ongoing disputes and insurance cases

No significant change has taken place in any disputes and insurance cases commented on previously.

## Employees

At the end of the period, Pandox had the equivalent of 1,407 (1,097) full-time employees, based on number of worked hours translated to full-time employees. Of the total number of employees, 1,358 (1,051) are employed in the Operator Activities segment and 49 (46) in the Property Management segment and in central administration.

## Parent company

Administration for activities within Pandox's property owning companies is provided by staff employed by the Parent Company, Pandox AB (publ). Pandox's subsidiaries are invoiced for these services.

## Transactions with related parties

The Parent Company carries out transactions with subsidiaries in the Group. Such transactions mainly entail allocation of centrally incurred administration cost and interest relating to receivables and liabilities. All related party transactions are entered into on market terms.

Eiendomsspar AS owns 5.1 percent of 22 hotel properties in Germany and 9.9 percent of another hotel property in Germany. The acquisitions were made by Pandox in 2015, 2016 and 2019. Pandox has a management agreement regarding Pelican Bay Lucaya Resort in the Bahamas owned by affiliates of Helene Sundt AS and CGS Holding AS. During January–June 2023, revenue from Pelican Bay Lucaya amounted to MSEK 0.0 (0.3).

## Risk and uncertainty factors

Pandox's general approach to business risk has not changed from the detailed account provided in the 2022 Annual Report. There is a risk that higher financing costs will lead to continued higher yield requirements. The effect from households' lower disposable income on hotel demand is uncertain.

## Seasonal variations

The hotel industry is seasonal in nature. The periods during which the Company's properties experience higher revenues vary from property to property, depending principally upon the composition of demand and the hotel property's location. The second quarter is normally the strongest supported by high demand and willingness to pay from all sub-segments in the hotel market. Since most of the customers that stay at Pandox owned or operated hotels are business travellers, hotel demand is normally the weakest in the first quarter.

## Alternative performance measures

Pandox applies the European Securities and Market Authority's (ESMA) guidelines for Alternative Performance Measurements. The guidelines aim at making alternative Performance Measurements in financial reports more understandable, trustworthy and comparable and thereby enhance their usability. According to these guidelines, an Alternative Performance Measurement is a financial key ratio of past or future earnings development, financial position, financial result or cash flows which are not defined or mentioned in current legislation for financial reporting; IFRS and the Swedish Annual Accounts Act. Reconciliations of Alternative Performance Measurements are available on pages 23–25.

## Number of shares

At the end of the period, the total number of shares before and after dilution amounted to 75,000,000 A shares and 108,849,999 B shares. For the fourth quarter 2022 the weighted number of shares before and after dilution amounted to 75,000,000 A shares and 108,849,999 B shares.

## Comparison figures and periods

Figures in brackets are from the corresponding period the previous year for profit/loss items and year-end 2022 for balance sheet items, unless otherwise stated.

# Board of Directors' Assurance

The Board of Directors and the CEO confirms that this report provides a fair overview of the Company's business, position and results and describes the significant risks and uncertainties facing the Company and its subsidiaries.

Stockholm, 14 July 2023

Christian Ringnes  
Chairman

Bengt Kjell  
Board member

Jakob Iqbal  
Board member

Jon Rasmus Aurdal  
Board member

Ann-Sofi Danielsson  
Board member

Ulrika Danielsson  
Board member

Jeanette Dyhre Kvisvik  
Board member

Liia Nõu  
CEO

This report has not been examined by the Company's auditor.

# Summary of financial reports

## Condensed consolidated statement of comprehensive income

MSEK	Note	Apr-Jun		Jan-Jun		Full-year
		2023	2022	2023	2022	2022
<b>Revenues Property Management</b>						
Rental income	2	908	761	1,651	1,363	3,052
Other property income		34	97	71	129	255
Revenue Operator Activities	2	832	624	1,405	866	2,347
<b>Total revenues</b>		<b>1,774</b>	<b>1,482</b>	<b>3,127</b>	<b>2,358</b>	<b>5,654</b>
<b>Costs Property Management</b>						
Costs Operator Activities	2	-136	-97	-254	-188	-439
<b>Gross profit</b>		<b>953</b>	<b>936</b>	<b>1,600</b>	<b>1,369</b>	<b>3,104</b>
- whereof gross profit Property Management	2	806	761	1,468	1,304	2,868
- whereof gross profit Operator Activities	2	147	175	132	65	236
Central administration		-53	-34	-98	-66	-153
Financial income		9	8	19	10	19
Financial expenses		-370	-244	-690	-476	-1,022
Financial cost right of use assets		-26	-22	-52	-45	-95
<b>Profit before changes in value</b>		<b>513</b>	<b>644</b>	<b>779</b>	<b>792</b>	<b>1,853</b>
<b>Changes in value</b>						
Changes in value properties	2	-466	395	-678	674	1,180
Changes in value derivatives		332	632	-12	1,562	2,318
<b>Profit before tax</b>		<b>379</b>	<b>1,671</b>	<b>89</b>	<b>3,028</b>	<b>5,351</b>
Current tax		-78	-59	-143	-92	-164
Deferred tax		-13	-240	139	-520	-983
<b>Profit for the period</b>		<b>288</b>	<b>1,372</b>	<b>85</b>	<b>2,416</b>	<b>4,204</b>
This year's revaluation of tangible non-current assets		38	-	38	-	-
<i>Items that may be classified to profit or loss, net after tax</i>						
Net investment hedge of foreign operations		-242	-145	-300	-198	-439
Translation differences of foreign operations		1,350	600	1,578	872	1,762
<b>Other comprehensive income for the period<sup>1)</sup></b>		<b>1,146</b>	<b>455</b>	<b>1,316</b>	<b>674</b>	<b>1,323</b>
<b>Total comprehensive income for the period</b>		<b>1,434</b>	<b>1,827</b>	<b>1,401</b>	<b>3,090</b>	<b>5,527</b>
<b>Profit for the period attributable to the shareholders of the parent company</b>						
Profit for the period attributable to non-controlling interests	2	287	1,370	70	2,412	4,217
		2	2	15	4	-13
<b>Total comprehensive income for the period attributable to the shareholders of the parent company</b>		<b>1,422</b>	<b>1,818</b>	<b>1,372</b>	<b>3,077</b>	<b>5,522</b>
<b>Total comprehensive income for the period attributable to non-controlling interests</b>		<b>12</b>	<b>9</b>	<b>29</b>	<b>13</b>	<b>5</b>
Earnings per share, before and after dilution, SEK		1.56	7.45	0.39	13.12	22.94

<sup>1)</sup>In Other comprehensive income for the period of MSEK 1,316 is included tax of MSEK 271, of which MSEK 98 is current tax.

Condensed consolidated statement of financial position

MSEK	30 Jun		31 Dec
	2023	2022	2022
<b>ASSETS</b>			
Operating Properties	8,296	7,978	7,306
Equipment and interiors	639	588	683
Investment Properties	59,992	54,266	57,563
Right-of-use assets	3,345	3,222	3,218
Deferred tax assets	269	262	305
Derivatives <sup>1)</sup>	2,605	1,607	2,374
Other non-current receivables	103	104	88
<b>Total non-current assets</b>	<b>75,249</b>	<b>68,027</b>	<b>71,537</b>
<b>Current assets</b>			
Inventories	16	14	17
Current tax assets	181	70	147
Trade account receivables	631	817	600
Prepaid expenses and accrued income	373	368	587
Other current receivables	132	165	225
Cash and cash equivalents	1,008	1,873	1,630
Assets held for sale	-	-	474
<b>Total current assets</b>	<b>2,341</b>	<b>3,307</b>	<b>3,680</b>
<b>Total assets</b>	<b>77,590</b>	<b>71,334</b>	<b>75,217</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	460	460	460
Other paid-in capital	7,525	7,525	7,525
Reserves	2,620	678	1,318
Retained earnings, including profit for the period	21,038	19,625	21,428
<b>Equity attributable to the owners of the Parent Company</b>	<b>31,643</b>	<b>28,288</b>	<b>30,731</b>
Non-controlling interests	231	224	202
<b>Sum equity</b>	<b>31,874</b>	<b>28,512</b>	<b>30,933</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Non-current interest-bearing liabilities <sup>2)</sup>	29,017	21,523	17,888
Other non-current liabilities	2	4	3
Long-term lease liability	3,320	3,195	3,192
Derivatives <sup>1)</sup>	357	103	114
Provisions	39	35	37
Deferred tax liability	5,476	4,918	5,538
<b>Total non-current liabilities</b>	<b>38,211</b>	<b>29,778</b>	<b>26,772</b>
<b>Current liabilities</b>			
Provisions	26	51	40
Current interest-bearing liabilities <sup>2)</sup>	5,509	11,719	15,983
Short-term lease liability	32	31	31
Tax liabilities	461	215	328
Trade accounts payable	405	282	314
Other current liabilities	213	138	173
Accrued expenses and prepaid income	859	608	643
<b>Total current liabilities</b>	<b>7,505</b>	<b>13,044</b>	<b>17,512</b>
<b>Total liabilities</b>	<b>45,716</b>	<b>42,822</b>	<b>44,284</b>
<b>Total equity and liabilities</b>	<b>77,590</b>	<b>71,334</b>	<b>75,217</b>

<sup>1)</sup>The fair value measurement belongs to level 2 in the fair value hierarchy in IFRS, i.e., it is based on inputs that are observable, either directly or indirectly.

<sup>2)</sup>The carrying amounts of interest-bearing liabilities and other financial instruments constitute a reasonable approximation of their fair values.



Condensed consolidated statement of changes in equity

MSEK	Attributable to the owners of the parent company							
	Share capital	Other paid in capital	Translation reserves	Revaluation reserve <sup>1)</sup>	Retained earnings, incl profit for the period	Total	Non-controlling interests	Total equity
Opening balance equity 1 Jan, 2022	460	7,525	-174	187	17,215	25,213	209	25,422
Profit for the period	—	—	—	—	4,217	4,217	-13	4,204
Other comprehensive income	—	—	1,305	—	—	1,305	18	1,323
Guaranteed dividend, minority interests	—	—	—	—	—	—	-16	-16
Transfer of non-controlling interest	—	—	—	—	-4	-4	4	—
Closing balance equity 31 Dec, 2022	460	7,525	1,131	187	21,428	30,731	202	30,933
Opening balance equity 1 Jan, 2023	460	7,525	1,131	187	21,428	30,731	202	30,933
Profit for the period	—	—	—	—	70	70	15	85
Other comprehensive income	—	—	1,264	38	—	1,302	14	1,316
Dividend	—	—	—	—	-460	-460	—	-460
Closing balance equity 30 Jun, 2023	460	7,525	2,395	225	21,038	31,643	231	31,874

<sup>1)</sup>Refers to the fair value change of hotel properties that have been reclassified from Operator Activities to Property Management.

Condensed consolidated statement of cash flow

MSEK	Apr-Jun		Jan-Jun		Full-year
	2023	2022	2023	2022	2022
<b>OPERATING ACTIVITIES</b>					
Profit before tax	379	1,671	89	3,028	5,351
Reversal of depreciation	74	65	142	125	334
Changes in value, properties	466	-395	678	-674	-1,180
Changes in value, derivatives	-330	-632	13	-1,562	-2,319
Other items not included in the cash flow	-72	-90	-174	12	145
Taxes paid	21	-8	-45	-45	-86
<b>Cash flow from operating activities before changes in working capital</b>	<b>538</b>	<b>611</b>	<b>703</b>	<b>884</b>	<b>2,245</b>
Increase/decrease in operating assets	31	-118	361	2	-14
Increase/decrease in operating liabilities	15	67	166	86	146
<b>Change in working capital</b>	<b>46</b>	<b>-51</b>	<b>527</b>	<b>88</b>	<b>132</b>
<b>Cash flow from operating activities</b>	<b>584</b>	<b>560</b>	<b>1,230</b>	<b>972</b>	<b>2,377</b>
<b>INVESTING ACTIVITIES</b>					
Investments in properties and fixed assets	-246	-182	-482	-417	-863
Divestment of hotel properties, net effect on liquidity	-	-	897	-	124
Acquisitions of hotel properties, net effect on liquidity	-15	105	-954	105	-901
Acquisitions of financial assets	-2	-11	-2	-15	3
<b>Cash flow from investing activities</b>	<b>-263</b>	<b>-88</b>	<b>-541</b>	<b>-327</b>	<b>-1,637</b>
<b>FINANCING ACTIVITIES</b>					
New loans	2,663	2,659	9,445	5,086	12,811
Amortisation of debt	-3,592	-2,866	-10,503	-5,510	-13,601
Guaranteed minority dividend	-	-	-	-	-16
Paid dividends	-460	-	-460	-	-
<b>Cash flow from financing</b>	<b>-1,389</b>	<b>-207</b>	<b>-1,518</b>	<b>-424</b>	<b>-806</b>
<b>Cash flow for the period</b>	<b>-1,068</b>	<b>265</b>	<b>-829</b>	<b>221</b>	<b>-66</b>
Cash and cash equivalents at beginning of period	2,004	1,477	1,630	1,593	1,593
Exchange differences in cash and cash equivalents	72	132	207	59	104
Liquid funds end of period	1,008	1,873	1,008	1,873	1,630
<b>Information regarding interest payments</b>					
Interest received amounted to	9	2	17	3	19
Interest paid amounted to	-344	-214	-616	-413	-893
Financial cost right of use assets	-26	-22	-52	-45	-95
<b>Information regarding cash and cash equivalents end of period</b>	<b>1,008</b>	<b>1,873</b>	<b>1,008</b>	<b>1,873</b>	<b>1,630</b>
Cash and cash equivalents consists of bank deposits.					

## Condensed income statement for the parent company

MSEK	Apr-Jun		Jan-Jun		Full-year
	2023	2022	2023	2022	2022
Total revenues	27	33	52	68	79
Administration cost	-66	-41	-121	-72	-130
<b>Operating profit</b>	<b>-39</b>	<b>-8</b>	<b>-69</b>	<b>-4</b>	<b>-51</b>
Profit from participations in Group companies	-	-	122	-	1,840
Other interest income and similar profit/loss items	809	151	1,097	140	338
Derivatives, unrealised	-117	-6	-105	174	184
<b>Profit after financial items</b>	<b>653</b>	<b>137</b>	<b>1,045</b>	<b>310</b>	<b>2,311</b>
Year-end appropriations	-	-	-	-	24
<b>Profit before tax</b>	<b>653</b>	<b>137</b>	<b>1,045</b>	<b>310</b>	<b>2,335</b>
Current tax	-78	-10	-93	-10	-17
Deferred tax	25	8	17	-46	-49
<b>Profit for the period</b>	<b>600</b>	<b>135</b>	<b>969</b>	<b>254</b>	<b>2,269</b>
<b>Other comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>600</b>	<b>135</b>	<b>969</b>	<b>254</b>	<b>2,269</b>

## Condensed balance sheet for the parent company

Figures in MSEK	30 Jun 2023	30 Jun 2022	31 Dec 2022
<b>ASSETS</b>			
Non-current assets	21,544	20,508	19,037
Current assets	2,190	1,542	3,794
<b>Total assets</b>	<b>23,734</b>	<b>22,050</b>	<b>22,831</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	12,269	9,744	11,760
Provisions	65	84	73
Non-current liabilities	7,525	6,573	7,463
Current liabilities	3,875	5,649	3,535
<b>Total equity and liabilities</b>	<b>23,734</b>	<b>22,050</b>	<b>22,831</b>

## Notes

### Note 1. Accounting principles

Pandox AB follows the International Financial Reporting Standards (IFRS) and interpretations (IFRIC), as adopted by the EU. This interim report has been prepared according to IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act.

The interim report for the Parent Company has been prepared in accordance with Chapter 9 Interim Reports of the Swedish Annual Accounts Act. The Parent Company applies the Swedish Annual Accounts Act and RFR2 Accounting principles for legal entities. Under RFR2 the parent company of a legal entity applies all EU approved IFRS principles and interpretations within the framework defined by the Swedish Annual Accounts Act and taking into consideration the connection between accounting and taxation.

Derivatives are measured at fair value according to Level 2 in the fair value hierarchy under IFRS, based on inputs that are observable, either directly or indirectly.

The carrying amounts of interest-bearing liabilities and other financial instruments constitute a reasonable approximation of their fair values.

The interim financial statements are included on pages 1–27 and page 1–14 is thus an integrated part of this financial report.

The accounting principles applied are consistent with those described in Pandox's Annual Report for 2022.

## Note 2. Operating segments

Pandox's operating segments consist of the Property Management and Operator Activities business streams. The Property Management segment owns, improves and manages hotel properties and provides external customers with premises for hotel operations, as well as other types of premises adjacent to hotel properties. The Operator Activities segment owns hotel properties and operates hotels in such owned properties. The Operator Activities segment also includes one hotel property under an asset management agreement.

Non-allocated items are any items that are not attributable to a specific segment or are common to both segments, and financial cost for right-of-use assets according to IFRS 16. The segments have been established based on the reporting that takes place internally to executive management on financial outcomes and position. Segment reporting applies the same accounting principles as those used in the annual report in general, and the amounts reported for the segments are the same as those for the Group. Scandic Hotels Group and Fattal Hotels Group are tenants who account for more than 10 percent of revenues each.

For the second quarter and first six months 2023 revenue-based rent in Property Management amounted to MSEK 353 (258) and MSEK 561 (356) respectively.

MSEK	Q2 2023 (Apr-Jun 2023)				Q2 2022 (Apr-Jun 2022)			
	Property Management	Operator Activities	Group and non-allocated items	Total	Property Management	Operator Activities	Group and non-allocated items	Total
<b>Revenues Property Management</b>								
Rental and other property income	942	—	—	942	858	—	—	858
Revenue Operator Activities	—	832	—	832	—	624	—	624
<b>Total revenues</b>	<b>942</b>	<b>832</b>	<b>—</b>	<b>1,774</b>	<b>858</b>	<b>624</b>	<b>—</b>	<b>1,482</b>
Costs Property Management	-136	—	—	-136	-97	—	—	-97
Costs Operator Activities	—	-685	—	-685	—	-449	—	-449
<b>Gross profit</b>	<b>806</b>	<b>147</b>	<b>—</b>	<b>953</b>	<b>761</b>	<b>175</b>	<b>—</b>	<b>936</b>
Central administration	—	—	-53	-53	—	—	-34	-34
Financial income	—	—	9	9	—	—	8	8
Financial expenses	—	—	-370	-370	—	—	-244	-244
Financial cost right of use assets	—	—	-26	-26	—	—	-22	-22
<b>Profit before value changes</b>	<b>806</b>	<b>147</b>	<b>-440</b>	<b>513</b>	<b>761</b>	<b>175</b>	<b>-292</b>	<b>644</b>
Changes in value								
Changes in value properties	-467	1	—	-466	395	—	—	395
Changes in value derivatives	—	—	332	332	—	—	632	632
<b>Profit before tax</b>	<b>339</b>	<b>148</b>	<b>-108</b>	<b>379</b>	<b>1,156</b>	<b>175</b>	<b>340</b>	<b>1,671</b>
Current tax	—	—	-78	-78	—	—	-59	-59
Deferred tax	—	—	-13	-13	—	—	-240	-240
<b>Profit for the period</b>	<b>339</b>	<b>148</b>	<b>-199</b>	<b>288</b>	<b>1,156</b>	<b>175</b>	<b>41</b>	<b>1,372</b>

Q2 2023 (Apr-Jun 2023)										
	Sweden	Denmark	Norway	Finland	Germany	Belgium	UK+IE	Others	Total	
Total revenues										
- Property Management	260	57	58	56	211	20	219	61		942
- Operator Activities	—	26	—	11	187	327	144	136		831
Market value properties	15,641	4,120	3,348	4,790	17,732	5,963	15,367	5,203		72,164
Investments in properties	37	10	4	8	50	45	87	6		247
Acquisitions of properties	1	—	—	—	—	4	24	—		29
Changes in value properties	126	-157	1	-37	-82	5	-302	-20		-466
Book value Operating Properties	—	—	—	33	2,150	3,221	2,462	1,057		8,923
Total non-current assets at book value, less deferred tax assets	18,826	4,134	3,351	5,564	16,591	4,975	16,503	5,036		74,980

Q2 2022 (Apr-Jun 2022)										
	Sweden	Denmark	Norway	Finland	Germany	Belgium	UK+IE	Others	Total	
Total revenues										
- Property Management	226	56	66	66	223	15	160	46		857
- Operator Activities	—	22	—	10	147	223	72	150		625
Market value properties	15,124	3,681	3,398	4,316	16,301	4,889	12,612	5,483		65,804
Investments in properties	45	9	17	4	61	25	12	10		182
Acquisitions of properties	—	—	—	—	—	—	—	—		—
Changes in value properties	109	-5	34	175	-	-4	87	-1		395
Book value Operating Properties	—	363	—	29	2,804	2,864	982	1,507		8,550
Total non-current assets at book value, less deferred tax assets	17,382	3,667	3,392	4,985	15,464	4,088	13,634	5,319		67,932

MSEK	Q1-2 2023 (Jan-Jun 2023, year to date)				Q1-2 2022 (Jan-Jun 2022)			
	Property Management	Operator Activities	Group and non-allocated items	Total	Property Management	Operator Activities	Group and non-allocated items	Total
<b>Revenues Property Management</b>								
Rental and other property income	1,722	—	—	1,722	1,492	—	—	1,492
Revenue Operator Activities	—	1,405	—	1,405	—	866	—	866
<b>Total revenues</b>	<b>1,722</b>	<b>1,405</b>	<b>—</b>	<b>3,127</b>	<b>1,492</b>	<b>866</b>	<b>—</b>	<b>2,358</b>
Costs Property Management	-254	—	—	-254	-188	—	—	-188
Costs Operator Activities	—	-1,273	—	-1,273	—	-801	—	-801
<b>Gross profit</b>	<b>1,468</b>	<b>132</b>	<b>—</b>	<b>1,600</b>	<b>1,304</b>	<b>65</b>	<b>—</b>	<b>1,369</b>
Central administration	—	—	-98	-98	—	—	-66	-66
Financial income	—	—	19	19	—	—	10	10
Financial expenses	—	—	-690	-690	—	—	-476	-476
Financial cost right of use assets	—	—	-52	-52	—	—	-45	-45
<b>Profit before value changes</b>	<b>1,468</b>	<b>132</b>	<b>-821</b>	<b>779</b>	<b>1,304</b>	<b>65</b>	<b>-577</b>	<b>792</b>
Changes in value								
Changes in value properties	-812	134	—	-678	674	—	—	674
Changes in value derivatives	—	—	-12	-12	—	—	1,562	1,562
<b>Profit before tax</b>	<b>656</b>	<b>266</b>	<b>-833</b>	<b>89</b>	<b>1,978</b>	<b>65</b>	<b>-577</b>	<b>3,028</b>
Current tax	—	—	-143	-143	—	—	-92	-92
Deferred tax	—	—	139	139	—	—	-520	-520
<b>Profit for the period</b>	<b>656</b>	<b>266</b>	<b>-837</b>	<b>85</b>	<b>1,978</b>	<b>65</b>	<b>-1,189</b>	<b>2,416</b>

Q1-Q2 2023 (Jan-Jun)									
	Sweden	Denmark	Norway	Finland	Germany	Belgium	UK+IE	Others	Total
Total revenues									
- Property Management	451	102	109	147	397	33	372	111	1,722
- Operator Activities	—	38	—	20	310	577	238	221	1,405
Market value properties	15,641	4,120	3,348	4,790	17,732	5,963	15,367	5,203	72,164
Investments in properties	76	30	11	13	98	111	132	11	482
Acquisitions of properties	326	—	—	—	—	4	707	—	1,037
Changes in value properties	-198	-129	-77	-29	-43	11	-325	112	-678
Book value Operating Properties	—	—	—	33	2,150	3,221	2,462	1,057	8,923
Total non-current assets at book value, less deferred tax assets	18,826	4,134	3,351	5,564	16,591	4,975	16,503	5,036	74,980

Q1-Q2 2022 (Jan-Jun)									
	Sweden	Denmark	Norway	Finland	Germany	Belgium	UK+IE	Others	Total
Total revenues									
- Property Management	377	87	111	123	382	23	297	91	1,492
- Operator Activities	—	31	—	15	190	332	116	181	866
Market value properties	15,124	3,681	3,398	4,316	16,301	4,889	12,612	5,483	65,804
Investments in properties	85	21	25	8	127	113	19	18	415
Changes in value properties	352	-9	45	154	-20	-4	157	-1	674
Book value Operating Properties	—	363	—	29	2,804	2,864	982	1,507	8,549
Total non-current assets at book value, less deferred tax assets	17,382	3,667	3,392	4,985	15,464	4,088	13,634	5,319	67,932

### Note 3. Tax

#### Deferred tax

At the end of the period, deferred tax assets amounted to MSEK 269 (305). This consists mainly of the carrying amount of tax loss carryforwards which the Company expects to be able to utilise in future financial years.

Deferred tax liabilities amounted to MSEK 5,476 (5,538) and relate mainly to temporary differences between fair value and the taxable value of investment properties, as well as temporary differences between the carrying amount and the taxable value of operating properties, and temporary measurement differences for interest rate derivatives.

### Note 4. Currency exchange rates

Currency exchange rates January-June

	Average rate			Rate at end-of-period		
	2023	2022	Change %	2023	2022	Change %
Euro (EUR)	11.324	10.479	8%	11.792	10.680	10%
British pound (GBP)	12.918	12.443	4%	13.720	12.413	11%
Danish krone (DKK)	1.521	1.408	8%	1.583	1.436	10%
Norwegian krone (NOK)	1.002	1.050	-5%	1.010	1.031	-2%
Canadian dollar (CAD)	7.774	7.539	3%	8.185	7.917	3%
Swiss franc (CHF)	11.488	10.151	13%	12.072	10.704	13%

## Reconciliation alternative performance measurements

Per share, SEK <sup>1)</sup>	Apr-Jun		Jan-Jun		Full-year
	2023	2022	2023	2022	2022
<b>Total comprehensive income per share, SEK</b>					
shareholders of the parent company, MSEK	1,422	1,818	1,372	3,077	5,522
Weighted average number of share, before and after dilution	183,849,999	183,849,999	183,849,999	183,849,999	183,849,999
<b>Total comprehensive income per share, SEK</b>	<b>7.73</b>	<b>9.89</b>	<b>7.46</b>	<b>16.74</b>	<b>30.04</b>
<b>Cash earnings per share, SEK</b>					
Cash earnings attr.to the shareholders of the parent company, MSEK	510	645	769	824	2,056
Weighted average number of share, before and after dilution	183,849,999	183,849,999	183,849,999	183,849,999	183,849,999
<b>Cash earnings per share, SEK</b>	<b>2.77</b>	<b>3.51</b>	<b>4.18</b>	<b>4.48</b>	<b>11.18</b>
<b>Net asset value (EPRA NRV) per share, SEK</b>					
EPRA NRV (net asset value), MSEK	-	-	38,583	34,999	37,694
Number of shares at the end of the period	-	-	183,849,999	183,849,999	183,849,999
<b>Net asset value (EPRA NRV) per share, SEK</b>	<b>-</b>	<b>-</b>	<b>209.86</b>	<b>190.37</b>	<b>205.03</b>
<b>Dividend per share, SEK</b>					
Dividend, MSEK	-	-	-	-	460
Number of shares at dividend	-	-	183,849,999	183,849,999	183,849,999
<b>Dividend per share, SEK<sup>3)</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.50</b>
Weighted average number of share, before and after dilution	183,849,999	183,849,999	183,849,999	183,849,999	183,849,999
Number of shares at the end of the period	183,849,999	183,849,999	183,849,999	183,849,999	183,849,999
<b>PROPERTY RELATED KEY FIGURES</b>					
Number of hotels, end of period <sup>2)</sup>	-	-	158	156	157
Number of rooms, end of period <sup>2)</sup>	-	-	35,648	35,243	35,490
WAULT, years	-	-	14.6	15.4	15.0
Market value properties, MSEK	-	-	72,164	65,804	69,231
Market value Investment Properties, MSEK	-	-	59,992	54,266	57,563
Market value Operating Properties, MSEK	-	-	12,172	11,537	11,669
RevPAR (Operator Activities) for comparable units at comparable exchange rates, SEK	1,147	913	948	635	827

<sup>1)</sup>The total number of outstanding shares after full dilution amounts to 183,849,999, of which 75,000,000 are A shares and 108,849,999 are B shares. Calculated on the total number of shares for balance sheet items and weighted number of shares for profit and loss items.

<sup>2)</sup>Pandox's owned hotel properties.

<sup>3)</sup>For 2022 actual dividend is indicated.

## Reconciliation alternative performance measurements

MSEK	Apr-Jun		Jan-Jun		Full-year
	2023	2022	2023	2022	2022
<b>Net interest-bearing debt</b>					
Non-current interest-bearing liabilities	-	-	29,017	21,523	17,888
Current interest-bearing liabilities	-	-	5,509	11,719	15,983
Arrangement fee for loans	-	-	200	103	93
Cash and cash equivalents	-	-	-1,008	-1,873	-1,630
<b>Net interest-bearing debt</b>	-	-	<b>33,718</b>	<b>31,472</b>	<b>32,334</b>
<b>Loan to value net, %</b>	-	-	-	-	-
Net interest-bearing debt	-	-	33,718	31,472	32,334
Market value properties	-	-	72,164	65,804	69,231
<b>Loan to value, %</b>	-	-	<b>46.7</b>	<b>47.8</b>	<b>46.7</b>
<b>Interest cover ratio, times</b>	-	-	-	-	-
EBITDA	977	970	1,652	1,438	3,304
Less: Financial costs for right-of-use-assets	-26	-22	-52	-45	-95
Net interest costs	331	200	611	402	873
<b>Interest cover ratio, times</b>	<b>2.9</b>	<b>4.7</b>	<b>2.6</b>	<b>3.5</b>	<b>3.7</b>
<b>Average interest on debt end of period, %</b>	-	-	-	-	-
Average interest expenses	-	-	1,474	838	1,087
Non-current interest-bearing liabilities	-	-	29,017	21,523	17,888
Arrangement fee for loans	-	-	200	103	93
Current interest-bearing liabilities	-	-	5,509	11,719	15,983
<b>Average interest on debt end of period, %</b>	-	-	<b>4.3</b>	<b>2.5</b>	<b>3.2</b>
Investments, incl. parent company excl. acquisitions	246	182	482	417	863
<b>Net operating income, Property Management</b>					
Rental income	908	761	1,651	1,363	3,052
Other property income	34	97	71	129	255
Costs, excl. property administration	-66	-59	-146	-117	-245
<b>Net operating income, before property administration</b>	<b>876</b>	<b>799</b>	<b>1,576</b>	<b>1,375</b>	<b>3,062</b>
Property administration	-70	-38	-108	-71	-194
<b>Net operating income, Property Management</b>	<b>806</b>	<b>761</b>	<b>1,468</b>	<b>1,304</b>	<b>2,868</b>
<b>Net operating income, Operator Activities</b>					
Revenue	832	624	1,405	866	2,347
Costs	-685	-449	-1,273	-801	-2,111
<b>Gross profit</b>	<b>147</b>	<b>175</b>	<b>132</b>	<b>65</b>	<b>236</b>
Plus: Depreciation included in costs	72	63	139	124	330
<b>Net operating income, Operator Activities</b>	<b>219</b>	<b>238</b>	<b>271</b>	<b>189</b>	<b>566</b>
<b>EBITDA</b>					
Gross profit from respective operating segment	953	936	1,600	1,369	3,104
Plus: Depreciation included in costs Operator Activities	72	63	139	124	330
Plus: Depreciation included in Central administration	5	5	11	11	23
Less: Central administration	-53	-34	-98	-66	-153
<b>EBITDA</b>	<b>977</b>	<b>970</b>	<b>1,652</b>	<b>1,438</b>	<b>3,304</b>
<b>Cash earnings</b>					
EBITDA	977	970	1,652	1,438	3,304
Plus: Financial income	9	8	19	10	19
Less: Financial expense	-370	-244	-690	-476	-1,022
Less: Financial costs for right-of-use-assets	-26	-22	-52	-45	-95
Plus/Less: Translation effect on bank deposits	-	-6	-2	-7	1
Less: Current tax	-78	-59	-143	-92	-164
Profit for the period attributable to non-controlling interests	-2	-2	-15	-4	13
<b>Cash earnings</b>	<b>510</b>	<b>645</b>	<b>769</b>	<b>824</b>	<b>2,056</b>
<b>EPRA NRV</b>					
Equity attr. to the shareholders of the parent company	-	-	31,643	28,288	30,731
Plus: Revaluation of Operating Properties	-	-	3,249	2,987	3,220
Minus: Fair value of financial derivatives	-	-	-2,248	-1,504	-2,260
Plus: Deferred tax assets related to derivatives	-	-	463	310	466
Plus: Deferred tax liabilities	-	-	5,476	4,918	5,538
<b>EPRA NRV</b>	-	-	<b>38,583</b>	<b>34,999</b>	<b>37,694</b>
<b>Growth in EPRA NRV, annual rate, %</b>					
EPRA NRV attr. to the shareholders of the parent company, OB	-	-	34,999	31,065	31,905
EPRA NRV attr. to the shareholders of the parent company, CB	-	-	38,583	34,999	37,694
Dividend added back, current year	-	-	460	-	-
<b>Growth in EPRA NRV, annual rate, %</b>	-	-	<b>11.6</b>	<b>12.7</b>	<b>18.1</b>

## Key figures not defined according to IFRS

A number of the financial descriptions and measures in this interim report provide information about development and status of financial and per share measurements that are not defined in accordance with the IFRS (International Financial Reporting Standards). Adjoining alternative financial measurements provides useful supplementary information to investors and management, as they facilitate evaluation of company performance. Since not all companies calculate financial measurements in the same manner, these are not always comparable to measurements used by other companies. Hence, these financial measures should not be seen as a substitute for measures defined according to the IFRS. Unless otherwise stated, the tables on pages 23–25 presents measures, along with their reconciliation, which are not defined according to the IFRS. The definitions of these measures appear on page 27.

## Financial risk

Pandox owns, manages and develops hotel properties and operates hotels. The level of risk-taking is expressed in a loan-to-value ratio net of between 45 and 60 percent, depending on market development and the opportunities that exist. In addition to the loan-to-value ratio, interest cover ratio, average cost of debt and interest-bearing net debt are other relevant measurements of Pandox's financial risk.

## Growth and profitability

Pandox's overall goal is to increase cash flow and property value and thereby enable Pandox to have the resources for investments to support the Group's continued expansion. Since Pandox both owns and operates hotel properties, multiple indicators are needed to measure the Company's performance in relation to goals in this regard. Growth in cash earnings is Pandox's primary focus and this is also the basis for the dividend paid annually to the shareholders, i.e. 30–50 percent of cash earnings with an average payout ratio of approximately 40 percent over time. Measuring net operating income creates transparency and comparability between the Company's two operating segments and with other property companies. EBITDA measures Pandox's total operational profitability in a uniform way.

## EPRA NRV (net asset value) and equity

Net asset value (EPRA NRV) is the collective capital Pandox manages on behalf of its shareholders. Pandox measures long-term net asset value based on the balance sheet adjusted for items that will not yield any payments in the near future, such as derivatives and deferred tax liabilities. The market value of Operating Properties is included in the calculation. See also page 27.



Net asset value according to EPRA NRV, EPRA NTA and EPRA NDV

EPRA NRV is the long-term net asset value and is based on the balance sheet adjusted for items where there will be no payments made in the near future, such as goodwill, financial derivatives, deferred tax liability and surplus value of Operating Properties (see page 8 for more information). EPRA NTA is the same as long-term net asset value with the difference that goodwill not attributable to deferred tax is to be added back and that deferred tax can be assigned a market value taking into account how the entity has carried out real estate transactions in recent years. As Pandox has no goodwill, has a long-term investment horizon, and does not report estimated actual deferred tax, the value of NRV and NTA in Pandox's case is the same. EPRA NDV is net asset value according to equity in the balance sheet adjusted for goodwill (Pandox has no goodwill) and surplus value of Operating Properties.

Net asset value

MSEK	30 Jun 2023		30 Jun 2022		31 Dec 2022	
	MSEK	SEK/share <sup>1)</sup>	MSEK	SEK/share <sup>1)</sup>	MSEK	SEK/share <sup>1)</sup>
Equity attr. to the shareholders of the parent company	31,643	172.11	28,288	153.86	30,731	167.15
Plus: Revaluation of Operating Properties	3,249	17.67	2,987	16.25	3,220	17.51
Less: Fair value of financial derivatives	-2,248	-12.23	-1,504	-8.18	-2,260	-12.29
Plus: Deferred tax assets related to derivatives	463	2.52	310	1.69	466	2.53
Plus: Deferred tax liabilities	5,476	29.79	4,918	26.75	5,538	30.12
<b>Net asset value, EPRA NRV</b>	<b>38,583</b>	<b>209.86</b>	<b>34,999</b>	<b>190.37</b>	<b>37,694</b>	<b>205.03</b>
Less:	—	—	—	—	—	—
<b>Net asset value, EPRA NTA</b>	<b>38,583</b>	<b>209.86</b>	<b>34,999</b>	<b>190.37</b>	<b>37,694</b>	<b>205.03</b>
Less: derivatives and deferred tax	-3,691	-20.08	-3,724	-20.25	-3,744	-20.36
<b>Net asset value, EPRA NDV</b>	<b>34,892</b>	<b>189.78</b>	<b>31,275</b>	<b>170.11</b>	<b>33,951</b>	<b>184.67</b>

<sup>1)</sup>Number of shares at end of period.

EPRA LTV

EPRA LTV is a key ratio that shows interest-bearing net debt in relation to the total market value of the property portfolio and other available assets and is used to create comparability between property companies. EPRA LTV is essentially the same as Pandox's previous definition of loan-to-value ratio, with the only difference that net operating receivables and operating liabilities are included in the EPRA measurement. As Pandox has no associated companies or joint ventures, and as there are no minority interests that are material for the Company, no further adjustments are made. Adjustment compared with loan-to-value ratio reported thus far is net of the following short-term operating items: Tax assets, accounts receivable, other receivables, provisions, tax liabilities, accounts payable and other short-term liabilities.

MSEK	30 Jun 2023			30 Jun 2022			31 Dec 2022		
	Previously reported Loan to value, %	Adjustments	Loan to value, %, EPRA	Previously reported Loan to value, %	Adjustments	Loan to value, %, EPRA	Previously reported Loan to value, %	Adjustments	Loan to value, %, EPRA
Non-current interest-bearing liabilities	29,017	—	29,017	21,523	—	21,523	17,888	—	17,888
Current interest-bearing liabilities	5,509	—	5,509	11,719	—	11,719	15,983	—	15,983
Arrangement fee for loans	200	—	200	103	—	103	93	—	93
Net operating assets and operating liabilities	—	161	161	—	—	—	—	—	—
Exclude: Cash and cash equivalents	-1,008	—	-1,008	-1,873	—	-1,873	-1,630	—	-1,630
<b>Net debt</b>	<b>33,718</b>	<b>161</b>	<b>33,879</b>	<b>31,472</b>	<b>—</b>	<b>31,472</b>	<b>32,334</b>	<b>—</b>	<b>32,334</b>
Market value properties	72,164	—	72,164	65,804	—	65,804	69,231	—	69,231
Net operating assets and operating liabilities	—	—	—	—	366	366	—	117	117
<b>Total properties and other applicable assets</b>	<b>72,164</b>	<b>—</b>	<b>72,164</b>	<b>65,804</b>	<b>366</b>	<b>66,170</b>	<b>69,231</b>	<b>117</b>	<b>69,348</b>
<b>Loan to value, %</b>	<b>46.7%</b>		<b>46.9%</b>	<b>47.8%</b>		<b>47.6%</b>	<b>46.7%</b>		<b>46.6%</b>

## Quarterly data

### Condensed consolidated statement of comprehensive income

	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep
MSEK	2023	2023	2022	2022	2022	2022	2021	2021
Revenues Property Management								
Rental income	908	743	803	886	761	602	606	617
Other property income	34	37	45	81	97	32	42	35
Revenue Operator Activities	832	573	775	706	624	242	326	287
<b>Total revenues</b>	<b>1,774</b>	<b>1,353</b>	<b>1,623</b>	<b>1,673</b>	<b>1,482</b>	<b>876</b>	<b>974</b>	<b>939</b>
Costs Property Management	-136	-118	-150	-101	-97	-91	-106	-99
Costs Operator Activities	-685	-588	-732	-578	-449	-352	-373	-334
<b>Gross profit</b>	<b>953</b>	<b>647</b>	<b>741</b>	<b>994</b>	<b>936</b>	<b>433</b>	<b>495</b>	<b>506</b>
Central administration	-53	-45	-59	-28	-34	-32	-52	-31
Financial net	-361	-310	-289	-248	-236	-230	-227	-242
Financial cost right of use assets	-26	-26	-26	-24	-22	-23	-21	-23
<b>Profit before value changes</b>	<b>513</b>	<b>266</b>	<b>367</b>	<b>694</b>	<b>644</b>	<b>148</b>	<b>195</b>	<b>210</b>
Changes in value								
Changes in value properties	-466	-212	-66	572	395	279	81	-15
Changes in value derivatives	332	-344	-59	815	632	930	187	202
<b>Profit before tax</b>	<b>379</b>	<b>-290</b>	<b>242</b>	<b>2,081</b>	<b>1,671</b>	<b>1,357</b>	<b>463</b>	<b>397</b>
Current tax	-78	-65	-24	-48	-59	-33	-78	-15
Deferred tax	-13	152	-117	-346	-240	-280	-127	-61
<b>Profit for the period</b>	<b>288</b>	<b>-203</b>	<b>101</b>	<b>1,687</b>	<b>1,372</b>	<b>1,044</b>	<b>258</b>	<b>321</b>
Other comprehensive income	1,146	170	308	341	455	219	238	128
<b>Total comprehensive income for the period</b>	<b>1,434</b>	<b>-33</b>	<b>409</b>	<b>2,028</b>	<b>1,827</b>	<b>1,263</b>	<b>496</b>	<b>449</b>

### Condensed consolidated statement of financial position

MSEK	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022	31 Dec 2021	30 Sep 2021
<b>ASSETS</b>								
Properties incl equipment and interiors	68,927	66,550	65,552	64,712	62,832	61,120	60,246	58,975
Right-of-use assets	3,345	3,250	3,218	3,383	3,222	3,155	3,039	3,009
Other non-current receivables	2,708	2,274	2,462	2,544	1,711	1,017	289	202
Deferred tax assets	269	268	305	239	262	55	249	488
Current assets	1,333	1,287	2,050	1,964	1,434	1,398	1,385	1,398
Cash and cash equivalents	1,008	2,004	1,630	2,463	1,873	1,477	1,593	1,494
<b>Total assets</b>	<b>77,590</b>	<b>75,633</b>	<b>75,217</b>	<b>75,305</b>	<b>71,334</b>	<b>68,222</b>	<b>66,801</b>	<b>65,566</b>
<b>EQUITY AND LIABILITIES</b>								
Equity	31,874	30,900	30,933	30,540	28,512	26,685	25,422	24,941
Deferred tax liability	5,476	5,359	5,538	5,287	4,918	4,415	4,281	4,319
Interest-bearing liabilities	34,526	34,054	33,871	34,478	33,242	32,710	32,623	31,747
Leasing liabilities	3,352	3,256	3,223	3,387	3,226	3,158	3,042	3,011
Non interest-bearing liabilities	2,362	2,064	1,652	1,613	1,436	1,254	1,433	1,548
<b>Total equity and liabilities</b>	<b>77,590</b>	<b>75,633</b>	<b>75,217</b>	<b>75,305</b>	<b>71,334</b>	<b>68,222</b>	<b>66,801</b>	<b>65,566</b>

### Key ratios

	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep
MSEK	2023	2023	2022	2022	2022	2022	2021	2021
NOI, Property Management	806	662	698	866	761	543	542	553
NOI, Operator Activities	219	52	184	193	238	-49	26	22
EBITDA	977	675	829	1,037	970	467	521	550
Interest coverage ratio, times	2.9	2.3	3.1	4.8	4.7	2.2	2.5	2.5
Earnings per share before and after dilution, SEK	1.56	-1.17	0.66	9.16	7.45	5.67	1.41	1.73
Cash earnings	510	259	515	717	645	178	196	266
Cash earnings per share before and after dilution, SEK	2.77	1.41	2.80	3.90	3.51	0.97	1.07	1.45
RevPAR growth (Operator Activities) for comparable units and constant currency, %	26	112	113	140	370	232	319	92
	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022	31 Dec 2021	30 Sep 2021
Net interest-bearing debt	33,718	32,188	32,334	32,119	31,472	31,345	31,159	30,387
Loan to value, %	46.7	46.2	46.7	47.1	47.8	49.1	49.8	49.6
Market value properties	72,164	69,695	69,231	68,257	65,804	63,808	62,596	61,255
EPRA NRV per share, SEK	209.86	204.93	205.03	202.96	190.37	178.31	173.54	171.49
WAULT (Property Management), yrs	14.6	14.7	15.0	15.2	15.4	13.8	14.0	14.2

# Definitions

## Financial information

Average interest on debt, %

Average interest expense based on interest maturity in respective currencies as a percentage of interest-bearing liabilities.

Cash earnings, MSEK

EBITDA plus financial income less financial expense less financial cost for right-of-use assets according to IFRS 16 less current tax reported in the income statement, adjusted for any unrealised translation effect on bank balances and non-controlling interest.

EBITDA, MSEK

Total gross profit less central administration (excluding depreciation).

EPRA NRV, MSEK

Recognised equity, attributable to the Parent Company's shareholders, including reversal of derivatives, deferred tax asset derivatives, deferred tax liabilities related to properties, and revaluation of Operating Properties.

EPRA NTA, MSEK

Recognised equity, attributable to the Parent Company's shareholders, including reversal of derivatives, deferred tax asset derivatives, deferred tax liabilities related to properties, and revaluation of Operating Properties.

EPRA NDV, MSEK

Recognised equity, attributable to the Parent Company's shareholders, including revaluation Operating Properties.

EPRA LTV, %

Loan-to-value ratio net adjusted for net operating assets and operating liabilities.

Growth for comparable units adjusted for currency effects

Growth measure that excludes effects of acquisitions, divestments and reclassifications, as well as exchange rate changes.

Growth in EPRA NRV (net asset value growth), annual rate, %

Accumulated percentage change in EPRA NRV, with dividends added back and issue proceeds deducted, for the immediately preceding 12-month period.

Gross profit, Operator Activities, MSEK

Revenue less directly related costs for Operator Activities including depreciation of Operator Activities.

Gross profit, Property Management, MSEK

Revenue less directly related costs for Property Management.

Interest-bearing net debt, MSEK

Current and non-current interest-bearing liabilities plus arrangement fee for loans less cash and cash equivalents and short-term investments that are equivalent to cash and cash equivalents. Long-term and short-term lease liabilities according to IFRS 16 are not included.

Interest cover ratio, multiple

EBITDA less financial expense for right-of-use assets divided by net interest expense, which consists of interest expense less interest income.

Investments, excl. acquisitions, MSEK

Investments in non-current assets excluding acquisitions.

Loan-to-value ratio net, %

Interest-bearing liabilities, including arrangement fee for loans, less cash and cash equivalents as a percentage of the properties' market value at the end of the period.

Net operating income Operator Activities, MSEK

Gross profit for Operator Activities plus depreciation included in costs for Operator Activities.

Net operating income, Property Management, MSEK

Net operating income corresponds to gross profit for Property Management.

Net operating margin, Operator Activities, %

Net operating income for Operator Activities as a percentage of total revenue from Operator Activities.

Rounding off

Since amounts have been rounded off in MSEK, the tables do not always add up.

## Per share

Cash earnings per share, SEK

Cash earnings divided by the weighted average number of shares outstanding after dilution at the end of the period.

Comprehensive income per share SEK

Comprehensive income attributable to the Parent Company's shareholders divided by the weighted average number of shares outstanding after dilution at the end of the period.

Dividend per share, SEK

Proposed/approved dividend for the year divided by the weighted average number of outstanding shares after dilution at the end of the period.

Earnings per share, SEK

Profit for the period attributable to the Parent Company's shareholders divided by the weighted average number of shares outstanding.

EPRA NRV, NTA, NDV per share, SEK

EPRA NRV, NTA, NDV divided by the total number of shares outstanding after dilution at the end of the period.

Weighted average number of shares after dilution, thousands

The weighted average number of outstanding shares taking into account changes in the number of shares outstanding after dilution during the period.

Weighted average number of shares before dilution, thousands

The weighted average number of outstanding shares taking into account changes in the number of shares outstanding, before dilution, during the period.

## Property information

Market value properties, MSEK

Market value of Investment Properties plus market value of Operating Properties.

Number of hotels and rooms

Number of owned hotel properties and rooms at the end of the period.

RevPAR for Operating Properties (comparable units at constant exchange rates), SEK

Revenue per available room, i.e. total revenue from sold rooms divided by the number of available rooms. Comparable units are defined as hotel properties that have been owned and operated during the entire current period and the comparative period. Constant exchange rate is defined as the exchange rate for the current period, and the comparative period is recalculated based on that rate.

WAULT (Investment Properties)

Weighted average unexpired lease term across the property portfolio, weighted based on the 2019 rental income level (which is an approximation of a normal financial year not affected by the Covid-19 pandemic)

## Hotelism by Pandox

DOUBLETREE BY HILTON BRUSSELS CITY



354 ROOMS

NHOW BRUSSELS BLOOM



305 ROOMS

MOTEL ONE COPENHAGEN



200 ROOMS

SCANDIC PARK HELSINKI



523 ROOMS

PARK CENTRAAL AMSTERDAM



189 ROOMS

SCANDIC LILLEHAMMER



303 ROOMS

SCANDIC LULEÅ



273 ROOMS

RADISSON BLU ARLANDIA



342 ROOMS

NH COLLECTION SALZBURG CITY



140 ROOMS

LEONARDO ROYAL HOTEL FRANKFURT



449 ROOMS

HOTEL BERLIN BERLIN



701 ROOMS

APARTHOTEL ADAGIO EDINBURGH ROYAL MILE



146 ROOMS