

Record strong NOI but higher interest expense

July–September 2023

- Revenue from Property Management amounted to MSEK 1,040 (967). For comparable units, the increase was 7 percent, adjusted for currency effects
- Net operating income from Property Management amounted to MSEK 920 (866). For comparable units, the increase was 7 percent, adjusted for currency effects
- Net operating income from Operator Activities amounted to MSEK 222 (193). For comparable units, the increase was 28 percent, adjusted for currency effects
- EBITDA amounted to MSEK 1,102 (1,037), an increase of 6 percent
- Cash earnings amounted to MSEK 558 (717), equivalent to SEK 3.04 (3.90) per share
- The comparison quarter includes government grants for Property Management and Operator Activities of MSEK 48 and MSEK 37 respectively. Adjusted for these amounts, EBITDA increased by 16 percent while cash earnings decreased by 12 percent
- Changes in property values amounted to MSEK –90 (572). Unrealised changes in value of derivatives amounted to MSEK 43 (815)
- Profit for the period amounted to MSEK 460 (1,687), equivalent to 2.48 (9.16) SEK per share
- During the third quarter Pandox acquired and took over Hilton Belfast

January–September 2023

- Revenue from Property Management amounted to MSEK 2,762 (2,459). For comparable units, the increase was 12 percent, adjusted for currency effects
- Net operating income from Property Management amounted to MSEK 2,388 (2,170). For comparable units, the increase was 12 percent, adjusted for currency effects
- Net operating income from Operator Activities amounted to MSEK 493 (382). For comparable units, the increase was 89 percent, adjusted for currency effects
- EBITDA amounted to MSEK 2,754 (2,476), an increase of 11 percent
- Cash earnings amounted to MSEK 1,327 (1,542), equivalent to SEK 7.22 (8.39) per share
- The comparison period includes government grants for Property Management and Operator Activities of MSEK 116 and MSEK 141 respectively. Adjusted for these amounts, EBITDA and cash earnings increased by 24 and 3 percent respectively
- Changes in property values amounted to MSEK –768 (1,246), of which MSEK –971 is unrealised and MSEK 203 is realised. Unrealised changes in value of derivatives amounted to MSEK 31 (2,377)
- Profit for the period amounted to MSEK 545 (4,103), equivalent to 2.87 (22.28) SEK per share
- The loan-to-value ratio was 46.8 percent and the interest coverage ratio on a rolling twelve month basis was 2.8

Financial summary

MSEK	Jul-Sep			Jan-Sep			Full-year	
	2023	2022	Δ%	2023	2022	Δ%	2022	
Total net sales	1,884	1,673	13	5,011	4,031	24	5,654	
<i>Of which Property Management</i>	1,040	967	8	2,762	2,459	12	3,307	
<i>Of which Operator Activities</i>	844	706	20	2,249	1,572	43	2,347	
Total net operating income	1,142	1,059	8	2,881	2,552	13	3,434	
<i>Of which Property Management</i>	920	866	6	2,388	2,170	10	2,868	
<i>Of which Operator Activities</i>	222	193	15	493	382	29	566	
EBITDA	1,102	1,037	6	2,754	2,476	11	3,304	
Profit for the period	460	1,687	-73	545	4,103	-87	4,204	
Earnings per share, SEK	2.48	9.16	-73	2.87	22.28	-87	22.94	
Cash earnings	558	717	-22	1,327	1,542	-14	2,056	
Cash earnings per share, SEK	3.04	3.90	-22	7.22	8.39	-14	11.18	
Market value properties	—	—	—	71,177	68,257	4	69,231	
Net interest-bearing debt	—	—	—	33,333	32,119	4	32,334	
Loan to value net, %	—	—	—	46.8	47.1	n.a	46.7	
Interest cover ratio, times	2.8	4.8	n.a	2.7	3.9	n.a	3.7	
EPRA NRV per share, SEK	—	—	—	207.53	200.23	—	205.03	
WAULT (Investment Properties), years	—	—	—	14.4	15.2	n.a	15.0	
RevPAR (Operator Activities) for comparable units at comparable exchange rates, SEK	1,137	1,057	8	1,022	783	31	839	

CEO comments

Laying the foundations for value growth

Stable earnings in a solid hotel market

Demand in the hotel market was good in the third quarter. We have now reached a stabilised level based on current demand mix and seasonal patterns, even though international travel and large conferences and congresses have not recovered fully to 2019 levels. Demand in the leisure segment was good during the summer months and developed well in the business segment after the holiday period. Households have continued to prioritise experiences and travel despite higher living costs, and companies have in general continued to increase their travel. Looking at individual hotel markets, the UK and Ireland saw particularly strong development, mainly driven by very strong average price development.

In the third quarter Pandox's total revenue and net operating income increased for comparable units by 7 and 10 percent respectively, adjusted for currency effects. In absolute terms, income and net operating income were at their highest levels ever, driven by good operational development for both Property Management and Operator Activities. However, due primarily to fast and sharply rising market interest rates accompanied by higher financial costs, cash earnings decreased by 22 percent. Adjusted for pandemic-related government grants totalling MSEK 85 for the years 2020–2021, with final settlement in the third quarter of 2022, cash earnings decreased by 12 percent.

Given our interest hedge ratio of more than 70 percent, and the assumption that market rates are levelling out, conditions are improving for growth in cash earnings 2024.

Increased growth potential after investments

We are continuing to focus on long-term value creation by developing our existing portfolio. Pandox has an impressive toolbox for value creation which includes working actively with our tenants to develop the hotel products and increase the value of the hotel properties. During the first nine months of the year we invested around MSEK 730 in various value-increasing and cash flow-driving projects. Being able to invest even in a more uncertain world shows our strength.

Among the larger ongoing investments, I would like to highlight our remodel of Citybox in Brussels, where we are converting the concept from a traditional business hotel into an urban lifestyle product. The expansion of DoubleTree by Hilton Brussels City is another exciting project where we are extending the hotel to add 150 rooms, creating the largest hotel in Brussels and the city's most modern conference product. Other examples are Scandic Go Fridhemsplan where we have signed a new lease with Scandic and are now repositioning the hotel to target the budget segment, and Radisson Blu Glasgow where the hotel product is undergoing extensive modernisation. During the year we also completed significant renovations at Pullman Stuttgart Fontana and Quality Grand Borås, as well as at Hotel Pomander in Nuremberg which has now opened after two years of comprehensive renewal. The new hotel products are highly competitive and have great growth potential in their respective markets. Our completed and ongoing projects will make positive contributions to our earnings and value growth gradually in the years 2024 and 2025, with full effect equivalent to around MSEK 300 in annual net operating income in 2026. During the quarter we also decided on an extensive climate transition project for eight hotel properties within Operator Activities for an amount equivalent to MEUR 29. The project will continue for three years and is expected to generate cost savings of around MEUR 3 per year once completed.

Considerable value creation with new leases

Our latest lease with Strawberry is a good example of our value creation when renovating and signing new leases. The lease, signed after the end of the quarter, is for Hotel Mayfair in central Copenhagen which will be repositioned under the Hobo brand. There was significant interest from both Nordic and international hotel operators in signing a lease for the hotel. The lease is in line with our strategy of active value creation. It is also a milestone in a process that started back in 2020 when we

assumed operation of the hotel and began the remodel, which is expected to be finished in the second half of 2024 when the new lease goes into effect. The tenant is strong, the terms which include a good guaranteed minimum level are attractive and the transaction will significantly increase the value of the hotel property.

Continued good financial flexibility

Our banking partners have a high level of confidence in us and our refinancing risk is low. Around 22 percent of our credit facilities have a maturity of less than one year and most of these will mature in the second and third quarter of 2024. We have ongoing and positive discussions with lenders regarding refinancing. At the end of the quarter our loan-to-value ratio was 46.8 percent, which is at the lower end of our range, and our interest coverage ratio measured on a rolling twelve month basis was 2.8 times.

During the first nine months, net unrealised changes in value for the total property portfolio, amounted to MSEK -1,306. The good development in the hotel market has resulted in higher cash flows for the hotel properties, which to approximately two thirds have offset the negative effect from higher valuation yields. Through our international exposure we also had a positive exchange rate effect of MSEK 1,781 in the property value in the period.

Pandox's strategy is to create value through growth in cash flows driven by revenue-based rental income, efficient own operation of hotels and project development for the existing properties, combined with optimisation of the property portfolio, through both acquisitions and divestments. In general the transaction market for hotel properties is on the back burner and there are relatively large differences in price expectations between buyers and sellers. There are, however, pockets of opportunity which we are utilising when the price is right – as both a buyer and a seller. During the year we made three acquisitions, the most recent of which was Hilton Belfast. This includes operation of the hotel which we took over in July. The hotel is well invested and has a strong location in central Belfast. Divestment is an important tool that allows us to reallocate capital to investments with higher yield potential. One example is Intercontinental Montreal which we divested earlier this year in line with the property valuation before the pandemic.

Positive outlook

In the fourth quarter we expect continued stable demand in the hotel market with a normal seasonal pattern. Demand usually decreases in the second half of December before picking up again from mid-January. For 2024 we expect some RevPAR growth in the hotel market supported by a strong event calendar in Germany with Euro 2024 in June-July and stable market conditions in other markets. Hotel demand is dependent on economic activity and the biggest risk is associated with geopolitical consequences impacting the economy and travel.



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 159 hotels with around 35,800 rooms in 15 countries.



<p>Vision and business concept</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>Strategy and business model</p> <p>Pandox's strategy and business model is based on:</p> <ol style="list-style-type: none"> 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 	<p>Financial targets and dividend policy</p> <p>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.</p> <p>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.</p>
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Presentation of the interim report

Pandox will present the interim report January–September 2023 to investors, analysts and the media in a conference call/webcast on 26 October at 08:30 CEST. As a service to Pandox's stakeholders there will also be an external update on the hotel market.

If you wish to participate via webcast, please use the following link:
<https://ir.financialhearings.com/pandox-q3-report-2023>.

If you wish to participate via teleconference, please register via the following link:
<https://conference.financialhearings.com/teleconference/?id=5009236>.

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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 26 October 2023 at 07:00 CEST.

Financial calendar

Hotel market day 2023	21 November 2023
Year-end report 2023	8 February 2024
Annual General Meeting 2024	10 April 2024
Interim report January–March 2024	25 April 2024
Interim report January–June 2024	12 July 2024

Hotel market development July–September 2023

Positive quarter for the European hotel market

Demand and willingness to pay for hotel nights remained good in the third quarter. The summer months of July and August, which have seasonally higher leisure demand, developed well despite a more challenging economic environment for households, with increased living cost and higher interest rates. The trend whereby leisure travellers are prioritising trips and experiences over other consumption, partly supported by high levels of saving during the corona virus years, was evident in the third quarter too.

Domestic European airborne tourism has now exceeded the 2019 level. However, international arrivals to Europe have not fully recovered and for full year 2023, despite strong development over the summer, they are expected to be around 10 percent* below the 2019 level. The gap to the 2019 level is, however, expected* to be closed in 2024 with the help of continued strong growth in international travel. For the hotel market as a whole, the risks related to the travel consumption of private travellers are expected to be offset by an improved business and conference segment, as well as growing international travel over the coming quarters. Compared with the previous year the hotel market is now seeing increasingly strong year-on-year figures, especially in terms of occupancy rates. Increased average prices will therefore drive most of the growth going forward.

Stable occupancy development, good average prices**

The third quarter of 2023 largely followed the same pattern as the second quarter, with some occupancy growth, while average room prices developed well compared with 2022 and the seasonal pattern was normal.

- Occupancy in Europe was 76 percent for the quarter compared with 75 percent the previous year (vs 2019: 79 percent).
- Average price development remained strong, with an increase of 9 percent for the quarter compared with the previous year (vs 2019: +36 percent).
- Altogether RevPAR in Europe amounted to EUR 121 for the quarter, an increase of just over 10 percent on the previous year (vs 2019: +30 percent).
- Good international demand from the USA supported by a strong dollar rate. Incoming travel from Asia was still relatively low.

Positive RevPAR development in Pandox's markets**

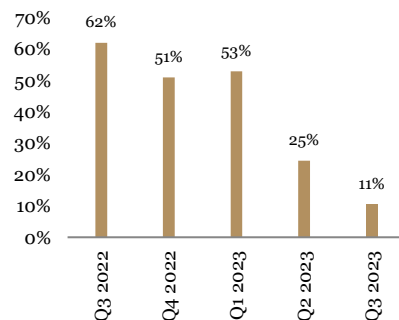
Despite a strong comparative quarter in 2022, Pandox's markets developed well in the third quarter.

- Occupancy in the Nordics was 72 percent, which is on a par with the corresponding period the previous year (vs 2019: 75 percent).
- The average price for the Nordics as a whole exceeded both the levels of the previous year and those in 2019 by 3 and 20 percent respectively.
- In the Nordics Denmark and Norway saw the strongest average price increase with 7 and 5 percent respectively compared with 2022 (vs 2019: +15 and +36 percent respectively).
- Development was positive overall for the Nordic capitals, with RevPAR growth of 6 percent compared with the same quarter the previous year. Helsinki is still the most sluggish market, partly explained by new hotel capacity and partly by lower demand compared with the other Nordic capitals.
- Copenhagen was strong with record demand for hotel nights at 25 percent above the 2019 level. At the same time around 4,300 hotel rooms were added to the market, which is why growth in RevPAR was only 3 percent higher than the 2019 level. Compared with the corresponding quarter in 2022, RevPAR did, however, increase by a full 12 percent.
- In Germany, trade fair and congress-related demand improved during the first three quarters of the year, albeit with total participant numbers below the 2019 level. Germany as a whole showed modest RevPAR growth of 1 percent for the quarter. The lower figure can in part be explained by decreased domestic travel during the summer in favour of increased international travel, as well as a calendar effect relating to trade fairs and congresses between the years in certain markets.
- Ireland and UK Regional (excl. London) had sustained strong figures compared with 2022. RevPAR for Ireland and UK Regional increased for the quarter by 8 and 9 percent respectively, with average price as the main driver. The strongest occupancy growth so far this year has been in London and Edinburgh, which is proof that international demand has come back to these markets in a big way.
- Supported by increased international travel and also by important American demand, continued good development was noted in Brussels during the quarter, with RevPAR growth of 19 percent compared with 2022.

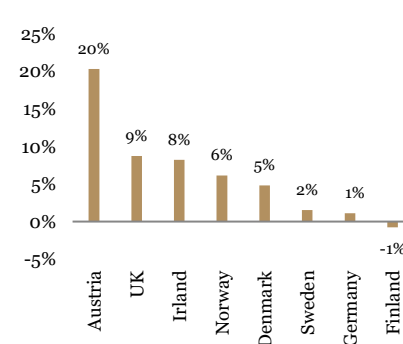
* Tourism/Oxford Economics ** Based on open hotels: Benchmarking Alliance (Nordic markets), STR (other)

July–September 2023

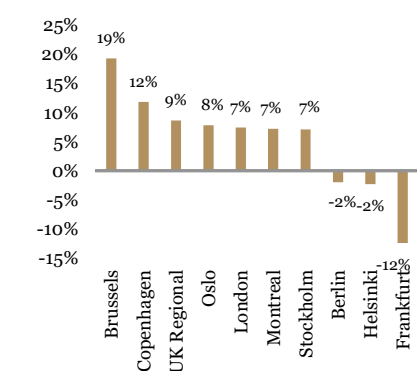
Europe
RevPAR growth y/y



Countries
RevPAR growth y/y



Key markets
RevPAR growth y/y



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

Financial development July–September 2023

Net sales

The Group's net sales amounted to MSEK 1,884 (1,673), an increase of 13 percent driven by good demand in the hotel market. For comparable units, net sales increased by 7 percent, adjusted for currency effects.

Revenue from Property Management amounted to MSEK 1,040 (967), an increase of 8 percent, supported by increased revenue-based rent amounting to a total of MSEK 421 (378). Adjusted for government assistance of MSEK 48 included in "Other property revenue" in the comparison quarter for the years 2020–2021, the increase was 13 percent. For comparable units, revenue increased by 7 percent, adjusted for currency effects.

Revenue from Operator Activities amounted to MSEK 844 (706), an increase of 20 percent. For comparable units, revenue increased by 6 percent and RevPAR by 8 percent, adjusted for currency effects.

Net operating income

Net operating income from Property Management amounted to MSEK 920 (866), an increase of 6 percent. For comparable units, net operating income increased by 7 percent, adjusted for currency effects.

Net operating income from Operator Activities amounted to MSEK 222 (193), an increase of 15 percent. Adjusted for government assistance of MSEK 37 as a cost reduction in the comparison quarter for the years 2020–2021, the increase was 42 percent. For comparable units, net operating income from Operator Activities increased by 28 percent, adjusted for currency effects.

Total net operating income amounted to MSEK 1,142 (1,059), an increase of 8 percent. Adjusted for government assistance in the comparison quarter, the increase was 17 percent. For comparable units, total net operating income increased by 10 percent, adjusted for currency effects.

Administration costs

Central administration costs amounted to MSEK –46 (–28), where the comparison quarter was impacted by cost-reducing, non-recurring items. The current level is more normal given the present structure of the business.

Depreciation

Depreciation within Operator Activities amounted to MSEK –72 (–65). Depreciation of MSEK –6 (–6) is included in administration costs.

Financial income and expense

Financial expense amounted to MSEK –427 (–249), of which MSEK –24 (–19) consists of accrued depreciation of capitalised loan arrangement fees. The increase is mainly explained by higher interest-bearing net debt, higher market interest rates and negative currency effects, and to a lesser extent by increased credit margins.

Financial income amounted to MSEK 7 (1). Financial expense associated with right-of-use assets amounted to MSEK –28 (–24).

Changes in value

Unrealised changes in property values amounted to MSEK –93 (585). The increased valuation yield had a negative impact of MSEK –403, while the hotel market's continued good average price development contributed to increased cash flow of MSEK 310 through Pandox's revenue-based leases. Altogether this represented a insignificant percentage decrease in value for the quarter.

Realised changes in value amounted to MSEK 3 (–13).

Unrealised changes in value of derivatives amounted to MSEK 43 (815).

Current and deferred tax

Current tax amounted to MSEK –95 (–48). The increase in current tax compared with the previous year is explained by higher pre-tax profit in Sweden and Norway where Pandox has no tax loss carryforwards from previous years left to utilise. The prevailing interest rate climate is resulting in even higher tax expense due to the rules in place limiting deductible interest within the Group.

Deferred tax amounted to MSEK 26 (–346), explained by changes in value of investment properties and recognition of the tax loss carryforwards of previous years. See also Note 3 on page 22.

Profit for the period

Profit for the period amounted to MSEK 460 (1,687) and profit for the period attributable to the Parent Company's shareholders amounted to MSEK 456 (1,684), which is equivalent to SEK 2.48 (9.16) per share.

Cash earnings

Cash earnings amounted to MSEK 558 (717), a decrease of 22 percent. Adjusted for government assistance totalling MSEK 85 for the comparison quarter, cash earnings decreased by 12 percent.

Financing

On 30 September 2023 cash and cash equivalents and unutilised credit facilities amounted to MSEK 2,988, compared with MSEK 3,340 as of 30 June 2023.

Financial development January–September 2023

Net sales

The Group's net sales amounted to MSEK 5,011 (4,031), an increase of 24 percent. For comparable units, net sales increased by 20 percent, adjusted for currency effects.

Revenue from Property Management amounted to MSEK 2,762 (2,459), an increase of 12 percent, supported by increased revenue-based rent amounting to a total of MSEK 950 (734). Adjusted for government assistance of MSEK 116 included in "Other property revenue" in the comparison period for the years 2020–2021, the increase was 18 percent. For comparable units, revenue increased by 12 percent, adjusted for currency effects.

Revenue from Operator Activities amounted to MSEK 2,249 (1,572), an increase of 43 percent. For comparable units, both revenue and RevPAR increased by 31 percent, adjusted for currency effects.

Net operating income

Net operating income from Property Management amounted to MSEK 2,388 (2,170), an increase of 10 percent. For comparable units, net operating income increased by 12 percent, adjusted for currency effects.

Net operating income from Operator Activities amounted to MSEK 493 (382), an increase of 29 percent. Adjusted for government assistance of MSEK 141 as a cost reduction in the comparison period for the years 2020–2021, the increase was 158 percent. For comparable units, net operating income from Operator Activities increased by 89 percent, adjusted for currency effects.

Total net operating income amounted to MSEK 2,881 (2,552), an increase of 13 percent. Adjusted for government assistance in the comparison period, the increase was 26 percent. For comparable units, net operating income increased by 19 percent, adjusted for currency effects.

Administration costs

Central administration costs amounted to MSEK –144 (–94), where the comparison period was impacted by cost-reducing, non-recurring items and the current level is more normal given the present structure of the business.

Depreciation

Depreciation within Operator Activities amounted to MSEK –211 (–189). Depreciation of MSEK –17 (–17) is included in administration costs.

Financial income and expense

Financial expense amounted to MSEK –1,117 (–725), of which MSEK –68 (–55) consists of accrued depreciation of capitalised loan arrangement fees. The increase is mainly explained by higher interest-bearing net debt, higher market interest rates and negative currency effects, and to a lesser extent by increased credit margins.

Financial income amounted to MSEK 26 (11). Financial expense associated with right-of-use assets amounted to MSEK –80 (–69).

Changes in value

Unrealised changes in property values amounted to MSEK –971 (1,252). The increased valuation yield had a negative impact of MSEK –3,044, while the hotel market's continued good average price development contributed to increased cash flow of MSEK 2,073 through Pandox's revenue-based leases. Altogether this represented a value decrease of 1.7 percent during the period.

Realised changes in property values amounted to MSEK 203 (–6), 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 of and insurance compensation received for Dorint Parkhotel Bad Neuenahr.

Unrealised changes in value of derivatives amounted to MSEK 31 (2,377).

Current and deferred tax

Current tax amounted to MSEK –238 (–140). The increase in current tax compared with the previous year is explained by higher pre-tax profit in Sweden and Norway where Pandox has no tax loss carryforwards from previous years left to utilise. The prevailing interest rate climate is resulting in even higher tax expense due to the rules in place limiting deductible interest within the Group.

Deferred tax amounted to MSEK 165 (–866), explained by changes in value of investment properties. See also Note 3 on page 22.

Profit for the period

Profit for the period amounted to MSEK 545 (4,103) and profit for the period attributable to the Parent Company's shareholders amounted to MSEK 527 (4,096) which is equivalent to SEK 2.87 (22.28) per share.

Cash earnings

Cash earnings amounted to MSEK 1,327 (1,542), a decrease of 7 percent. Adjusted for government assistance totalling MSEK 258 for the comparison period, cash earnings increased by 3 percent.

Segment reporting July–September 2023

Property Management

MSEK	Jul-Sep		Jan-Sep		Full-year
	2023	2022	2023	2022	2022
Rental income	1,002	886	2,653	2,249	3,052
Other property income	38	81	109	210	255
Costs, excl. property admin	-69	-65	-215	-182	-245
Net operating income, before property admin	971	902	2,547	2,277	3,062
Property administration	-51	-36	-159	-107	-194
Gross profit	920	866	2,388	2,170	2,868
Net operating income, after property admin	920	866	2,388	2,170	2,868

July–September 2023

Rental income and other property revenue amounted to MSEK 1,040 (967), an increase of 8 percent. Adjusted for government assistance of MSEK 48 included in “Other property revenue” in the comparison quarter for the years 2020–2021, the increase was 13 percent. For comparable units, revenue increased by 7 percent, adjusted for currency effects.

Revenue-based rent amounted to MSEK 421 (378). Occupancy at comparable hotels amounted to around 73 (73) percent during the quarter.

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

The UK and Ireland were particularly strong markets during the quarter.

Individual destinations with particularly good development were Brussels, Cologne, Inverness and Salzburg.

Net operating income amounted to MSEK 920 (866), an increase of 6 percent. For comparable units, net operating income increased by 7 percent, adjusted for currency effects.

Operator Activities

MSEK	Jul-Sep		Jan-Sep		Full-year
	2023	2022	2023	2022	2022
Revenue	844	706	2,249	1,572	2,347
Costs	-694	-578	-1,967	-1,379	-2,111
Gross profit	150	128	282	193	236
Plus: Depreciation included in costs	72	65	211	189	330
Net operating income	222	193	493	382	566

July–September 2023

Revenue from Operator Activities amounted to MSEK 844 (706), an increase of 20 percent. For comparable units, revenue and RevPAR increased by 6 and 8 percent respectively, adjusted for currency effects.

Hotel demand was stable, while average price development remained strong.

Occupancy at comparable hotels amounted to around 70 (71) percent and average price development was good.

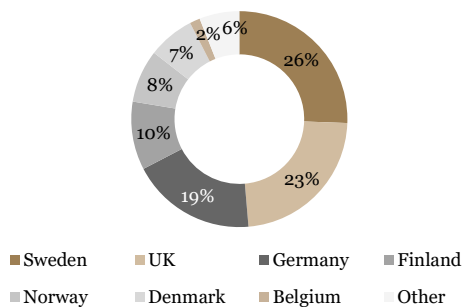
Hotels that performed the best during the quarter were Hotel Mayfair (Copenhagen, Denmark), Hotel Hubert (Brussels, Belgium), Hilton Garden Inn London Heathrow Airport (Heathrow, UK) and Novotel Den Haag (The Hague, Netherlands).

Net operating income amounted to MSEK 222 (193), equivalent to an operating margin of around 26 percent. For comparable units, net operating income increased by 28 percent, adjusted for currency effects.

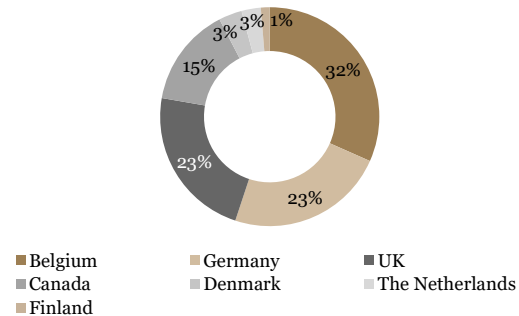
The comparison quarter includes government assistance as a cost reduction, for the years 2020–2021, in the amount of MSEK 37.

July–September 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 96 percent of the hotel properties and are in line with the internal valuations, measured in value. External valuations were performed in the third quarter for around 14 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 9,261 (8,450) 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 71,177 (69,231), of which Investment Properties accounted for MSEK 58,936 (57,563) and Operating Properties for MSEK 12,242 (11,669).

For the first nine months of the year unrealised changes in value of Investment Properties amounted to MSEK -971 net. The increased valuation yield of 0.34 percentage points had a negative impact of MSEK -3,044, while the hotel market's continued good average price development contributed to increased cash flow of MSEK 2,073 through Pandox's revenue-based leases.

Unrealised changes in the value of Operating Properties amounted to MSEK -335 (reported for disclosure purposes only) net. The increased valuation yield of 0.45 percentage points had a negative impact of MSEK -461 and increased cash flows had a positive impact of MSEK 126.

Changes in value Investment Properties

	MSEK
Market value beginning of the year (1 Jan, 2023)	57,563
+ Acquisitions	330
+ Investments	377
+/- Reclassifications	467
+/- Changes in value	-971
+/- Disposals	-228
+/- Change in currency exchange rates	1,398
Market value end of period (30 Sep, 2023)	58,936

Changes in value Operating Properties, reported for information purposes only

	MSEK
Market value beginning of the year (1 Jan, 2023)	11,669
+ Acquisitions	1,242
+ Investments	351
- Divestments	-616
+/- Reclassifications	-467
+/- Changes in value	-330
+/- Change in currency exchange rates	393
Market value end of period (30 Sep, 2023)	12,242

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

Effect on fair value	Change	MSEK
Yield	+/- 0.5%	-4,593/ +5,441
Change in currency exchange rates	+/- 1%	+/- 433
Net operating income	+/- 1%	+/- 550

Acquisitions, reclassifications and divestments

Date	Hotel property	Event
Q3 2023	Acquisition Hilton Belfast	Acquisition Operator Activities
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

Average valuation yield, %
(30 September 2023)



Portfolio overview

At the end of the period Pandox's property portfolio consisted of 159 (157) hotel properties with 35,851 (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 (20 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 September 2023 Investment Properties had a weighted average unexpired lease term (WAULT) of 14.4 years (15.0).

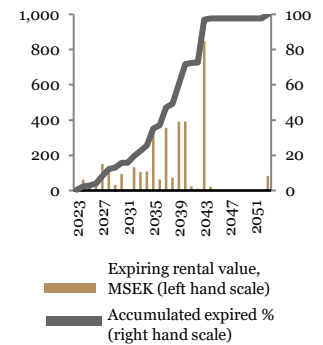
Portfolio overview by segment and geography

Property Management	Number		Market value (MSEK)		
	Hotels	Rooms	Per country	In % of total	Per room
Sweden	42	9,107	15,591	22	1.7
Germany	33	6,871	13,302	19	1.9
UK	20	4,821	11,084	16	2.3
Finland	12	2,742	4,644	7	1.7
Norway	14	2,573	3,376	5	1.3
Denmark	8	1,843	4,006	6	2.2
Austria	2	639	1,609	2	2.5
Belgium	3	765	1,452	2	1.9
Ireland	3	445	1,655	2	3.7
Switzerland	1	206	953	1	4.6
The Netherlands	1	189	1,263	2	6.7
Sum Property Management	139	30,201	58,936	83	2.0
Operator Activities					
Belgium	7	1,968	4,356	6	2.2
Germany	5	1,490	3,947	6	2.6
UK	5	1,221	2,794	4	2.3
Canada	1	595	695	1	1.2
The Netherlands	1	216	422	1	2.0
Finland	1	160	29	0	0.2
Sum Operator Activities	20	5,650	12,242	17	2.2
Sum total	159	35,851	71,177	100	2.0

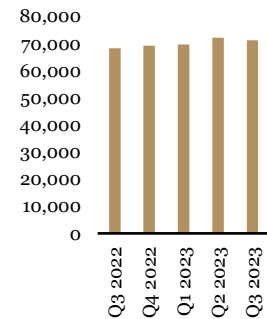
Portfolio overview by brand

Brand	Number		
	Hotels	Rooms	In % of total
Scandic	49	10,853	30
Leonardo**	38	7,957	22
Hilton	10	3,042	8
Radisson Blu	8	2,033	6
Strawberry*	11	1,949	5
NH	7	1,681	5
Dorint	5	1,085	3
Mercure	3	610	2
Elite Hotels	2	493	1
Holiday Inn	2	469	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
Vienna House Easy	1	150	0
Adagio	1	146	0
Independent brands	12	3,166	9
Total	159	35,851	100

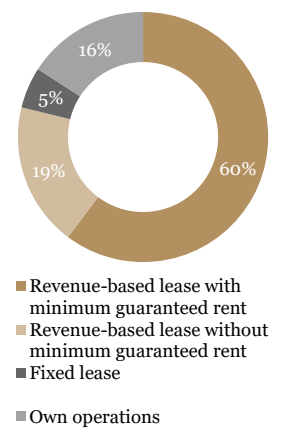
Lease maturity profile (30 September 2023)



Market value properties per quarter, MSEK



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



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

Investments and sustainability

Investments

In the period January–September 2023, investments in property, plant and equipment, excluding acquisitions, amounted to MSEK 728 (625), of which MSEK 377 (306) was for Investment Properties and MSEK 351 (318) for Operating Properties.

At the end of the period, approved investments for ongoing and future projects amounted to around MSEK 1,800, of which around MSEK 350 is for projects that are expected to be completed in the remainder of 2023.

The cost of maintenance in the third quarter of 2023 was MSEK 47 (39).

Examples of larger current and completed projects



Radisson Blu Glasgow
Operator Activities
Extensive renovation
Expected to be completed in 2024
Investment: approx. MGBP 14



Quality Hotel Grand, Borås
Property Management
Extensive renovation
Completed Q2 2023
Investment: approx. MSEK 140

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 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.

During the quarter Pandox decided on an extensive climate transition project for eight hotel properties within Operator Activities for an amount equivalent to MEUR 29. The project will continue for three years and means that Pandox is expected to meet the emission reduction target, that currently is being reviewed by SBTi, for Operator Activities. In addition, the project is expected to generate cost savings of around MEUR 3 per year once completed. The climate transition project consists of phasing out oil and gas, upgrading or replacing obsolete technical systems for energy optimisation, using renewable energy and changing behaviour. In addition, Pandox's green investment program in Operator Activities continues as before. The investment amounts to 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 CO₂ emissions.

Financing

Summary

- As of 30 September 2023, the average repayment period was 2.4 (1.7) years, the average interest rate was 4.2 (3.2) percent and the average fixed interest period was 4.1 (2.7) years
- In 2023 Pandex refinanced debt with a maturity of less than 12 months for a total corresponding amount of around MSEK 13,778, most of which is with international banks, to a five-year maturity
- As of 30 September 2023, 22 percent of credit facilities have a maturity of less than 12 months, compared with 44 percent at the beginning of the year
- As of 30 September 2023, around 76 percent of Pandex's interest-bearing net debt was secured against interest rate movements for periods longer than one year and the average fixed interest on Pandex's interest-rate derivatives was 1.2 (0.5) percent

Financial position and net asset value

At the end of the period the loan-to-value net was 46.8 (46.7) percent. Equity attributable to the Parent Company's shareholders amounted to MSEK 31,523 (30,731). EPRA NRV amounted to MSEK 38,154 (37,694), equivalent to SEK 207.53 (205.03) per share. Cash and cash equivalents plus unutilised credit facilities amounted to MSEK 2,988 (4,489) and there are several unpledged properties with a value of approximately MSEK 3,300 in total. In addition, there are additional unutilised credit facilities that, at any given time, fully cover the issued volume under the Pandex commercial paper programme.

Interest-bearing liabilities

At the end of the period the loan portfolio amounted to MSEK 34,082 (33,964), excluding loan arrangement fees. Unutilised credit facilities, after deduction of commercial paper, amounted to MSEK 2,240 (2,859) and the volume issued under the commercial paper programme amounted to MSEK 656 (699). Commercial paper is only used to optimise Pandex's financial cost via interest rate arbitrage.

Commercial paper aside, all Pandex's debt financing is bank financing only with loans secured by a combination of mortgage collateral and pledged shares. Pandex has a geographically diversified lender base consisting of 14 Nordic and international banks, and AMF Tjänstepension AB.

Per 30 September 2023, the average repayment period was 2.4 (1.7) years and the average interest rate level, including effects from interest-rate derivatives, but excluding accrued arrangement fees, was 4.2 (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 2.8 times.

Short-term credit facilities maturing in less than twelve months amount to MSEK 8,028, of which MSEK 5,168 matures in the second or third quarter 2024.

In 2023, Pandex's refinancing transactions have amounted to a total corresponding amount of around MSEK 13,778, of which the majority with international banks with a five-year tenor.

Maturity structure credit facilities 30 September 2023

Year due (MSEK)	Credit facilities ¹⁾
< 1 year	8,028
1-2 year	5,515
2-3 year	12,982
3-4 year	634
4-5 year	9,162
> 5 year	-
Sum	36,322

¹⁾Excluding contractual amortisation.

Loans by currency 30 September 2023

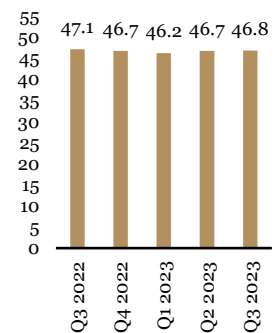
	SEK	DKK	EUR ³⁾	CHF	CAD	NOK	GBP	Total
Sum credit facilities, MSEK ¹⁾	9,250	2,132	16,189	547	-	1,161	7,043	36,322
Sum interest bearing debt, MSEK ¹⁾	6,623	2,132	16,576	547	-	1,161	7,043	34,082
Share of debt in currency, %	19.4	6.3	48.6	1.6	-	3.4	20.7	100
Average interest rate, % ²⁾	4.0	3.9	3.6	4.4	-	5.6	6.3	4.2
Average interest rate period, years	4.8	1.4	4.0	0.2	-	4.8	4.5	4.1
Market value Properties, MSEK ¹⁾	15,591	4,006	32,678	953	695	3,376	13,878	71,177

¹⁾Converted to MSEK

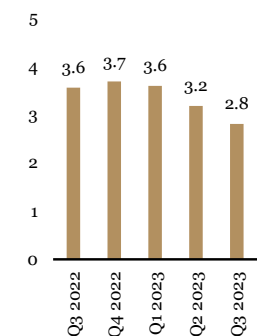
²⁾Average interest rate including margin and derivatives, excluding arrangement fee for loans.

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

Loan to value net, %



Interest rate cover ratio (R12M), times



Financial covenants

On group level, Pandex's financial covenants are loan-to-value and interest cover ratio.

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.

Per 30 September 2023, the gross nominal volume of interest rate derivatives amounted to MSEK 32,751, including forward starting swaps. At the same time, the nominal volume of interest rate derivatives amounted to MSEK 25,201 net. 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 4.1 (2.7) years.

Interest maturity profile 30 September 2023

Tenor (MSEK)	Total interest maturity		Interest maturity derivatives		
	Amount ¹⁾	Share, %	Volume	Share, %	Average interest rate derivatives, %
< 1 year	8,881	26	-	-	-
1-2 year	1,580	5	1,580	6	-0.3
2-3 year	2,291	7	2,291	9	-0.1
3-4 year	2,939	9	2,939	12	0.4
4-5 year	6,664	20	6,664	26	1.5
> 5 year	11,728	34	11,728	47	1.8
Sum	34,082	100	25,201	100	1.2

¹⁾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 2,292 (2,261).

Financial sensitivity analysis 30 September 2023

Effect on earnings before value changes	Change	MSEK
Current fixed interest hedging, change in interest rates, with derivatives	+/- 1%	-/+81
Current fixed interest hedging, change in interest rates, without derivatives	+/- 1%	-/+333
Remeasurement of interest-rate derivatives following shift in yield-curves	+/- 1%	+/- 1,068

Other information

Important events during and after the period

9 October 2023	Pandox signs lease agreement for Hotel Mayfair
12 September 2023	Nomination committee for the AGM 2024
20 July 2023	Pandox acquires Hilton Belfast
14 July 2023	Interim report January-June 2023
3 July 2023	Pandox signs lease agreement with Scandic

To read the full press releases, see 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 1,382 (1,171) full-time employees, based on number of worked hours translated to full-time employees. Of the total number of employees, 1,333 (1,125) 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–September 2023, revenue from Pelican Bay Lucaya amounted to MSEK 0.0 (0.6).

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 geopolitical instability and 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 third quarter 2023 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.

Stockholm, 26 October 2023

Liia Nõu, CEO

Auditor's report

Introduction

We have reviewed the condensed interim financial information (interim report) of Pandox AB (556030-7885) as of 30th September 2023 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, 26 October 2023

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
		2023	2022	2023	2022	2022
Revenues Property Management						
Rental income	2	1,002	886	2,653	2,249	3,052
Other property income		38	81	109	210	255
Revenue Operator Activities	2	844	706	2,249	1,572	2,347
Total revenues		1,884	1,673	5,011	4,031	5,654
Costs Property Management						
Costs Operator Activities	2	-120	-101	-374	-289	-439
Gross profit		1,070	994	2,670	2,363	3,104
- whereof gross profit Property Management	2	920	866	2,388	2,170	2,868
- whereof gross profit Operator Activities	2	150	128	282	193	236
Central administration		-46	-28	-144	-94	-153
Financial income		7	1	26	11	19
Financial expenses		-427	-249	-1,117	-725	-1,022
Financial cost right of use assets		-28	-24	-80	-69	-95
Profit before changes in value		576	694	1,355	1,486	1,853
Changes in value						
Changes in value properties	2	-90	572	-768	1,246	1,180
Changes in value derivatives		43	815	31	2,377	2,318
Profit before tax		529	2,081	618	5,109	5,351
Current tax		-95	-48	-238	-140	-164
Deferred tax		26	-346	165	-866	-983
Profit for the period		460	1,687	545	4,103	4,204
This year's revaluation of tangible non-current assets		1	-	39	-	-
<i>Items that may be classified to profit or loss, net after tax</i>						
Net investment hedge of foreign operations		152	-142	-148	-340	-439
Translation differences of foreign operations		-736	483	842	1,355	1,762
Other comprehensive income for the period¹⁾		-583	341	733	1,015	1,323
Total comprehensive income for the period		-123	2,028	1,278	5,118	5,527
Profit for the period attributable to the shareholders of the parent company		456	1,684	527	4,096	4,217
Profit for the period attributable to non-controlling interests		3	3	18	7	-13
Total comprehensive income for the period attributable to the shareholders of the parent company		-120	2,020	1,252	5,097	5,522
Total comprehensive income for the period attributable to non-controlling interests		-3	8	26	21	5
Earnings per share, before and after dilution, SEK		2.48	9.16	2.87	22.28	22.94

¹⁾In Other comprehensive income for the period of MSEK 733 is included tax of MSEK 151, of which MSEK 77 is current tax.

Condensed consolidated statement of financial position

MSEK	30 Sep		31 Dec
	2023	2022	2022
ASSETS			
Operating Properties	8,654	8,551	7,306
Equipment and interiors	620	579	683
Investment Properties	58,936	55,582	57,563
Right-of-use assets	2,975	3,383	3,218
Deferred tax assets	335	239	305
Derivatives ¹⁾	2,522	2,448	2,374
Other non-current receivables	78	96	88
Total non-current assets	74,120	70,878	71,537
Current assets			
Inventories	16	15	17
Current tax assets	182	58	147
Trade account receivables	537	683	600
Prepaid expenses and accrued income	565	434	587
Other current receivables	154	273	225
Cash and cash equivalents	749	2,463	1,630
Assets held for sale	-	501	474
Total current assets	2,203	4,427	3,680
Total assets	76,323	75,305	75,217
EQUITY AND LIABILITIES			
Equity			
Share capital	460	460	460
Other paid-in capital	7,525	7,525	7,525
Reserves	2,043	1,014	1,318
Retained earnings, including profit for the period	21,495	21,309	21,428
Equity attributable to the owners of the Parent Company	31,523	30,308	30,731
Non-controlling interests	228	232	202
Sum equity	31,751	30,540	30,933
LIABILITIES			
Non-current liabilities			
Non-current interest-bearing liabilities ²⁾	26,084	22,206	17,888
Other non-current liabilities	2	3	3
Long-term lease liability	2,952	3,356	3,192
Derivatives ¹⁾	231	129	114
Provisions	41	41	37
Deferred tax liability	5,470	5,287	5,538
Total non-current liabilities	34,780	31,022	26,772
Current liabilities			
Provisions	32	39	40
Current interest-bearing liabilities ²⁾	7,807	12,272	15,983
Short-term lease liability	31	31	31
Tax liabilities	490	246	328
Trade accounts payable	353	279	314
Other current liabilities	250	219	173
Accrued expenses and prepaid income	829	657	643
Total current liabilities	9,792	13,743	17,512
Total liabilities	44,572	44,765	44,284
Total equity and liabilities	76,323	75,305	75,217

¹⁾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.

²⁾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 ¹⁾	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	—	—	—	—	527	527	18	545
Other comprehensive income	—	—	686	39	—	725	8	733
Dividend	—	—	—	—	-460	-460	—	-460
Closing balance equity 30 Sep, 2023	460	7,525	1,817	226	21,495	31,523	228	31,751

¹⁾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
	2023	2022	2023	2022	2022
OPERATING ACTIVITIES					
Profit before tax	529	2,081	618	5,109	5,351
Reversal of depreciation	72	67	214	192	334
Changes in value, properties	90	-573	768	-1,247	-1,180
Changes in value, derivatives	-44	-815	-31	-2,377	-2,319
Other items not included in the cash flow	111	83	-63	95	145
Taxes paid	-71	-8	-116	-53	-86
Cash flow from operating activities before changes in working capital	687	835	1,390	1,719	2,245
Increase/decrease in operating assets	-138	1	223	3	-14
Increase/decrease in operating liabilities	-47	79	119	165	146
Change in working capital	-185	80	342	168	132
Cash flow from operating activities	502	915	1,732	1,887	2,377
INVESTING ACTIVITIES					
Investments in properties and fixed assets	-246	-208	-728	-625	-863
Divestment of hotel properties, net effect on liquidity	-	18	897	123	124
Acquisitions of hotel properties, net effect on liquidity	-510	-878	-1,464	-878	-901
Acquisitions of financial assets	14	9	12	-6	3
Cash flow from investing activities	-742	-1,059	-1,283	-1,386	-1,637
FINANCING ACTIVITIES					
New loans	1,895	5,880	11,340	10,966	12,811
Amortisation of debt	-1,849	-5,172	-12,352	-10,682	-13,601
Guaranteed minority dividend	-	-	-	-	-16
Paid dividends	-	-	-460	-	-
Cash flow from financing	46	708	-1,472	284	-806
Cash flow for the period	-194	564	-1,023	785	-66
Cash and cash equivalents at beginning of period	1,008	1,873	1,630	1,593	1,593
Exchange differences in cash and cash equivalents	-65	26	142	85	104
Liquid funds end of period	749	2,463	749	2,463	1,630
Information regarding interest payments					
Interest received amounted to	9	4	26	7	19
Interest paid amounted to	-350	-217	-966	-630	-893
Financial cost right of use assets	-28	-24	-80	-69	-95
Information regarding cash and cash equivalents end of period	749	2,463	749	2,463	1,630
Cash and cash equivalents consists of bank deposits.					

Condensed income statement for the parent company

MSEK	Jul-Sep		Jan-Sep		Full-year
	2023	2022	2023	2022	2022
Total revenues	36	37	88	105	79
Administration cost	-57	-39	-178	-111	-130
Operating profit	-21	-2	-90	-6	-51
Profit from participations in Group companies	-	1,848	122	1,848	1,840
Other interest income and similar profit/loss items	66	35	1,163	175	338
Derivatives, unrealised	78	2	-27	176	184
Profit after financial items	123	1,883	1,168	2,193	2,311
Year-end appropriations	-	-	-	-	24
Profit before tax	123	1,883	1,168	2,193	2,335
Current tax	-123	10	-216	0	-17
Deferred tax	-23	-8	-6	-54	-49
Profit for the period	-23	1,885	946	2,139	2,269
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-23	1,885	946	2,139	2,269

Condensed balance sheet for the parent company

Figures in MSEK	30 Sep 2023	30 Sep 2022	31 Dec 2022
ASSETS			
Non-current assets	21,703	20,238	19,037
Current assets	2,203	4,085	3,794
Total assets	23,906	24,323	22,831
EQUITY AND LIABILITIES			
Equity	12,246	11,630	11,760
Provisions	78	79	73
Non-current liabilities	6,535	5,464	7,463
Current liabilities	5,047	7,150	3,535
Total equity and liabilities	23,906	24,323	22,831

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 third quarter and first nine months 2023 revenue-based rent in Property Management amounted to MSEK 421 (378) and MSEK 950 (734) respectively.

MSEK	Q3 2023 (Jul-Sep 2023)				Q3 2022 (Jul-Sep 2022)			
	Property Management	Operator Activities	Group and non-allocated items	Total	Property Management	Operator Activities	Group and non-allocated items	Total
Revenues Property Management								
Rental and other property income	1,040	—	—	1,040	967	—	—	967
Revenue Operator Activities	—	844	—	844	—	706	—	706
Total revenues	1,040	844	—	1,884	967	706	—	1,673
Costs Property Management	-120	—	—	-120	-101	—	—	-101
Costs Operator Activities	—	-694	—	-694	—	-578	—	-578
Gross profit	920	150	—	1,070	866	128	—	994
Central administration	—	—	-46	-46	—	—	-28	-28
Financial income	—	—	7	7	—	—	1	1
Financial expenses	—	—	-427	-427	—	—	-249	-249
Financial cost right of use assets	—	—	-28	-28	—	—	-24	-24
Profit before value changes	920	150	-494	576	866	128	-300	694
Changes in value								
Changes in value properties	-92	2	—	-90	572	—	—	572
Changes in value derivatives	—	—	43	43	—	—	815	815
Profit before tax	828	152	-451	529	1,438	128	515	2,081
Current tax	—	—	-95	-95	—	—	-48	-48
Deferred tax	—	—	26	26	—	—	-346	-346
Profit for the period	828	152	-520	460	1,438	128	121	1,687

Q3 2023 (Jul-Sep 2023)									
	Sweden	Denmark	Norway	Finland	Germany	Belgium	UK+IE	Others	Total
Total revenues									
- Property Management	265	72	82	106	194	16	239	62	1,036
- Operator Activities	—	29	—	11	198	267	191	148	845
Market value properties	15,591	4,006	3,376	4,673	17,249	5,808	15,533	4,941	71,177
Investments in properties	32	9	11	1	44	49	90	11	246
Acquisitions of properties	—	—	—	—	—	—	535	—	535
Changes in value properties	-82	-16	-19	5	-19	-2	43	—	-90
Book value Operating Properties	—	—	—	32	2,099	3,148	2,945	1,037	9,261
Total non-current assets at book value, less deferred tax assets	18,690	4,020	3,379	5,454	16,087	4,866	16,362	4,926	73,784

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	—	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
Changes in value properties	99	93	91	41	15	1	241	-9	572
Book value Operating Properties	—	373	—	29	2,902	3,297	1,481	1,534	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

MSEK	Q1-3 2023 (Jan-Sep 2023, year to date)				Q1-3 2022 (Jan-Sep 2022)			
	Property Management	Operator Activities	Group and non-allocated items	Total	Property Management	Operator Activities	Group and non-allocated items	Total
Revenues Property Management								
Rental and other property income	2,762	—	—	2,762	2,459	—	—	2,459
Revenue Operator Activities	—	2,249	—	2,249	—	1,572	—	1,572
Total revenues	2,762	2,249	—	5,011	2,459	1,572	—	4,031
Costs Property Management								
Costs Property Management	-374	—	—	-374	-289	—	—	-289
Costs Operator Activities	—	-1,967	—	-1,967	—	-1,379	—	-1,379
Gross profit	2,388	282	—	2,670	2,170	193	—	2,363
Central administration	—	—	-144	-144	—	—	-94	-94
Financial income	—	—	26	26	—	—	11	11
Financial expenses	—	—	-1,117	-1,117	—	—	-725	-725
Financial cost right of use assets	—	—	-80	-80	—	—	-69	-69
Profit before value changes	2,388	282	-1,315	1,355	2,170	193	-877	1,486
Changes in value								
Changes in value properties	-903	135	—	-768	1,246	—	—	1,246
Changes in value derivatives	—	—	31	31	—	—	2,377	2,377
Profit before tax	1,485	417	-1,284	618	3,416	193	1,500	5,109
Current tax	—	—	-238	-238	—	—	-140	-140
Deferred tax	—	—	165	165	—	—	-866	-866
Profit for the period	1,485	417	-1,357	545	3,416	193	494	4,103

Q1-Q3 2023 (Jan-Sep)									
	Sweden	Denmark	Norway	Finland	Germany	Belgium	UK+IE	Others	Total
Total revenues									
- Property Management	716	174	191	254	592	49	611	172	2,759
- Operator Activities	—	67	—	31	508	844	429	369	2,249
Market value properties	15,591	4,006	3,376	4,673	17,249	5,808	15,533	4,941	71,177
Investments in properties	108	39	22	14	142	160	222	22	728
Acquisitions of properties	326	—	—	—	—	4	1,242	—	1,572
Changes in value properties	-280	-145	-96	-24	-62	9	-282	112	-768
Book value Operating Properties	—	—	—	32	2,099	3,148	2,945	1,037	9,261
Total non-current assets at book value, less deferred tax assets	18,690	4,020	3,379	5,454	16,087	4,866	16,362	4,926	73,784

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
Changes in value properties	451	84	136	195	-5	-3	398	-10	1,246
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

Note 3. Tax

Deferred tax

At the end of the period, deferred tax assets amounted to MSEK 335 (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 5,470 (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-September

	Average rate			Rate at end-of-period		
	2023	2022	Change %	2023	2022	Change %
Euro (EUR)	11.476	10.529	9%	11.492	10.918	5%
British pound (GBP)	13.184	12.431	6%	13.275	12.407	7%
Danish krone (DKK)	1.541	1.415	9%	1.541	1.468	5%
Norwegian krone (NOK)	1.012	1.052	-4%	1.020	1.043	-2%
Canadian dollar (CAD)	7.872	7.728	2%	8.059	8.128	-1%
Swiss franc (CHF)	11.748	10.417	13%	11.912	11.379	5%

Reconciliation alternative performance measurements

Per share, SEK ¹⁾	Jul-Sep		Jan-Sep		Full-year
	2023	2022	2023	2022	2022
Total comprehensive income per share, SEK					
shareholders of the parent company, MSEK	-120	2,020	1,252	5,097	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
Total comprehensive income per share, SEK	-0.65	10.99	6.81	27.72	30.04
Cash earnings per share, SEK					
Cash earnings attr.to the shareholders of the parent company, MSEK	558	717	1,327	1,542	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
Cash earnings per share, SEK	3.04	3.90	7.22	8.39	11.18
Net asset value (EPRA NRV) per share, SEK					
EPRA NRV (net asset value), MSEK	-	-	38,154	36,813	37,694
Number of shares at the end of the period	-	-	183,849,999	183,849,999	183,849,999
Net asset value (EPRA NRV) per share, SEK	-	-	207.53	200.23	205.03
Dividend per share, SEK					
Dividend, MSEK	-	-	-	-	460
Number of shares at dividend	-	-	183,849,999	183,849,999	183,849,999
Dividend per share, SEK³⁾	-	-	-	-	2.50
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
PROPERTY RELATED KEY FIGURES					
Number of hotels, end of period ²⁾	-	-	159	157	157
Number of rooms, end of period ²⁾	-	-	35,851	35,490	35,490
WAULT, years	-	-	14.4	15.2	15.0
Market value properties, MSEK	-	-	71,177	68,257	69,231
Market value Investment Properties, MSEK	-	-	58,936	55,582	57,563
Market value Operating Properties, MSEK	-	-	12,242	12,675	11,669
RevPAR (Operator Activities) for comparable units at comparable exchange rates, SEK	1,137	1,057	1,022	783	839

¹⁾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.

²⁾Pandox's owned hotel properties.

³⁾For 2022 actual dividend is indicated.

Reconciliation alternative performance measurements

MSEK	Jul-Sep		Jan-Sep		Full-year
	2023	2022	2023	2022	2022
Net interest-bearing debt					
Non-current interest-bearing liabilities	-	-	26,084	22,206	17,888
Current interest-bearing liabilities	-	-	7,807	12,272	15,983
Arrangement fee for loans	-	-	191	104	93
Cash and cash equivalents	-	-	-749	-2,463	-1,630
Net interest-bearing debt	-	-	33,333	32,119	32,334
Loan to value net, %	-	-	-	-	-
Net interest-bearing debt	-	-	33,333	32,119	32,334
Market value properties	-	-	71,177	68,257	69,231
Loan to value, %	-	-	46.8	47.1	46.7
Interest cover ratio, times	-	-	-	-	-
EBITDA	1,102	1,037	2,754	2,476	3,304
Less: Financial costs for right-of-use-assets	-28	-24	-80	-69	-95
Net interest costs	377	213	988	615	873
Interest cover ratio, times	2.8	4.8	2.7	3.9	3.7
Average interest on debt end of period, %	-	-	-	-	-
Average interest expenses	-	-	1,423	965	1,087
Non-current interest-bearing liabilities	-	-	26,084	22,206	17,888
Arrangement fee for loans	-	-	191	104	93
Current interest-bearing liabilities	-	-	7,807	12,272	15,983
Average interest on debt end of period, %	-	-	4.2	2.8	3.2
Investments, incl. parent company excl. acquisitions	246	208	728	625	863
Net operating income, Property Management					
Rental income	1,002	886	2,653	2,249	3,052
Other property income	38	81	109	210	255
Costs, excl. property administration	-69	-65	-215	-182	-245
Net operating income, before property administration	971	902	2,547	2,277	3,062
Property administration	-51	-36	-159	-107	-194
Net operating income, Property Management	920	866	2,388	2,170	2,868
Net operating income, Operator Activities					
Revenue	844	706	2,249	1,572	2,347
Costs	-694	-578	-1,967	-1,379	-2,111
Gross profit	150	128	282	193	236
Plus: Depreciation included in costs	72	65	211	189	330
Net operating income, Operator Activities	222	193	493	382	566
EBITDA					
Gross profit from respective operating segment	1,070	994	2,670	2,363	3,104
Plus: Depreciation included in costs Operator Activities	72	65	211	189	330
Plus: Depreciation included in Central administration	6	6	17	17	23
Less: Central administration	-46	-28	-144	-93	-153
EBITDA	1,102	1,037	2,754	2,476	3,304
Cash earnings					
EBITDA	1,102	1,037	2,754	2,476	3,304
Plus: Financial income	7	1	26	11	19
Less: Financial expense	-427	-249	-1,117	-725	-1,022
Less: Financial costs for right-of-use-assets	-28	-24	-80	-69	-95
Plus/Less: Translation effect on bank deposits	2	3	-	-4	1
Less: Current tax	-95	-48	-238	-140	-164
Profit for the period attributable to non-controlling interests	-3	-3	-18	-7	13
Cash earnings	558	717	1,327	1,542	2,056
EPRA NRV					
Equity attr. to the shareholders of the parent company	-	-	31,523	30,308	30,731
Plus: Revaluation of Operating Properties	-	-	2,980	3,059	3,220
Minus: Fair value of financial derivatives	-	-	-2,291	-2,319	-2,260
Plus: Deferred tax assets related to derivatives	-	-	472	478	466
Plus: Deferred tax liabilities	-	-	5,470	5,287	5,538
EPRA NRV	-	-	38,154	36,813	37,694
Growth in EPRA NRV, annual rate, %					
EPRA NRV attr. to the shareholders of the parent company, OB	-	-	36,813	31,529	31,905
EPRA NRV attr. to the shareholders of the parent company, CB	-	-	38,154	36,813	37,694
Dividend added back, current year	-	-	460	-	-
Growth in EPRA NRV, annual rate, %	-	-	4.9	16.8	18.1

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 2023		30 Sep 2022		31 Dec 2022	
	MSEK	SEK/share ¹⁾	MSEK	SEK/share ¹⁾	MSEK	SEK/share ¹⁾
Equity attr. to the shareholders of the parent company	31,523	171.46	30,308	164.85	30,731	167.15
Plus: Revaluation of Operating Properties	2,980	16.21	3,059	16.64	3,220	17.51
Less: Fair value of financial derivatives	-2,291	-12.46	-2,319	-12.61	-2,260	-12.29
Plus: Deferred tax assets related to derivatives	472	2.57	478	2.60	466	2.53
Plus: Deferred tax liabilities	5,470	29.75	5,287	28.76	5,538	30.12
Net asset value, EPRA NRV	38,154	207.53	36,813	200.24	37,694	205.03
Less:	—	—	—	—	—	—
Net asset value, EPRA NTA	38,154	207.53	36,813	200.23	37,694	205.03
Less: derivatives and deferred tax	-3,651	-19.86	-3,446	-18.74	-3,744	-20.36
Net asset value, EPRA NDV	34,503	187.67	33,367	181.49	33,951	184.67

¹⁾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 Sep 2023			30 Sep 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	26,084	—	26,084	22,206	—	22,206	17,888	—	17,888
Current interest-bearing liabilities	7,807	—	7,807	12,272	—	12,272	15,983	—	15,983
Arrangement fee for loans	191	—	191	104	—	104	93	—	93
Net operating assets and operating liabilities	—	252	252	—	—	—	—	—	—
Exclude: Cash and cash equivalents	-749	—	-749	-2,463	—	-2,463	-1,630	—	-1,630
Net debt	33,333	252	33,585	32,119	—	32,119	32,334	—	32,334
Market value properties	71,177	—	71,177	68,257	—	68,257	69,231	—	69,231
Net operating assets and operating liabilities	—	—	—	—	231	231	—	117	117
Total properties and other applicable assets	71,177	—	71,177	68,257	231	68,488	69,231	117	69,348
Loan to value, %	46.8%		47.2%	47.1%		46.9%	46.7%		46.6%

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	2023	2023	2023	2022	2022	2022	2022	2021
Revenues Property Management								
Rental income	1,002	908	743	803	886	761	602	606
Other property income	38	34	37	45	81	97	32	42
Revenue Operator Activities	844	832	573	775	706	624	242	326
Total revenues	1,884	1,774	1,353	1,623	1,673	1,482	876	974
Costs Property Management								
Costs Property Management	-120	-136	-118	-150	-101	-97	-91	-106
Costs Operator Activities	-694	-685	-588	-732	-578	-449	-352	-373
Gross profit	1,070	953	647	741	994	936	433	495
Central administration								
Financial net	-46	-53	-45	-59	-28	-34	-32	-52
Financial cost right of use assets	-420	-361	-310	-289	-248	-236	-230	-227
Financial cost right of use assets	-28	-26	-26	-26	-24	-22	-23	-21
Profit before value changes	576	513	266	367	694	644	148	195
Changes in value								
Changes in value properties	-90	-466	-212	-66	572	395	279	81
Changes in value derivatives	43	332	-344	-59	815	632	930	187
Profit before tax	529	379	-290	242	2,081	1,671	1,357	463
Current tax								
Current tax	-95	-78	-65	-24	-48	-59	-33	-78
Deferred tax	26	-13	152	-117	-346	-240	-280	-127
Profit for the period	460	288	-203	101	1,687	1,372	1,044	258
Other comprehensive income								
Other comprehensive income	-583	1,146	170	308	341	455	219	238
Total comprehensive income for the period	-123	1,434	-33	409	2,028	1,827	1,263	496

Condensed consolidated statement of financial position

MSEK	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022	31 Dec 2021
ASSETS								
Properties incl equipment and interiors	68,210	68,927	66,550	65,552	64,712	62,832	61,120	60,246
Right-of-use assets	2,975	3,345	3,250	3,218	3,383	3,222	3,155	3,039
Other non-current receivables	2,600	2,708	2,274	2,462	2,544	1,711	1,017	289
Deferred tax assets	335	269	268	305	239	262	55	249
Current assets	1,454	1,333	1,287	2,050	1,964	1,434	1,398	1,385
Cash and cash equivalents	749	1,008	2,004	1,630	2,463	1,873	1,477	1,593
Total assets	76,323	77,590	75,633	75,217	75,305	71,334	68,222	66,801
EQUITY AND LIABILITIES								
Equity	31,751	31,874	30,900	30,933	30,540	28,512	26,685	25,422
Deferred tax liability	5,470	5,476	5,359	5,538	5,287	4,918	4,415	4,281
Interest-bearing liabilities	33,891	34,526	34,054	33,871	34,478	33,242	32,710	32,623
Leasing liabilities	2,983	3,352	3,256	3,223	3,387	3,226	3,158	3,042
Non interest-bearing liabilities	2,228	2,362	2,064	1,652	1,613	1,436	1,254	1,433
Total equity and liabilities	76,323	77,590	75,633	75,217	75,305	71,334	68,222	66,801

Key ratios

	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec
MSEK	2023	2023	2023	2022	2022	2022	2022	2021
NOI, Property Management	920	806	662	698	866	761	543	542
NOI, Operator Activities	222	219	52	184	193	238	-49	26
EBITDA	1,102	977	675	829	1,037	970	467	521
Interest coverage ratio, times	2.8	2.9	2.3	3.1	4.8	4.7	2.2	2.5
Earnings per share before and after dilution, SEK	2.48	1.56	-1.17	0.66	9.16	7.45	5.67	1.41
Cash earnings	558	510	259	515	717	645	178	196
Cash earnings per share before and after dilution, SEK	3.04	2.77	1.41	2.80	3.90	3.51	0.97	1.07
RevPAR growth (Operator Activities) for comparable units and constant currency, %	8	26	112	113	140	370	232	319
	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022	31 Dec 2021
Net interest-bearing debt	33,333	33,718	32,188	32,334	32,119	31,472	31,345	31,159
Loan to value, %	46.8	46.7	46.2	46.7	47.1	47.8	49.1	49.8
Market value properties	71,177	72,164	69,695	69,231	68,257	65,804	63,808	62,596
EPRA NRV per share, SEK	207.53	209.86	204.93	205.03	202.96	190.37	178.31	173.54
WAULT (Property Management), yrs	14.4	14.6	14.7	15.0	15.2	15.4	13.8	14.0

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



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

