

# Strong result in a strong hotel market

## July–September 2022

- Revenue from Property Management amounted to MSEK 967 (652). For comparable units, the increase was 39 percent, adjusted for currency effects
- Net operating income from Property Management amounted to MSEK 866 (553). For comparable units, the increase was 45 percent, adjusted for currency effects
- Net operating income from Operator Activities amounted to MSEK 193 (22).
- Government grants of MSEK 48 (7) are included in revenue for Property Management and MSEK 37 (15) in net operating income for Operator Activities. No additional Covid-19 grants will be received
- EBITDA amounted to MSEK 1,037 (550), an increase of 89 percent
- Cash earnings amounted to MSEK 720 (270), equivalent to SEK 3.90 (1.45) per share
- Unrealised changes in the value of investment properties and derivatives amounted to MSEK 585 (-9) and MSEK 815 (202) respectively. Unrealised changes in the value of operating properties amounted to MSEK -49 (57) (only reported for disclosure purposes)
- Profit for the period amounted to MSEK 1,687 (321) equivalent to SEK 9.16 (1.73) per share
- In the third quarter Pandox acquired NH Brussels Louise for MEUR 35 and DoubleTree by Hilton Bath for MGBP 40. An agreement was signed to divest InterContinental Montreal for MCAD 80. Scandic Kajanus was also divested for MEUR 1.7

## January–September 2022

- Revenue from Property Management amounted to MSEK 2,459 (1,774), including government grants of MSEK 116 (18). For comparable units, the increase was 31 percent, adjusted for currency effects
- Net operating income from Property Management amounted to MSEK 2,170 (1,485). For comparable units, the increase was 33 percent, adjusted for currency effects
- Net operating income from Operator Activities amounted to MSEK 382 (-48), including government grants of MSEK 141 (156)
- EBITDA amounted to MSEK 2,476 (1,347), an increase of 84 percent
- Cash earnings amounted to MSEK 1,549 (517) equivalent to SEK 8.39 (2.81) per share
- Unrealised changes in the value of investment properties and derivatives amounted to MSEK 1,252 (-465) and MSEK 2,377 (553) respectively. Unrealised changes in the value of operating properties amounted to MSEK 332 (60) (only reported for disclosure purposes)
- Profit for the period amounted to MSEK 4,103 (351), equivalent to SEK 22.28 (1.91) per share

## Financial summary

MSEK	Jul-Sep			Jan-Sep			Full-year	
	2022	2021	Δ%	2022	2021	Δ%	2021	
Total net sales	1,673	939	78	4,031	2,299	75	3,273	
<i>Of which Property Management</i>	967	652	48	2,459	1,774	39	2,422	
<i>Of which Operator Activities</i>	706	287	146	1,572	525	199	851	
Total net operating income	1,059	575	84	2,552	1,437	78	2,005	
<i>Of which Property Management</i>	866	553	57	2,170	1,485	46	2,027	
<i>Of which Operator Activities</i>	193	22	777	382	-48	n.a	-22	
EBITDA	1,037	550	89	2,476	1,347	84	1,868	
Profit for the period	1,687	321	426	4,103	351	1,069	609	
Earnings per share, SEK	9.16	1.73	428	22.28	1.91	1,067	3.32	
Cash earnings	720	270	167	1,549	517	200	712	
Cash earnings per share, SEK	3.90	1.45	170	8.39	2.81	198	3.88	
Market value properties	—	—	—	68,257	61,255	11	62,596	
Net interest-bearing debt	—	—	—	32,119	30,387	6	31,159	
Loan to value net, %	—	—	—	47.1	49.6	n.a	49.8	
Interest cover ratio, times	4.8	2.5	n.a	3.9	2.0	n.a	2.1	
EPRA NRV per share, SEK	—	—	—	202.96	171.49	—	173.54	
WAULT (Investment Properties), years	—	—	—	15.2	14.2	n.a	14.0	
RevPAR (Operator Activities) for comparable units at comparable exchange rates, SEK	1,024	427	140	752	240	213	293	

## CEO comments

# Our strongest quarter so far

### Strong growth in a restriction-free quarter

The third quarter of 2022 was the first quarter since 2019 without significant pandemic restrictions. The hotel markets have now returned to a more or less normal seasonal pattern and business mix. RevPAR have fully recovered to pre-pandemic levels mainly driven by higher average prices. For the first nine months 2022 RevPAR in Europe was approximately 1 percent\* higher than in the corresponding period 2019, with an average price which was 16 percent higher and an occupancy which was approximately 5 percentage points lower than in 2019. Hotel demand is broadly anchored, and business and group travel have increased.

The strong market recovery translated into strong growth and profitability for Pandox. For comparable units, net sales and net operating income increased by 78 and 84 percent respectively in the third quarter, compared with the corresponding period in 2021. Revenue-based rents increased to around MSEK 378 (147).

### Strong financial position

The financial development was overall strong with an increase in net operating income, positive unrealised changes in value for properties and derivatives as well as positive changes in currency.

The unrealised changes in value for properties in the quarter are explained by stronger cash flows as an effect of the hotel market's recovery which outweighed increased yield requirements. There is a risk that higher financial costs will lead to higher yield requirements, but this has not yet had an impact on the transaction market for hotel properties.

Despite considerations paid for two acquisitions equivalent to around MSEK 878, Pandox's loan-to-value ratio fell to 47.1 percent. It is worth emphasising that Pandox's only financing is through banks and that we have a good dialogue with our lenders on future refinancing. Recent development in the interest market will cause Pandox's interest costs to rise gradually in 2023.

Deferred rent decreased to MSEK 352 in the third quarter, compared with MSEK 537 in the second quarter. Most of the leases have now reverted to advance invoicing according to the original terms of the leases.

### High business activity

Pandox's strategy is based on active ownership and long-term development of hotel properties. We also look for opportunities to challenge ourselves in terms of the individual hotel properties' position in the portfolio. We are not averse to divesting hotel properties when the price is right. The agreement to sell InterContinental Montreal in Canada for MCAD 80 is a good example where we are reinvesting the capital in profitable growth in Europe.

In terms of acquisitions, we are currently seeing the most significant opportunities within Operator Activities. In the third quarter we completed the acquisitions of NH Brussels Louise in Belgium and DoubleTree by Hilton Bath in the UK. The hotel in Bath is fully invested and there is good potential to optimise operations and further grow market share. We are currently evaluating suitable options for NH Brussels Louise regarding how to best position the hotel and enable it to reach its full potential. In both of these cases we are seeing a stabilised valuation yield that is expected to easily compensate for the market's increased yield requirements. We generally evaluate changes in cost levels on an ongoing basis in investments to ensure we set the right priorities and generate a good return.

### Good starting point in more uncertain times

Our assessment is that the pandemic-related financial effects are now over and that the hotel market has more or less returned to a new normal. RevPAR is at the same level or higher than in 2019 in most markets and the demand mix is relatively well balanced. However, long-haul international travel and larger conferences and congresses still have a way to go to reach 2019 levels. Rising inflation and higher energy prices have not had any clear negative impact on hotel demand up to now.

In the Property Management segment, the tenants carry the cost of energy, and higher energy prices do not therefore have any direct impact on Pandox. In Operator Activities the effects of higher energy prices have so far been limited. Costs are, however, expected to rise from the first quarter of 2023.

Having predominantly variable revenue, which normally provides protection against both increased costs and higher interest rates, puts Pandox in a strong position. Our good financial position and strong cash flow gives us the freedom to seize opportunities in terms of investments and acquisitions. We are open to selling hotel properties if the price is right and, in doing so, free up additional capital so that we can reinvest in new projects with high value-creation potential.



Liia Nõu, CEO

\* Source: STR

# 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 157 hotels with around 35,500 rooms in 15 countries.



## Vision and business concept

Pandox's vision is to be a world-leading hotel property company.

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.

## Strategy and business model

Pandox's strategy and business model is based on:

1. Focus on hotel properties
2. Large hotel properties in strategic locations
3. Long-term revenue-based lease agreements with the best hotel operators and shared investments
4. Sustainability with a business focus
5. Geographical diversification to limit fluctuations
6. Operating our own hotels reduces risk

## Financial targets and dividend policy

### Loan-to-value ratio

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.

### Dividend policy

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.

## Presentation of the interim report

Pandox will present this interim report to investors, analysts and the media in a conference call/webcast on 27 October 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-q3-2022>

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## Financial calendar

This information is information that Pandox AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted, through the agency of the contact persons set out above, for publication on 27 October 2022 at 07:00 CEST.

Pandox Hotel Market Day 2022	15 November 2022
Year-End Report 2022	10 February 2023
Annual General Meeting 2023	12 April 2023
Interim report January-March 2023	26 April 2023

# Hotel market development July–September 2022

## Normalisation in the hotel market

The third quarter of 2022 was the first quarter since the fourth quarter of 2019 without significant pandemic restrictions. Occupancy in the third quarter was in general only slightly below the 2019 levels, while the average price was higher. The hotel markets have now returned to a close-to-normal seasonal pattern and business mix. From a RevPAR perspective, they have fully recovered compared to pre-pandemic levels.

## Good occupancy and strong average price development

Occupancy in Europe\*\* was 75 percent in the third quarter, compared with 46 and 70 percent in the first and second quarters respectively. This good development was mainly driven by strong and to some extent pent-up demand from the leisure segment at weekends and during the holiday period. The staycation trend continued and, in comparison with 2021, significantly higher occupancy numbers were noted in large cities, which is explained by a much more active event calendar. Demand from the business and conference segments improved gradually in the third quarter and reached more normal levels in most markets towards the end of the period. Intra-European travel, which is important for the hotel industry, normalised at the same time as international arrivals to Europe improved considerably. Some elements of international business and leisure travel were still missing, however, (for example long-haul from Asia) which, combined with the absence to some extent of large meetings, groups and conferences meant that occupancy did not fully reach the 2019 level of 79 percent. Average price development remained strong, initially driven by pent-up demand in the leisure segment, but extending over time to all subsegments of the market. In the third quarter the average price in Europe was around EUR 150 (EUR 122 in 2019) and RevPAR was around EUR 112 compared with EUR 96 in 2019.

## Strong RevPAR development in Pandox's markets

All of Pandox's markets saw strong development during the quarter but with some variations due to a different demand mix. In the Nordics\*, occupancy was at 70 percent, compared with just over 72 percent in the corresponding period in 2019, with regional cities continuing to perform better than capital cities in relative terms. Occupancy in Sweden,

Norway and Denmark was close to 2019 levels, while Finland, through Helsinki, lagged behind. The reason is a relatively significant dependence on long-haul flights from Asia and demand from Russia. All larger cities in the Nordics, except for Helsinki, noted a strong average price development. Norway was the leader with an average price increase of 29 percent compared with the corresponding period in 2019, followed by Sweden with 17 percent. Average prices for the Nordics as a whole exceeded 2019 levels by 17 percent in the third quarter, which contributed to RevPAR growth of 13 percent, compared with 2019.

Similar to other markets, the UK\*\* benefitted from strong leisure demand and a high willingness to pay during the summer months. Occupancy in the third quarter for the country as a whole was around 81 percent, compared with 84 percent in the corresponding period in 2019. Occupancy for UK Regional was in line with 2019 levels, at 81 percent, while London, with occupancy of 81 percent, was 7 percentage points lower in the same period, i.e. a similar trend as in other countries where regional cities were stronger in relative terms than large cities. Altogether, RevPAR for UK Regional amounted to GBP 77 in the third quarter (GBP 64 in 2019).

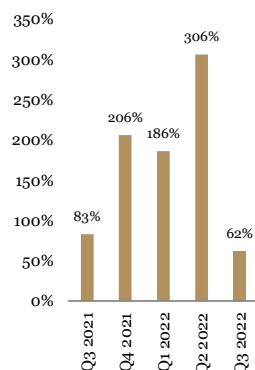
After adopting a more cautious strategy regarding easing restrictions, Germany's\*\* recovery did not pick until half way through the second quarter. Occupancy for Germany as a whole amounted to 70 percent in the third quarter, compared with 76 percent in the corresponding period in 2019, while average prices saw good improvement, amounting to 15 percent. RevPAR increased by 6 percent. Similar to other countries, Germany also returned to a more normal demand mix, which was an important milestone as the German hotel market is in relative terms more dependent on conference- and congress-related demand.

The hotel market in Brussels\*\*, where international demand dominates, also developed in a positive direction, with occupancy increasing to 69 percent in the third quarter, compared with 66 percent in the second quarter. Altogether RevPAR amounted to EUR 84 compared with EUR 83 in 2019, which demonstrated that even a market highly dependent on international guests, meetings, delegations and conferences, experienced good recovery.

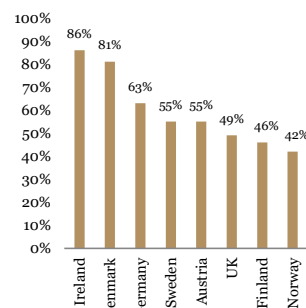
\* Benchmarking Alliance based on open hotels \*\* STR based on open hotels

## July–September 2022

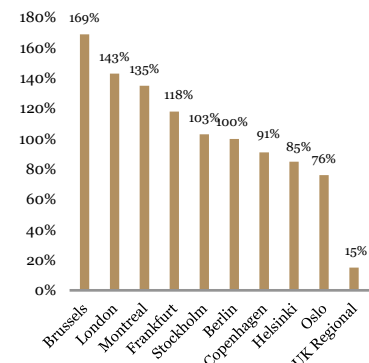
Europe  
RevPAR growth y/y



Countries  
RevPAR growth y/y



Key markets  
RevPAR growth y/y



Source: STR, Benchmarking Alliance. Based on open hotels. Rounded numbers.

# Financial development July–September 2022

## Net sales

The Group's net sales amounted to MSEK 1,673 (939), an increase of 78 percent. For comparable units, net sales increased by 72 percent, adjusted for currency effects.

Revenue from Property Management amounted to MSEK 967 (652), an increase of 48 percent, mainly explained by increased revenue-based rents in most countries. Revenue-based rents amounted to a total of MSEK 378 (147). Pandox received government grants during the quarter in the Property Management segment of MSEK 48 (7), most of which was for previous financial years\*. For comparable units, revenue increased by 39 percent, adjusted for currency effects.

Revenue from Operator Activities amounted to MSEK 706 (287), an increase of 146 percent. For comparable units, revenue increased by 143 percent and RevPAR by 140 percent, adjusted for currency effects. One hotel remained closed for renovation throughout the quarter.

## Net operating income

Total net operating income amounted to MSEK 1,059 (575), an increase of 84 percent. For comparable units, net operating income increased by 74 percent, adjusted for currency effects.

Net operating income from Property Management amounted to MSEK 866 (553), an increase of 57 percent. For comparable units, net operating income increased by 45 percent, adjusted for currency effects.

Net operating income from Operator Activities amounted to MSEK 193 (22). Pandox received government grants during the quarter of MSEK 37 (15) within the Operator Activities segment, most of which was for previous financial years\*.

## Administration costs

Central administration costs amounted to MSEK -28 (-31), of which MSEK -5 (-5) was depreciation.

## Financial income and expense

Financial expense amounted to MSEK -249 (-243), of which MSEK -19 (-21) consists of depreciation of capitalised loan arrangement fees.

Financial income amounted to MSEK 1 (1). Financial expense associated with right-of-use assets amounted to MSEK -24 (-23).

## Changes in value

Unrealised changes in the value of Investment Properties amounted to MSEK 585 (-9), mainly explained by higher anticipated cash flows. Realised changes in the value for Investment Properties amounted to MSEK -13 (-6). Unrealised changes in the value of Operating Properties amounted to MSEK -49 (57) (only reported for disclosure purposes).

Unrealised changes in the value of derivatives amounted to MSEK 815 (202), mainly explained by higher long-term market interest rates.

## Current and deferred tax

Current tax amounted to MSEK -48 (-15). Deferred tax amounted to MSEK -346 (-61). See also Note 3 on page 22.

## Profit for the period

Profit for the period amounted to MSEK 1,687 (321) and profit for the period attributable to the Parent Company's shareholders amounted to MSEK 1,684 (317), which is equivalent to SEK 9.16 (1.73) per share.

## Cash earnings

Cash earnings amounted to MSEK 720 (270).

## Financing

On 30 September 2022 cash and cash equivalents and unutilised credit facilities amounted to SEK 4,511, compared with MSEK 4,091 as of 30 June 2022.

## Deferred rent receivables

As of 30 September 2022 accounts receivable relating to deferred rent under temporary payment terms amounted to the equivalent of MSEK 352, compared with MSEK 537 as of 30 June 2022.

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\* All outstanding government grants relating to Covid-19 were received during the quarter. Pandox's assessment is that no obstacles prevail for the parent company's ability to pay dividend for the financial year 2022 should the board of directors' so propose.

# Financial development January–September 2022

## Net sales

The Group's net sales amounted to MSEK 4,031 (2,299), an increase of 75 percent. For comparable units, net sales increased by 71 percent, adjusted for currency effects.

Revenue from Property Management amounted to MSEK 2,459 (1,774), an increase of 39 percent. Government grants received amounted to MSEK 116 (18). For comparable units, revenue increased by 31 percent, adjusted for currency effects.

Revenue from Operator Activities amounted to MSEK 1,572 (525), an increase of 199 percent. For comparable units, revenue increased by 196 percent and RevPAR by 214 percent, adjusted for currency effects.

## Net operating income

Total net operating income amounted to MSEK 2,552 (1,437), an increase of 78 percent. For comparable units, net operating income increased by 63 percent, adjusted for currency effects.

Net operating income from Property Management amounted to MSEK 2,170 (1,485), an increase of 46 percent. For comparable units, net operating income increased by 33 percent, adjusted for currency effects.

Net operating income from Operator Activities amounted to MSEK 382 (-48). Government grants received amounted to MSEK 141 (156).

## Administration costs

Central administration costs amounted to MSEK -94 (-105), of which MSEK -16 (-15) was depreciation.

## Financial income and expense

Financial expense amounted to MSEK -725 (-715), of which MSEK -55 (-57) consists of depreciation of capitalised loan arrangement fees. Financial income amounted to MSEK 11 (2). Financial expense associated with right-of-use assets amounted to MSEK -69 (-67).

## Changes in value

Unrealised changes in the value of Investment Properties amounted to MSEK 1,252 (-465), mainly explained by higher anticipated cash flows. Realised changes in the value for Investment Properties amounted to MSEK -6 (-12). Unrealised changes in the value of Operating Properties amounted to MSEK 332 (60) (only reported for disclosure purposes). Unrealised changes in the value of derivatives amounted to MSEK 2,377 (553), mainly explained by higher long-term market interest rates.

## Current and deferred tax

Current tax amounted to MSEK -140 (-50). Deferred tax amounted to MSEK -866 (-22).

## Profit for the period

Profit for the period amounted to MSEK 4,103 (351) and profit for the period attributable to the Parent Company's shareholders amounted to MSEK 4,096 (351), which is equivalent to SEK 22.28 (1.91) per share.

## Cash earnings

Cash earnings amounted to MSEK 1,549 (517).

# Segment reporting July–September 2022

## Property Management

MSEK	Jul-Sep		Jan-Sep		Full-year
	2022	2021	2022	2021	2021
Rental income	886	617	2,249	1,673	2,279
Other property income	81	35	210	101	143
Costs, excl. property admin	-65	-53	-180	-162	-218
<b>Net operating income, before property admin</b>	<b>902</b>	<b>599</b>	<b>2,279</b>	<b>1,612</b>	<b>2,204</b>
Property administration	-36	-46	-109	-127	-177
<b>Gross profit</b>	<b>866</b>	<b>553</b>	<b>2,170</b>	<b>1,485</b>	<b>2,027</b>
<b>Net operating income, after property admin</b>	<b>866</b>	<b>553</b>	<b>2,170</b>	<b>1,485</b>	<b>2,027</b>

July–September 2022

Rental income and other property revenue amounted to MSEK 967 (652), an increase of 48 percent. Pandox received government grants during the quarter of MSEK 48 (7), most of which was for previous financial years. For comparable units, revenue increased by 39 percent, adjusted for currency effects.

An improved business climate resulted in revenue-based rent of MSEK 378 (147). Variable revenue was generated within 73 (of 96) minimum-level leases.

Contractual guaranteed minimum rents plus fixed rents amount to around MSEK 2,000 on an annual basis.

Occupancy at comparable hotels amounted to around 73 (55) percent during the quarter. The increase is explained by continuing normalisation of travel which has led to higher demand in all segments.

Hotel demand in large cities, such as Brussels, Amsterdam and Dublin, saw the strongest relative improvement in the third quarter. Hotels in smaller and regional cities continued to develop well.

Net operating income amounted to MSEK 866 (553), an increase of 57 percent. For comparable units, net operating income increased by 45 percent, adjusted for currency effects.

In the Property Management segment the tenants carry the cost of energy, and higher energy prices do not therefore have any direct impact on Pandox.

## Operator Activities

MSEK	Jul-Sep		Jan-Sep		Full-year
	2022	2021	2022	2021	2021
Revenue	706	287	1,572	525	851
Costs	-578	-334	-1,379	-778	-1,151
<b>Gross profit</b>	<b>128</b>	<b>-47</b>	<b>193</b>	<b>-253</b>	<b>-300</b>
Plus: Depreciation included in costs	65	69	189	205	278
<b>Net operating income</b>	<b>193</b>	<b>22</b>	<b>382</b>	<b>-48</b>	<b>-22</b>

July–September 2022

Revenue from Operator Activities amounted to MSEK 706 (287), an increase of 146 percent. The increase in revenue is explained by strong RevPAR development in larger cities such as Brussels, Montreal and Berlin.

Occupancy at comparable hotels amounted to around 72 (39) percent. Hotel Pomander in Nuremberg is closed for renovation and is expected to reopen in the first half of 2023.

Hotels that saw particularly good development were Hotel Hubert (Brussels, Belgium), Novotel den Haag (Netherlands), Hotel Mayfair (Copenhagen, Denmark), and Hilton Garden Inn London Heathrow Airport (UK) and Radisson Blu Glasgow (UK).

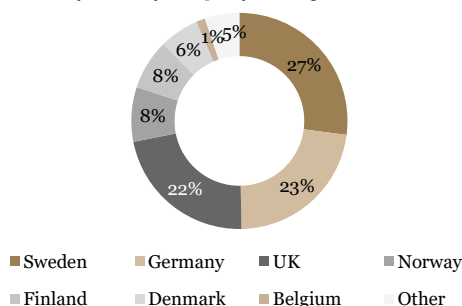
For comparable units, revenue and RevPAR increased by 143 and 140 percent respectively, adjusted for currency effects.

Net operating income amounted to MSEK 193 (22), including government grants totalling around MSEK 37 (15).

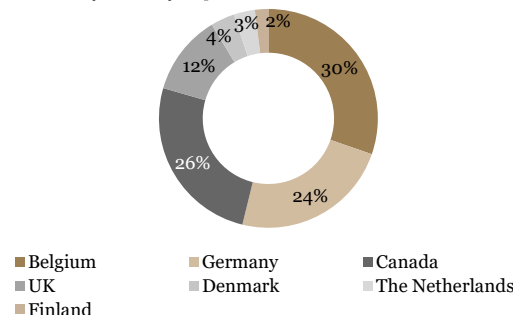
In Operator Activities the effects of higher energy prices have so far been limited. Costs are, however, expected to rise from the first quarter of 2023.

## July–September 2022

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 purposes (see also Note E in Pandox's 2021 Annual Report).

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 9,116 (8,015) at the end of the period.

## Market value of properties

At the end of the period, Pandox's property portfolio had a market value of MSEK 68,257 (62,596), of which Investment Properties accounted for MSEK 55,582 (52,215) and Operating Properties for MSEK 12,675 (10,380).

Over the past 12 months, external valuations were performed for around 97 percent of the hotel properties, measured in value, and are in line with the internal valuations. External valuations were performed during the third quarter for around 17 percent of Pandox's hotel property portfolio and around 50 percent went through an internal valuation. The total unrealised changes in value of MSEK 536 (net) for the third quarter is predominantly the result of strong recovery in the hotel market and therefore also increased cash flows. The valuation yield increased in the third quarter by 0.04 percentage points for Property Management and 0.05 percentage points for Operator Activities, which in total reduced the appreciation in value by just over MSEK 400. Due to low activity in the transaction market any related evidence of an increased yield requirement has yet to materialise. External valuation of close to 60 percent of Pandox's hotel property portfolio is planned in the fourth quarter.

On 23 September 2022 Pandox took over DoubleTree by Hilton Bath in a transaction with a value of MGBP 40. On 30 September 2022 Pandox took over NH Brussels Louise in a transaction with a value of MEUR 35. On 23 September 2022 an agreement was signed for the divestment of InterContinental Montreal for MCAD 80. Completion is expected in the first quarter of 2023.

On 29 July 2022 Scandic Kajanus was divested for around MEUR 1.7.

## Changes in value Investment Properties

	MSEK
<b>Investment Properties, opening balance (1 Jan, 2022)</b>	<b>52,215</b>
+ Investments in current portfolio	306
- Divestments	-127
+/- Unrealised changes in value	1,252
+/- Realised changes in value	-6
+/- Change in currency exchange rates	1,942
<b>Investment Properties, closing balance (30 Sep, 2022)</b>	<b>55,582</b>

## Changes in value Operating Properties, reported for information purposes only

	MSEK
<b>Operating Properties, market value (1 Jan, 2022)</b>	<b>10,380</b>
+ Acquisitions	878
+ Investments in current portfolio	318
+/- Unrealised changes in value	332
+/- Change in currency exchange rates	767
<b>Operating Properties, market value (30 Sep, 2022)</b>	<b>12,675</b>

## Acquisitions, reclassifications and divestments

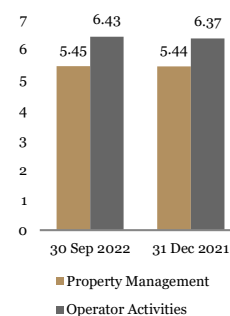
Date	Hotel property	Event
Q1 2023 (expected)	InterContinental Montreal	Divestment Operator Activities
30 September 2022	NH Brussels Louise	Acquisition Operator Activities
23 September 2022	DoubleTree by Hilton Bath	Acquisition Operator Activities
29 July 2022	Scandic Kajanus	Divestment Property Management
2 May 2022	Mora Hotell & Spa	Divestment Property Management
21 December 2021	Aparthotel Adagio Edinburgh Royal Mile	Acquisition Property Management
1 October 2021	h27 (to Motel One Copenhagen)	Reclassification to Property Management
31 August 2021	Hotel property in Nuremberg	Reclassification to Operator Activities

## Investment Properties sensitivity analysis, effect on value per 30 September 2022

Effect on fair value	Change	MSEK
Yield	+/- 0,5%	-4,668/ +5,611
Change in currency exchange rates	+/- 1%	+/- 403
Net operating income <sup>1)</sup>	+/- 1%	+/- 515

<sup>1)</sup> Per 31 December 2019, before the Covid-19 pandemic, the value was MSEK 535.

## Average valuation yield, % (30 September 2022)





# Portfolio overview

At the end of the period Pandox's property portfolio consisted of 157 (157) hotel properties with 35,490 (35,372) 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 (17 percent), Belgium (8 percent) and Finland (6 percent).

135 of the hotel properties are leased to third parties, which means that approximately 81 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 September 2022 Investment Properties had a weighted average unexpired lease term (WAULT) of 15.2 years (14.0).

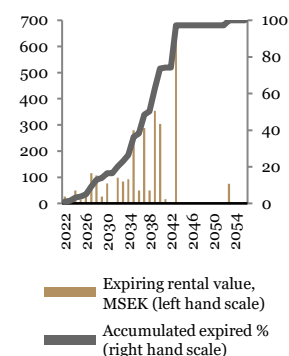
## Portfolio overview by segment and geography

Property Management	Number		Market value (MSEK)		
	Hotels	Rooms	Per country	In % of total	Per room
Sweden	41	8,824	15,327	22	1.7
Germany	32	6,560	12,151	18	1.9
UK	20	4,821	10,495	15	2.2
Finland	12	2,742	4,408	6	1.6
Norway	14	2,573	3,529	5	1.4
Denmark	7	1,642	3,460	5	2.1
Austria	2	639	1,539	2	2.4
Belgium	2	519	974	1	1.9
Ireland	3	445	1,563	2	3.5
Switzerland	1	206	913	1	4.4
The Netherlands	1	189	1,224	2	6.5
<b>Sum Property Management</b>	<b>135</b>	<b>29,160</b>	<b>55,582</b>	<b>81</b>	<b>1.9</b>
<b>Operator Activities</b>					
Belgium	8	2,213	4,404	7	2.0
Germany	6	1,801	4,588	7	2.5
Canada	2	952	1,531	2	1.6
UK	3	787	1,329	2	1.7
The Netherlands	1	216	396	1	1.8
Denmark	1	201	403	1	2.0
Finland	1	160	25	0	0.2
<b>Sum Operator Activities</b>	<b>22</b>	<b>6,330</b>	<b>12,675</b>	<b>19</b>	<b>2.0</b>
<b>Sum total</b>	<b>157</b>	<b>35,490</b>	<b>68,257</b>	<b>100</b>	<b>1.9</b>

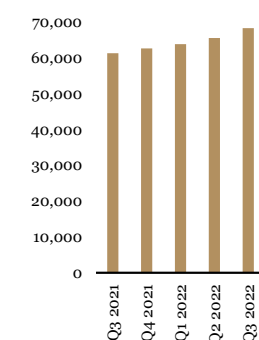
## Portfolio overview by brand

Brand	Number		
	Hotels	Rooms	In % of total
Scandic	49	10,853	31
Jurys Inn	20	4,410	12
Leonardo	18	3,547	10
Hilton	9	2,840	8
Radisson Blu	8	2,033	6
NH Hotels	8	1,927	5
Nordic Choice Hotels	11	1,887	5
Dorint	5	1,085	3
Mercure	4	760	2
Elite Hotels	2	493	1
Holiday Inn	2	469	1
Novotel	2	421	1
InterContinental	1	357	1
Indigo	1	284	1
Crowne Plaza	1	262	1
Pullman	1	252	1
Meininger	1	228	1
Motel One	1	200	1
Adagio	1	146	0
Best Western	1	103	0
Independent brands	11	2,933	8
<b>Total</b>	<b>157</b>	<b>35,490</b>	<b>100</b>

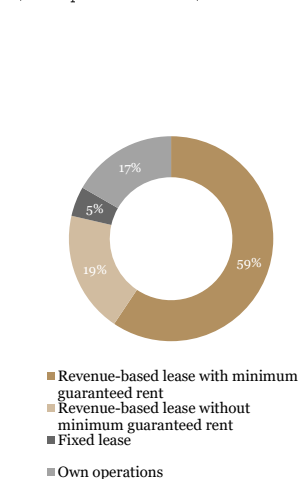
## Lease maturity profile (30 September 2022)



## Market value properties per quarter, MSEK



## Distribution of lease and operating models, number of rooms % (30 September 2022)



# Investments and sustainability

## Investments

In the period January–September 2022, investments in property, plant and equipment, excluding acquisitions, amounted to MSEK 625 (777), of which MSEK 306 (448) was for Investment Properties, MSEK 318 (323) for Operating properties.

At the end of the third quarter of 2022, approved investments for ongoing and future projects amounted to around MSEK 1,300, of which around MSEK 290 is for projects that are expected to be completed in the remainder of 2022. The cost of maintenance in the third quarter of 2022 was MSEK 39.

Examples of larger current and completed projects



Scandic Park  
Property Management  
Renovation of public spaces  
Investment: around MSEK 19  
Completed: Q3 2022



Hotel Pomander  
Operator Activities  
Total renovation  
Investment: around MSEK 230  
Completion expected in the first half of 2023



Jurys Inn Birmingham  
Property Management  
Extensive renovation  
Completion expected in Q1 2023  
Investment: around MGBP 3.3

## Sustainability strategy

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

## Financial position and net asset value

At the end of the period the loan-to-value net was 47.1 (49.8) percent. Equity attributable to the Parent Company's shareholders amounted to MSEK 30,308 (25,213). EPRA NRV amounted to MSEK 37,314 (31,905), equivalent to SEK 202.96 (173.54) per share. Cash and cash equivalents plus unutilised credit facilities amounted to MSEK 4,511 (3,576). In addition, there are additional unutilised credit facilities that, at any given time, fully cover the issued volume under the Padox commercial paper programme. Commercial papers are used to optimize Padox's financial costs via interest rate arbitrage.

## Interest-bearing liabilities

All Padox debt financing is with banks, with the exception of AMF Tjänstepension AB, and commercial papers (see above). At the end of the period the loan portfolio amounted to MSEK 34,583 (32,752), excluding loan arrangement fees. Unutilised credit facilities amounted to MSEK 2,048 (1,983) and the volume issued under the commercial paper programme amounted to MSEK 932 (2,191), which corresponds to approximately 3 percent of the total loan portfolio.

Short-term credit facilities with a term of less than one year amount to MSEK 12,730, of which MSEK 9,162 matures in the first half of 2023. Positive dialogues about refinancing are ongoing regarding all these credit maturities and the intention is to refinance these in good time before contractual maturities. In the third quarter, lenders have provided waivers in individual credit agreements.

The average fixed rate period was 2.8 (3.3) years and the average interest rate, corresponding to the interest rate level at the end of the period, was 2.8 (2.5) percent, including effects from interest-rate derivatives, but excluding accrued arrangement fees. The average repayment period was 1.8 (2.2) years. The loans are secured by a combination of mortgage collateral and pledged shares.

Maturity structure credit facilities 30 September 2022

Year due (MSEK)	Credit facilities <sup>1)</sup>
< 1 year	12,730
1-2 year	9,380
2-3 year	3,460
3-4 year	10,441
4-5 year	620
> 5 year	-
<b>Sum</b>	<b>36,631</b>

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

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

Loans by currency 30 September 2022

	SEK	DKK	EUR <sup>3)</sup>	CHF	CAD	NOK	GBP	Total
Sum credit facilities, MSEK <sup>1)</sup>	9,260	2,055	16,498	534	600	1,216	6,467	36,631
Sum interest bearing debt, MSEK <sup>1)</sup>	6,749	2,055	16,986	534	576	1,216	6,467	34,583
Share of debt in currency, %	19.5	5.9	49.1	1.5	1.7	3.5	18.7	100
Average interest rate, % <sup>2)</sup>	3.4	2.4	1.9	2.9	6.4	5.1	3.8	2.8
Average interest rate period, years	3.1	1.8	3.3	0.2	0.1	2.4	1.8	2.8
Market value Properties, MSEK <sup>1)</sup>	15,327	3,863	31,271	913	1,531	3,529	11,824	68,257

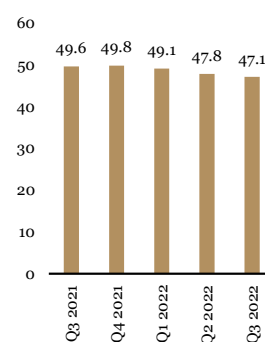
<sup>1)</sup>Converted to MSEK

<sup>2)</sup>Average interest rate including bank margin and derivatives.

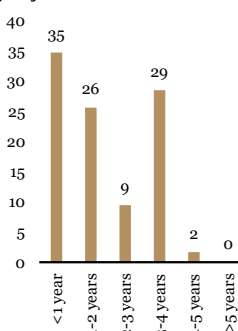
<sup>3)</sup>Part of the interest bearing debt is part of credit facilities in SEK, which can be drawn in multiple currencies, including EUR.

In order to manage interest rate risk and increase the predictability of Padox's earnings, interest rate derivatives are used, mainly in the form of interest rate swaps. At the end of the period interest rate derivatives amounted to MSEK 26,838 gross and MSEK 21,794 net, which is also the portion of Padox's loan portfolio for which interest rates are hedged. Approximately 59 percent net of Padox's loan portfolio was thereby hedged against interest rate movements for periods longer than one year.

Loan to value per quarter, %



Maturity of credit facilities per year, %



## Financial covenants

On group level, Padox's financial covenants are:

- Loan to value, at a level where Padox'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

Interest maturity profile 30 September 2022

Tenor (MSEK)	Total interest maturity		Interest maturity derivatives		
	Amount <sup>1)</sup>	Share, %	Volume	Share, %	Average interest rate derivatives, %
< 1 year	15,554	45	2,766	13	1.7
1–2 year	1,250	4	1,250	6	0.2
2–3 year	2,181	6	2,181	10	-0.2
3–4 year	2,212	6	2,212	10	-0.1
4–5 year	2,834	8	2,834	13	0.3
> 5 year	10,551	31	10,551	48	0.6
<b>Sum</b>	<b>34,583</b>	<b>100</b>	<b>21,794</b>	<b>100</b>	<b>0.5</b>

<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 2,319 (-58).

Financial sensitivity analysis

Effect on earnings before value changes	Change	MSEK
Current fixed interest hedging, change in interest rates, with derivatives <sup>1)</sup>	+/- 1%	-108/+4
Current fixed interest hedging, change in interest rates, without derivatives <sup>1)</sup>	+/- 1%	-326/+247
Remeasurement of interest-rate derivatives following shift in yield-curves	+/- 1%	+/- 725

<sup>1)</sup> The earnings effect is asymmetrical due to limited possibilities for Pandox to benefit in full from negative interest rates.

# Other information

## Important events during and after the period

23 September 2022	Pandox acquires a hotel in the UK for MGBP 40
23 September 2022	Pandox enters into an agreement to sell InterContinental Montreal for MCAD 80
14 September 2022	Nomination Committee for the 2023 AGM
1 August 2022	Pandox acquires NH Brussels Louise for MEUR 35
15 July 2022	Interim Report January–June 2022

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

## Ongoing disputes and insurance cases

In a Covid-19-related case, the tenant at Park Centraal Amsterdam has filed a lawsuit against a Pandox subsidiary demanding certain temporary adjustments to existing leases, mainly relating to the minimum rent level. In a ruling in June 2022, Amsterdam's district court granted the tenant a rent reduction for 2020 and 2021. The amount is not expected to have any material impact on the Group's full-year results. Pandox has appealed the district court's decision.

No other 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 1,171 (603) full-time employees, based on number of worked hours translated to full-time employees. Of the total number of employees, 1,125 (556) are employed in the Operator Activities segment and 46 (48) 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–September 2022, revenue from Pelican Bay Lucaya amounted to MSEK 0.6 (0.4).

## Risk and uncertainty factors

Pandox's general approach to business risk has not changed from the detailed account provided in the 2021 Annual Report. Market interest rates have risen sharply. There is a risk that higher financing costs will lead to higher yield requirements, but this has not yet had an impact on the hotel property market. 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 location and the customer base served. Since most of the customers that stay at Pandox owned or operated hotels are business travellers, the Company's total revenues have historically been greater particularly in the second quarter. The timing of holidays and major events can also impact the Company's quarterly results.

## 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 third 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 2021 for balance sheet items, unless otherwise stated.

**Stockholm, 27 October 2022**

**Liia Nõu, CEO**

# Auditor's report

## Introduction

We have reviewed the condensed interim financial information (interim report) of Padox AB (556030-7885) as of 30th September 2022 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

## Scope of review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, 27 October 2022

PricewaterhouseCoopers AB

Patrik Adolfson  
Authorised Public Accountant  
Auditor in charge

Linda Andersson  
Authorised Public Accountant

# Summary of financial reports

## Condensed consolidated statement of comprehensive income

MSEK	Note	Jul-Sep		Jan-Sep		Full-year
		2022	2021	2022	2021	2021
<b>Revenues Property Management</b>						
Rental income	2	886	617	2,249	1,673	2,279
Other property income		81	35	210	101	143
Revenue Operator Activities	2	706	287	1,572	525	851
<b>Total revenues</b>		<b>1,673</b>	<b>939</b>	<b>4,031</b>	<b>2,299</b>	<b>3,273</b>
<b>Costs Property Management</b>						
Costs Operator Activities	2	-578	-334	-1,379	-778	-1,151
<b>Gross profit</b>		<b>994</b>	<b>506</b>	<b>2,363</b>	<b>1,232</b>	<b>1,727</b>
- whereof gross profit Property Management	2	866	553	2,170	1,485	2,027
- whereof gross profit Operator Activities	2	128	-47	193	-253	-300
Central administration		-28	-31	-94	-105	-157
Financial income		1	1	11	2	4
Financial expenses		-249	-243	-725	-715	-944
Financial cost right of use assets		-24	-23	-69	-67	-88
<b>Profit before changes in value</b>		<b>694</b>	<b>210</b>	<b>1,486</b>	<b>347</b>	<b>542</b>
<b>Changes in value</b>						
Properties, unrealised	2	585	-9	1,252	-465	-368
Properties, realised	2	-13	-6	-6	-12	-28
Derivatives, unrealised		815	202	2,377	553	740
<b>Profit before tax</b>		<b>2,081</b>	<b>397</b>	<b>5,109</b>	<b>423</b>	<b>886</b>
Current tax		-48	-15	-140	-50	-128
Deferred tax		-346	-61	-866	-22	-149
<b>Profit for the period</b>		<b>1,687</b>	<b>321</b>	<b>4,103</b>	<b>351</b>	<b>609</b>
<i>Items that may not be classified to profit or loss, net after tax</i>						
This year's revaluation of tangible non-current assets		-	-	-	-	18
<i>Items that may be classified to profit or loss, net after tax</i>						
Net investment hedge of foreign operations		-142	-31	-340	-43	-43
Translation differences of foreign operations		483	159	1,355	545	765
<b>Other comprehensive income for the period</b>		<b>341</b>	<b>128</b>	<b>1,015</b>	<b>502</b>	<b>740</b>
<b>Total comprehensive income for the period</b>		<b>2,028</b>	<b>449</b>	<b>5,118</b>	<b>853</b>	<b>1,349</b>
Profit for the period attributable to the shareholders of the parent company		1,684	317	4,096	351	610
Profit for the period attributable to non-controlling interests		3	4	7	0	-1
Total comprehensive income for the period attributable to the shareholders of the parent company		2,020	442	5,097	840	1,337
Total comprehensive income for the period attributable to non-controlling interests		8	7	21	13	12
<b>Earnings per share, before and after dilution, SEK</b>		<b>9.16</b>	<b>1.73</b>	<b>22.28</b>	<b>1.91</b>	<b>3.32</b>

Condensed consolidated statement of financial position

MSEK	30 Sep		31 Dec
	2022	2021	2021
<b>ASSETS</b>			
Operating Properties	8,551	7,830	7,450
Equipment and interiors	579	518	581
Investment Properties	55,582	50,627	52,215
Deferred non-current rent attributable to new temporary payment terms	105	312	233
Right-of-use assets	3,383	3,009	3,039
Deferred tax assets	239	488	249
Derivatives <sup>1)</sup>	2,448	124	203
Other non-current receivables	96	78	86
<b>Total non-current assets</b>	<b>70,983</b>	<b>62,986</b>	<b>64,056</b>
<b>Current assets</b>			
Inventories	15	11	12
Current tax assets	58	99	64
Trade account receivables	331	219	269
Deferred current rent attributable to new temporary payment terms	247	337	357
Prepaid expenses and accrued income	434	277	296
Other current receivables	273	143	154
Cash and cash equivalents	2,463	1,494	1,593
Assets held for sale	4	-	-
<b>Total current assets</b>	<b>4,322</b>	<b>2,580</b>	<b>2,745</b>
<b>Total assets</b>	<b>75,305</b>	<b>65,566</b>	<b>66,801</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	1,014	-225	13
Retained earnings, including profit for the period	21,309	16,960	17,215
<b>Equity attributable to the owners of the Parent Company</b>	<b>30,308</b>	<b>24,720</b>	<b>25,213</b>
Non-controlling interests	232	221	209
<b>Sum equity</b>	<b>30,540</b>	<b>24,941</b>	<b>25,422</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Non-current interest-bearing liabilities <sup>2)</sup>	22,206	27,689	27,205
Other non-current liabilities	3	4	4
Long-term lease liability	3,356	2,988	3,020
Derivatives <sup>1)</sup>	129	369	261
Provisions	41	36	36
Deferred tax liability	5,287	4,319	4,281
<b>Total non-current liabilities</b>	<b>31,022</b>	<b>35,405</b>	<b>34,807</b>
<b>Current liabilities</b>			
Provisions	39	82	60
Current interest-bearing liabilities <sup>2)</sup>	12,272	4,058	5,418
Short-term lease liability	31	23	22
Tax liabilities	246	141	156
Trade accounts payable	279	201	214
Other current liabilities	219	213	150
Accrued expenses and prepaid income	657	502	552
<b>Total current liabilities</b>	<b>13,743</b>	<b>5,220</b>	<b>6,572</b>
<b>Total liabilities</b>	<b>44,765</b>	<b>40,625</b>	<b>41,379</b>
<b>Total equity and liabilities</b>	<b>75,305</b>	<b>65,566</b>	<b>66,801</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

Attributable to the owners of the parent company								
MSEK	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, 2021	460	7,525	-883	169	16,609	23,880	208	24,088
Profit for the period	—	—	—	—	610	610	-1	609
Other comprehensive income	—	—	709	18	—	727	13	740
Guaranteed dividend, minority interests	—	—	—	—	—	—	-15	-15
Transfer of non-controlling interest	—	—	—	—	-4	-4	4	—
Closing balance equity 31 Dec, 2021	460	7,525	-174	187	17,215	25,213	209	25,422
Opening balance equity 1 Jan, 2022	460	7,525	-174	187	17,215	25,213	209	25,422
Profit for the period	—	—	—	—	4,096	4,096	7	4,103
Other comprehensive income	—	—	1,001	—	—	1,001	14	1,015
Transfer of non-controlling interest	—	—	—	—	-2	-2	2	—
Closing balance equity 30 Sep, 2022	460	7,525	827	187	21,309	30,308	232	30,540

<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	Jul-Sep		Jan-Sep		Full-year
	2022	2021	2022	2021	2021
<b>OPERATING ACTIVITIES</b>					
Profit before tax	2,081	397	5,109	423	886
Reversal of depreciation	67	70	192	207	280
Changes in value, realised	12	6	5	12	19
Changes in value, unrealised	-585	9	-1,252	465	368
Changes in value, derivatives, unrealised	-815	-202	-2,377	-553	-740
Other items not included in the cash flow	83	47	95	36	63
Taxes paid	-8	-26	-53	-31	-60
<b>Cash flow from operating activities before changes in working capital</b>	<b>835</b>	<b>301</b>	<b>1,719</b>	<b>559</b>	<b>816</b>
Increase/decrease in operating assets	1	-91	3	-367	-378
Increase/decrease in operating liabilities	79	-24	165	-9	-8
<b>Change in working capital</b>	<b>80</b>	<b>-115</b>	<b>168</b>	<b>-376</b>	<b>-386</b>
<b>Cash flow from operating activities</b>	<b>915</b>	<b>186</b>	<b>1,887</b>	<b>183</b>	<b>430</b>
<b>INVESTING ACTIVITIES</b>					
Investments in properties and fixed assets	-208	-205	-625	-777	-990
Divestment of hotel properties, net effect on liquidity	18	-	123	-	-
Acquisitions of hotel properties, net effect on liquidity	-878	-	-878	-	-482
Acquisitions of financial assets	9	-23	-6	-41	-49
<b>Cash flow from investing activities</b>	<b>-1,059</b>	<b>-228</b>	<b>-1,386</b>	<b>-818</b>	<b>-1,521</b>
<b>FINANCING ACTIVITIES</b>					
New loans	5,880	1,057	10,966	5,396	8,196
Amortisation of debt	-5,172	-2,225	-10,682	-5,867	-8,088
Guaranteed minority dividend	-	-	-	-	-15
<b>Cash flow from financing</b>	<b>708</b>	<b>-1,168</b>	<b>284</b>	<b>-471</b>	<b>93</b>
<b>Cash flow for the period</b>	<b>564</b>	<b>-1,210</b>	<b>785</b>	<b>-1,106</b>	<b>-998</b>
Cash and cash equivalents at beginning of period	1,873	2,712	1,593	2,622	2,622
Exchange differences in cash and cash equivalents	26	-8	85	-22	-31
Liquid funds end of period	2,463	1,494	2,463	1,494	1,593
<b>Information regarding interest payments</b>					
Interest received amounted to	4	1	7	2	4
Interest paid amounted to	-217	-216	-630	-632	-841
Financial cost right of use assets	-24	-23	-69	-67	-88
<b>Information regarding cash and cash equivalents end of period</b>	<b>2,463</b>	<b>1,494</b>	<b>2,463</b>	<b>1,494</b>	<b>1,593</b>
Cash and cash equivalents consists of bank deposits.					

## Condensed income statement for the parent company

MSEK	Jul-Sep		Jan-Sep		Full-year
	2022	2021	2022	2021	2021
Total revenues	37	37	105	111	148
Administration cost	-39	-44	-111	-144	-209
<b>Operating profit</b>	<b>-2</b>	<b>-7</b>	<b>-6</b>	<b>-33</b>	<b>-61</b>
Profit from participations in Group companies	1,848	-	1,848	-	-
Other interest income and similar profit/loss items	35	13	175	320	523
Derivatives, unrealised	2	98	176	391	481
<b>Profit after financial items</b>	<b>1,883</b>	<b>104</b>	<b>2,193</b>	<b>678</b>	<b>943</b>
Year-end appropriations	-	-	-	-	172
<b>Profit before tax</b>	<b>1,883</b>	<b>104</b>	<b>2,193</b>	<b>678</b>	<b>1,115</b>
Current tax	10	0	0	0	-1
Deferred tax	-8	-40	-54	-165	-226
<b>Profit for the period</b>	<b>1,885</b>	<b>64</b>	<b>2,139</b>	<b>513</b>	<b>888</b>

## Condensed balance sheet for the parent company

Figures in MSEK	30 Sep 2022	30 Sep 2021	31 Dec 2021
<b>ASSETS</b>			
Non-current assets	20,238	19,788	20,085
Current assets	4,085	1,544	1,579
<b>Total assets</b>	<b>24,323</b>	<b>21,332</b>	<b>21,664</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	11,630	9,116	9,490
Provisions	79	121	91
Non-current liabilities	5,464	8,587	5,344
Current liabilities	7,150	3,508	6,739
<b>Total equity and liabilities</b>	<b>24,323</b>	<b>21,332</b>	<b>21,664</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 1–28 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 2021.

## 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 third quarter 2022 and first nine months of 2022, revenue-based rent in Property Management amounted to MSEK 378 (147) and MSEK 734 (229) respectively.

MSEK	Q3 2022 (Jul-Sep 2022)				Q3 2021 (Jul-Sep 2021)			
	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	967	—	—	967	652	—	—	652
Revenue Operator Activities	—	706	—	706	—	287	—	287
<b>Total revenues</b>	<b>967</b>	<b>706</b>	<b>—</b>	<b>1,673</b>	<b>652</b>	<b>287</b>	<b>—</b>	<b>939</b>
Costs Property Management	-101	—	—	-101	-99	—	—	-99
Costs Operator Activities	—	-578	—	-578	—	-334	—	-334
<b>Gross profit</b>	<b>866</b>	<b>128</b>	<b>—</b>	<b>994</b>	<b>553</b>	<b>-47</b>	<b>—</b>	<b>506</b>
Central administration	—	—	-28	-28	—	—	-31	-31
Financial income	—	—	1	1	—	—	1	1
Financial expenses	—	—	-249	-249	—	—	-243	-243
Financial cost right of use assets	—	—	-24	-24	—	—	-23	-23
<b>Profit before value changes</b>	<b>866</b>	<b>128</b>	<b>-300</b>	<b>694</b>	<b>553</b>	<b>-47</b>	<b>-296</b>	<b>210</b>
Changes in value								
Properties, unrealised	585	—	—	585	-9	—	—	-9
Properties, realised	-13	—	—	-13	-6	—	—	-6
Derivatives, unrealised	—	—	815	815	—	—	202	202
<b>Profit before tax</b>	<b>1,438</b>	<b>128</b>	<b>515</b>	<b>2,081</b>	<b>538</b>	<b>-47</b>	<b>-94</b>	<b>397</b>
Current tax	—	—	-48	-48	—	—	-15	-15
Deferred tax	—	—	-346	-346	—	—	-61	-61
<b>Profit for the period</b>	<b>1,438</b>	<b>128</b>	<b>121</b>	<b>1,687</b>	<b>538</b>	<b>-47</b>	<b>-170</b>	<b>321</b>

Q3 2022 (Jul-Sep 2022)									
	Sweden	Denmark	Norway	Finland	Germany	Belgium	UK+IE	Others	Total
Total revenues									
- Property Management	262	57	79	73	219	13	215	50	968
- Operator Activities	0	25	—	14	166	214	84	202	705
Market value properties	15,327	3,863	3,529	4,433	16,739	5,377	13,387	5,602	68,257
Investments in properties	104	6	3	3	55	19	16	3	209
Realised value change properties	—	—	—	-12	—	—	—	—	-12
Book value Operating Properties	—	373	—	29	2,902	3,297	1,481	1,535	9,616
Total non-current assets at book value, less deferred tax assets	17,924	3,846	3,532	5,303	15,819	4,540	14,395	5,448	70,807

Q3 2021 (Jul-Sep 2021)									
	Sweden	Denmark	Norway	Finland	Germany	Belgium	UK+IE	Others	Total
Total revenues									
- Property Management	172	31	53	59	157	11	125	43	652
- Operator Activities	—	24	—	8	90	52	46	68	287
Market value properties	14,665	3,466	3,221	3,940	15,286	4,469	11,231	4,977	61,255
Investments in properties	95	17	19	8	115	162	26	46	490
Realised value change properties	-6	—	—	—	—	—	—	—	-6
Book value Operating Properties	—	752	—	29	2,591	2,671	931	1,358	8,333
Total non-current assets at book value, less deferred tax assets	15,706	3,447	3,224	4,631	14,626	3,754	12,177	4,945	62,510

MSEK	Q1-Q3 2022 (Jan-Sep 2022, accumulated)				Q1-Q3 2021 (Jan-Sep 2021, accumulated)			
	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	2,459	—	—	2,459	1,774	—	—	1,774
Revenue Operator Activities	—	1,572	—	1,572	—	525	—	525
<b>Total revenues</b>	<b>2,459</b>	<b>1,572</b>	<b>—</b>	<b>4,031</b>	<b>1,774</b>	<b>525</b>	<b>—</b>	<b>2,299</b>
Costs Property Management	-289	—	—	-289	-289	—	—	-289
Costs Operator Activities	—	-1,379	—	-1,379	—	-778	—	-778
<b>Gross profit</b>	<b>2,170</b>	<b>193</b>	<b>—</b>	<b>2,363</b>	<b>1,485</b>	<b>-253</b>	<b>—</b>	<b>1,232</b>
Central administration	—	—	-94	-94	—	—	-105	-105
Financial income	—	—	11	11	—	—	2	2
Financial expenses	—	—	-725	-725	—	—	-715	-715
Financial cost right of use assets	—	—	-69	-69	—	—	-67	-67
<b>Profit before value changes</b>	<b>2,170</b>	<b>193</b>	<b>-877</b>	<b>1,486</b>	<b>1,485</b>	<b>-253</b>	<b>-885</b>	<b>347</b>
Changes in value								
Properties, unrealised	1,252	—	—	1,252	-465	—	—	-465
Properties, realised	-6	—	—	-6	-12	—	—	-12
Derivatives, unrealised	—	—	2,377	2,377	—	—	553	553
<b>Profit before tax</b>	<b>3,416</b>	<b>193</b>	<b>1,500</b>	<b>5,109</b>	<b>1,008</b>	<b>-253</b>	<b>-332</b>	<b>423</b>
Current tax	—	—	-140	-140	—	—	-50	-50
Deferred tax	—	—	-866	-866	—	—	-22	-22
<b>Profit for the period</b>	<b>3,416</b>	<b>193</b>	<b>494</b>	<b>4,103</b>	<b>1,008</b>	<b>-253</b>	<b>-404</b>	<b>351</b>

Q1-Q3 2022 (Jan-Sep)									
	Sweden	Denmark	Norway	Finland	Germany	Belgium	UK+IE	Others	Total
Total revenues									
- Property Management	638	144	190	196	601	36	512	141	2,459
- Operator Activities	1	56	—	28	357	546	200	384	1,572
Market value properties	15,327	3,863	3,529	4,433	16,739	5,377	13,387	5,602	68,257
Investments in properties	189	27	28	11	182	132	35	20	624
Realised value change properties	7	—	—	-12	—	—	—	—	-5
Book value Operating Properties	—	373	—	29	2,902	3,297	1,481	1,535	9,616
Total non-current assets at book value, less deferred tax assets	17,924	3,846	3,532	5,303	15,819	4,540	14,395	5,448	70,807

Q1-Q3 2021 (Jan-Sep)									
	Sweden	Denmark	Norway	Finland	Germany	Belgium	UK+IE	Others	Total
Total revenues									
- Property Management	428	69	117	162	475	33	360	130	1,774
- Operator Activities	—	30	—	14	128	176	82	95	525
Market value properties	14,665	3,466	3,221	3,940	15,286	4,469	11,231	4,977	61,255
Investments in properties	129	40	30	17	169	254	74	57	771
Realised value change properties	-6	—	—	—	—	—	-6	—	-12
Book value Operating Properties	—	752	—	29	2,591	2,671	931	1,358	8,333
Total non-current assets at book value, less deferred tax assets	15,706	3,447	3,224	4,631	14,626	3,754	12,177	4,945	62,510

### Note 3. Tax

#### Deferred tax

At the end of the period, deferred tax assets amounted to MSEK 239 (249). 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 5,287 (4,281) 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. Assets and liabilities held for sale

On 23 September 2022 Padox entered into an agreement on the divestment of InterContinental Montreal in Canada. The sale includes both the hotel property and hotel operation, and the total transaction value is around MCAD 80, equivalent to around MSEK 660. The divestment is expected to be completed in the first quarter of 2023. The value in the table below is the property's carrying amount.

Amount in MSEK	30 Sep 2022	30 Sep 2021	31 Dec 2021
<b>Assets</b>			
Operating property InterContinental Montreal	501	—	—
<b>Assets classified as held for sale</b>	<b>501</b>	<b>—</b>	<b>—</b>

### Note 5. Currency exchange rates

Currency exchange rates January-September

	Average rate			Rate at end-of-period		
	2022	2021	Change %	2022	2021	Change %
Euro (EUR)	10.529	10.152	4%	10.918	10.201	7%
British pound (GBP)	12.431	11.758	5%	12.407	11.810	5%
Danish krone (DKK)	1.415	1.365	4%	1.468	1.372	7%
Norwegian krone (NOK)	1.052	0.992	6%	1.043	1.001	4%
Canadian dollar (CAD)	7.728	6.784	12%	8.128	6.910	16%
Swiss franc (CHF)	10.417	9.311	11%	11.379	9.411	18%

## Reconciliation alternative performance measurements

Per share, SEK <sup>1)</sup>	Jul-Sep		Jan-Sep		Full-year
	2022	2021	2022	2021	2021
<b>Total comprehensive income per share, SEK</b>					
Total comprehensive income for the period attributable to the shareholders of the parent company, MSEK	2,020	442	5,097	840	1,337
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>10.99</b>	<b>2.40</b>	<b>27.72</b>	<b>4.57</b>	<b>7.27</b>
<b>Cash earnings per share, SEK</b>					
Cash earnings attr.to the shareholders of the parent company, MSEK	717	266	1,542	517	713
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>3.90</b>	<b>1.45</b>	<b>8.39</b>	<b>2.81</b>	<b>3.88</b>
<b>Net asset value (EPRA NRV) per share, SEK</b>					
EPRA NRV (net asset value), MSEK	-	-	37,314	31,529	31,905
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>202.96</b>	<b>171.49</b>	<b>173.54</b>
<b>Dividend per share, SEK</b>					
Dividend, MSEK	-	-	-	-	-
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>-</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>	-	-	157	156	157
Number of rooms, end of period <sup>2)</sup>	-	-	35,490	35,226	35,372
WAULT, years	-	-	15.2	14.2	14.0
Market value properties, MSEK	-	-	68,257	61,255	62,596
Market value Investment Properties, MSEK	-	-	55,582	50,627	52,215
Market value Operating Properties, MSEK	-	-	12,675	10,628	10,380
RevPAR (Operator Activities) for comparable units at comparable exchange rates, SEK	1,024	427	752	240	293

<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 2021 actual dividend is indicated.

Reconciliation alternative performance measurements

MSEK	Jul-Sep		Jan-Sep		Full-year
	2022	2021	2022	2021	2021
<b>Net interest-bearing debt</b>					
Non-current interest-bearing liabilities	-	-	22,206	27,689	27,205
Current interest-bearing liabilities	-	-	12,272	4,058	5,418
Arrangement fee for loans	-	-	104	134	129
Cash and cash equivalents	-	-	-2,463	-1,494	-1,593
<b>Net interest-bearing debt</b>	-	-	<b>32,119</b>	<b>30,387</b>	<b>31,159</b>
<b>Loan to value net, %</b>					
Net interest-bearing debt	-	-	32,119	30,387	31,159
Market value properties	-	-	68,257	61,255	62,596
<b>Loan to value, %</b>	-	-	<b>47.1</b>	<b>49.6</b>	<b>49.8</b>
<b>Interest cover ratio, times</b>					
EBITDA	1,037	550	2,476	1,347	1,868
Less: Financial costs for right-of-use-assets	-24	-23	-69	-67	-88
Net interest costs	213	213	615	631	831
<b>Interest cover ratio, times</b>	<b>4.8</b>	<b>2.5</b>	<b>3.9</b>	<b>2.0</b>	<b>2.1</b>
<b>Average interest on debt end of period, %</b>					
Average interest expenses	-	-	965	803	812
Non-current interest-bearing liabilities	-	-	22,206	27,689	27,205
Arrangement fee for loans	-	-	104	134	129
Current interest-bearing liabilities	-	-	12,272	4,058	5,418
<b>Average interest on debt end of period, %</b>	-	-	<b>2.8</b>	<b>2.5</b>	<b>2.5</b>
Investments, incl. parent company excl. acquisitions	208	205	625	777	990
<b>Net operating income, Property Management</b>					
Rental income	886	617	2,249	1,673	2,279
Other property income	81	35	210	101	143
Costs, excl. property administration	-65	-53	-180	-162	-218
<b>Net operating income, before property administration</b>	<b>902</b>	<b>599</b>	<b>2,279</b>	<b>1,612</b>	<b>2,204</b>
Property administration	-36	-46	-109	-127	-177
<b>Net operating income, Property Management</b>	<b>866</b>	<b>553</b>	<b>2,170</b>	<b>1,485</b>	<b>2,027</b>
<b>Net operating income, Operator Activities</b>					
Revenue	706	287	1,572	525	851
Costs	-578	-334	-1,379	-778	-1,151
<b>Gross profit</b>	<b>128</b>	<b>-47</b>	<b>193</b>	<b>-253</b>	<b>-300</b>
Plus: Depreciation included in costs	65	69	189	205	278
<b>Net operating income, Operator Activities</b>	<b>193</b>	<b>22</b>	<b>382</b>	<b>-48</b>	<b>-22</b>
<b>EBITDA</b>					
Gross profit from respective operating segment	994	506	2,363	1,232	1,727
Plus: Depreciation included in costs Operator Activities	65	69	189	205	278
Less: Central administration, excluding depreciation	-22	-25	-76	-90	-137
<b>EBITDA</b>	<b>1,037</b>	<b>550</b>	<b>2,476</b>	<b>1,347</b>	<b>1,868</b>
<b>Cash earnings</b>					
EBITDA	1,037	550	2,476	1,347	1,868
Plus: Financial income	1	1	11	2	4
Less: Financial expense	-249	-243	-725	-715	-944
Less: Financial costs for right-of-use-assets	-24	-23	-69	-67	-88
Plus/Less: Translation effect on bank deposits	3	0	-4	0	0
Less: Current tax	-48	-15	-140	-50	-128
<b>Cash earnings</b>	<b>720</b>	<b>270</b>	<b>1,549</b>	<b>517</b>	<b>712</b>
<b>EPRA NRV</b>					
Equity attr. to the shareholders of the parent company	-	-	30,308	24,720	25,213
Plus: Revaluation of Operating Properties	-	-	3,560	2,295	2,365
Plus: Fair value of financial derivatives	-	-	-2,319	245	58
Less: Deferred tax assets related to derivatives	-	-	478	-50	-12
Plus: Deferred tax liabilities	-	-	5,287	4,319	4,281
<b>EPRA NRV</b>	-	-	<b>37,314</b>	<b>31,529</b>	<b>31,905</b>
<b>Growth in EPRA NRV, annual rate, %</b>					
EPRA NRV attr. to the shareholders of the parent company, OB	-	-	31,529	32,234	30,813
EPRA NRV attr. to the shareholders of the parent company, CB	-	-	37,314	31,529	31,905
<b>Growth in EPRA NRV, annual rate, %</b>	-	-	<b>18.3</b>	<b>-2.2</b>	<b>3.5</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 Sep 2022		30 sep 2021		31 Dec 2021	
	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	30,308	164.85	24,720	134.46	25,213	137.14
Plus: Revaluation of Operating Properties	3,560	19.36	2,295	12.48	2,365	12.87
Plus: Fair value of financial derivatives	-2,319	-12.61	245	1.33	58	0.32
Less: Deferred tax assets related to derivatives	478	2.60	-50	-0.27	-12	-0.07
Plus: Deferred tax liabilities	5,287	28.76	4,319	23.49	4,281	23.29
<b>Net asset value, EPRA NRV</b>	<b>37,314</b>	<b>202.96</b>	<b>31,529</b>	<b>171.49</b>	<b>31,905</b>	<b>173.54</b>
Less:	—	—	—	—	—	—
<b>Net asset value, EPRA NTA</b>	<b>37,314</b>	<b>202.96</b>	<b>31,529</b>	<b>171.49</b>	<b>31,905</b>	<b>173.54</b>
Less: derivatives and deferred tax	-3,446	-18.74	-4,514	-24.55	-4,327	-23.53
<b>Net asset value, EPRA NDV</b>	<b>33,869</b>	<b>184.22</b>	<b>27,015</b>	<b>146.94</b>	<b>27,578</b>	<b>150.00</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 calculation. 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.

MSEK	30 Sep 2022			30 Sep 2021			31 Dec 2021		
	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	22,206	—	22,206	27,689	—	27,689	27,205	—	27,205
Current interest-bearing liabilities	12,272	—	12,272	4,058	—	4,058	5,418	—	5,418
Arrangement fee for loans	104	—	104	134	—	134	129	—	129
Net operating assets and operating liabilities	—	—	—	—	—	—	—	—	—
Exclude: Cash and cash equivalents	-2,463	—	-2,463	-1,494	—	-1,494	-1,593	—	-1,593
<b>Net debt</b>	<b>32,119</b>	<b>—</b>	<b>32,119</b>	<b>30,387</b>	<b>—</b>	<b>30,387</b>	<b>31,159</b>	<b>—</b>	<b>31,159</b>
Market value properties	68,257	—	68,257	61,255	—	61,255	62,596	—	62,596
Net operating assets and operating liabilities	—	126	126	—	161	161	—	264	264
<b>Total properties and other applicable assets</b>	<b>68,257</b>	<b>126</b>	<b>68,383</b>	<b>61,255</b>	<b>161</b>	<b>61,416</b>	<b>62,596</b>	<b>264</b>	<b>62,860</b>
<b>Loan to value, %</b>	<b>47.1%</b>		<b>47.0%</b>	<b>49.6%</b>		<b>49.5%</b>	<b>49.8%</b>		<b>49.6%</b>

## Quarterly data

### Condensed consolidated statement of comprehensive income

	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec
MSEK	2022	2022	2022	2021	2021	2021	2021	2020
<b>Revenues Property Management</b>								
Rental income	886	761	602	606	617	541	515	523
Other property income	81	97	32	42	35	27	39	47
Revenue Operator Activities	706	624	242	326	287	146	92	117
<b>Total revenues</b>	<b>1,673</b>	<b>1,482</b>	<b>876</b>	<b>974</b>	<b>939</b>	<b>714</b>	<b>646</b>	<b>687</b>
<b>Costs Property Management</b>								
Costs Operator Activities	-101	-97	-91	-106	-99	-98	-92	-92
<b>Gross profit</b>	<b>994</b>	<b>936</b>	<b>433</b>	<b>495</b>	<b>506</b>	<b>413</b>	<b>313</b>	<b>351</b>
Central administration	-28	-34	-32	-52	-31	-37	-37	-41
Financial net	-248	-236	-230	-227	-242	-239	-232	-227
Financial cost right of use assets	-24	-22	-23	-21	-23	-23	-21	-21
<b>Profit before value changes</b>	<b>694</b>	<b>644</b>	<b>148</b>	<b>195</b>	<b>210</b>	<b>114</b>	<b>23</b>	<b>62</b>
<b>Changes in value</b>								
Properties, unrealised	585	388	279	97	-9	-105	-351	-533
Properties, realised	-13	7	—	-16	-6	—	-6	-
Derivatives, unrealised	815	632	930	187	202	24	327	109
<b>Profit before tax</b>	<b>2,081</b>	<b>1,671</b>	<b>1,357</b>	<b>463</b>	<b>397</b>	<b>33</b>	<b>-7</b>	<b>-362</b>
Current tax	-48	-59	-33	-78	-15	-23	-12	-2
Deferred tax	-346	-240	-280	-127	-61	-16	55	59
<b>Profit for the period</b>	<b>1,687</b>	<b>1,372</b>	<b>1,044</b>	<b>258</b>	<b>321</b>	<b>-6</b>	<b>36</b>	<b>-305</b>
Other comprehensive income	341	455	219	238	128	-258	632	-796
<b>Total comprehensive income for the period</b>	<b>2,028</b>	<b>1,827</b>	<b>1,263</b>	<b>496</b>	<b>449</b>	<b>-264</b>	<b>668</b>	<b>-1,101</b>

### Condensed consolidated statement of financial position

MSEK	30 Sep 2022	30 Jun 2022	31 Mar 2022	31 Dec 2021	30 Sep 2021	30 Jun 2021	31 Mar 2021	31 Dec 2020
<b>ASSETS</b>								
Properties incl equipment and interiors	64,712	62,832	61,120	60,246	58,975	58,553	59,057	57,555
Right-of-use assets	3,383	3,222	3,155	3,039	3,009	2,975	3,016	2,926
Other non-current receivables	2,649	1,878	1,226	522	514	500	423	268
Deferred tax assets	239	262	55	249	488	529	502	631
Current assets	1,859	1,267	1,189	1,152	1,086	939	893	813
Cash and cash equivalents	2,463	1,873	1,477	1,593	1,494	2,712	2,610	2,622
<b>Total assets</b>	<b>75,305</b>	<b>71,334</b>	<b>68,222</b>	<b>66,801</b>	<b>65,566</b>	<b>66,208</b>	<b>66,501</b>	<b>64,815</b>
<b>EQUITY AND LIABILITIES</b>								
Equity	30,540	28,512	26,685	25,422	24,941	24,492	24,756	24,088
Deferred tax liability	5,287	4,918	4,415	4,281	4,319	4,275	4,293	4,307
Interest-bearing liabilities	34,478	33,242	32,710	32,623	31,747	32,724	32,735	31,452
Leasing liabilities	3,387	3,226	3,158	3,042	3,011	2,977	3,018	2,928
Non interest-bearing liabilities	1,613	1,436	1,254	1,433	1,548	1,740	1,699	2,040
<b>Total equity and liabilities</b>	<b>75,305</b>	<b>71,334</b>	<b>68,222</b>	<b>66,801</b>	<b>65,566</b>	<b>66,208</b>	<b>66,501</b>	<b>64,815</b>

### Key ratios

	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec
MSEK	2022	2022	2022	2021	2021	2021	2021	2020
NOI, Property Management	866	761	543	542	553	470	462	478
NOI, Operator Activities	193	238	-49	26	22	10	-80	-64
EBITDA	1,037	970	467	521	550	447	350	378
Interest coverage ratio, times	4.8	4.7	2.2	2.5	2.5	2.0	1.6	1.8
Earnings per share before and after dilution, SEK	9.16	7.45	5.67	1.41	1.73	-0.04	0.22	-1.63
Cash earnings	720	647	180	195	270	162	85	129
Cash earnings per share before and after dilution, SEK	3.90	3.51	0.97	1.07	1.45	0.88	0.49	0.73
RevPAR growth (Operator Activities) for comparable units and constant currency, %	140	370	232	319	92	103	-81	-89
	30 Sep 2022	30 Jun 2022	31 Mar 2022	31 Dec 2021	30 Sep 2021	30 Jun 2021	31 Mar 2021	31 Dec 2020
Net interest-bearing debt	32,119	31,472	31,345	31,159	30,387	30,159	30,288	29,007
Loan to value, %	47.1	47.8	49.1	49.8	49.6	49.7	49.5	48.7
Market value properties	68,257	65,804	63,808	62,596	61,255	60,696	61,161	59,542
EPRA NRV per share, SEK	202.96	190.37	178.31	173.54	171.49	168.97	170.38	167.60
WAULT (Property Management), yrs	15.2	15.4	13.8	14.0	14.2	14.1	14.4	14.6

# 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, adjusted any unrealised translation effect on bank balances.

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

EBITDA plus financial income less financial expense less current tax, after non-controlling interests, less financial expense for right-of-use assets according to IFRS 16 adjusted any unrealised translation effect on bank balances divided by the weighted average number of shares outstanding.

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



NHOW BRUSSELS BLOOM



MOTEL ONE COPENHAGEN



SCANDIC PARK HELSINKI



PARK CENTRAAL AMSTERDAM



SCANDIC LILLEHAMMER



SCANDIC LULEÅ



RADISSON BLU ARLANDIA



NH COLLECTION SALZBURG CITY



LEONARDO ROYAL HOTEL FRANKFURT



HOTEL BERLIN BERLIN



APARTHOTEL ADAGIO EDINBURGH ROYAL MILE

