

Q4 2022 presentation

Strong cash flow and reinstated dividend

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9 February 2023



Quarter in brief

Continued earnings improvement

- Demand trends intact
 - Stable demand
 - Restored seasonality
- Strong cash earnings growth
 - Confirms the power of Pandox's business model
- Solid financial position
 - Loan-to-value of 46.7 percent
 - Financing through banks only
- Dividend of SEK 2.50 per share proposed



Strategic position

A well-diversified portfolio

Pandox Group

157*
Hotel properties

35,490
Rooms

SEK **69.2**_{bn}
Property market value

Property Management

137
Leased properties

29,717
Rooms

83%
Property market value

Operator Activities

20
Operated properties

5,773
Rooms

17%
Property market value

*156 after divestment of InterContinental Montreal 1 February 2023, of which 137 leased and 19 operated

Strategic position

A strong network of partners and brands



Pandox cooperates with more than 30 business partners and brands

Quarter in brief

Strong underlying growth

+18%

Return on equity ¹⁾

R12M

+44%

LFL growth in NOI
total ²⁾

Oct-Dec 2022

+22%

LFL growth in NOI
Property management ³⁾

Oct-Dec 2022

46.7%

Loan-to-value, net

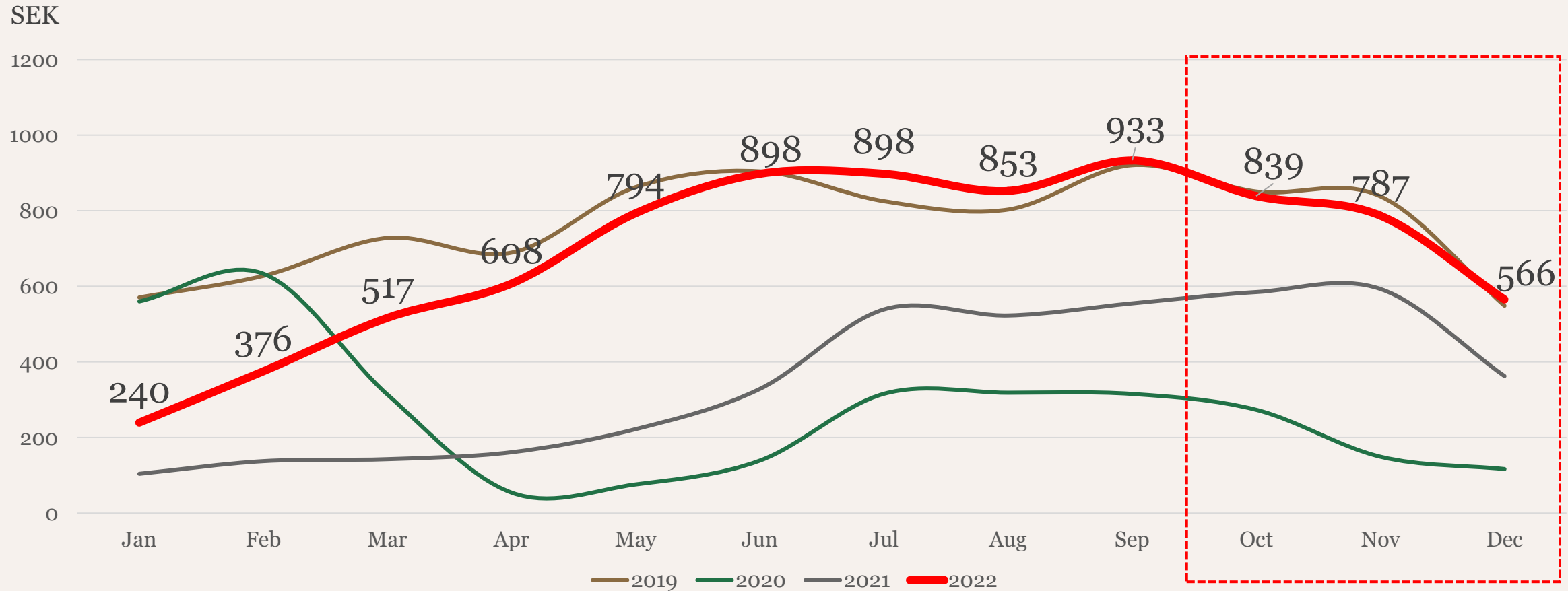
Per 31 December 2022

¹⁾ Measured as growth in EPRA NRV, including dividend and excluding proceeds from directed share issue, at annual rate.

²⁾ NOI Property Management, plus gross profit plus depreciation Operating Activities. For comparable units adjusted for currency effects.

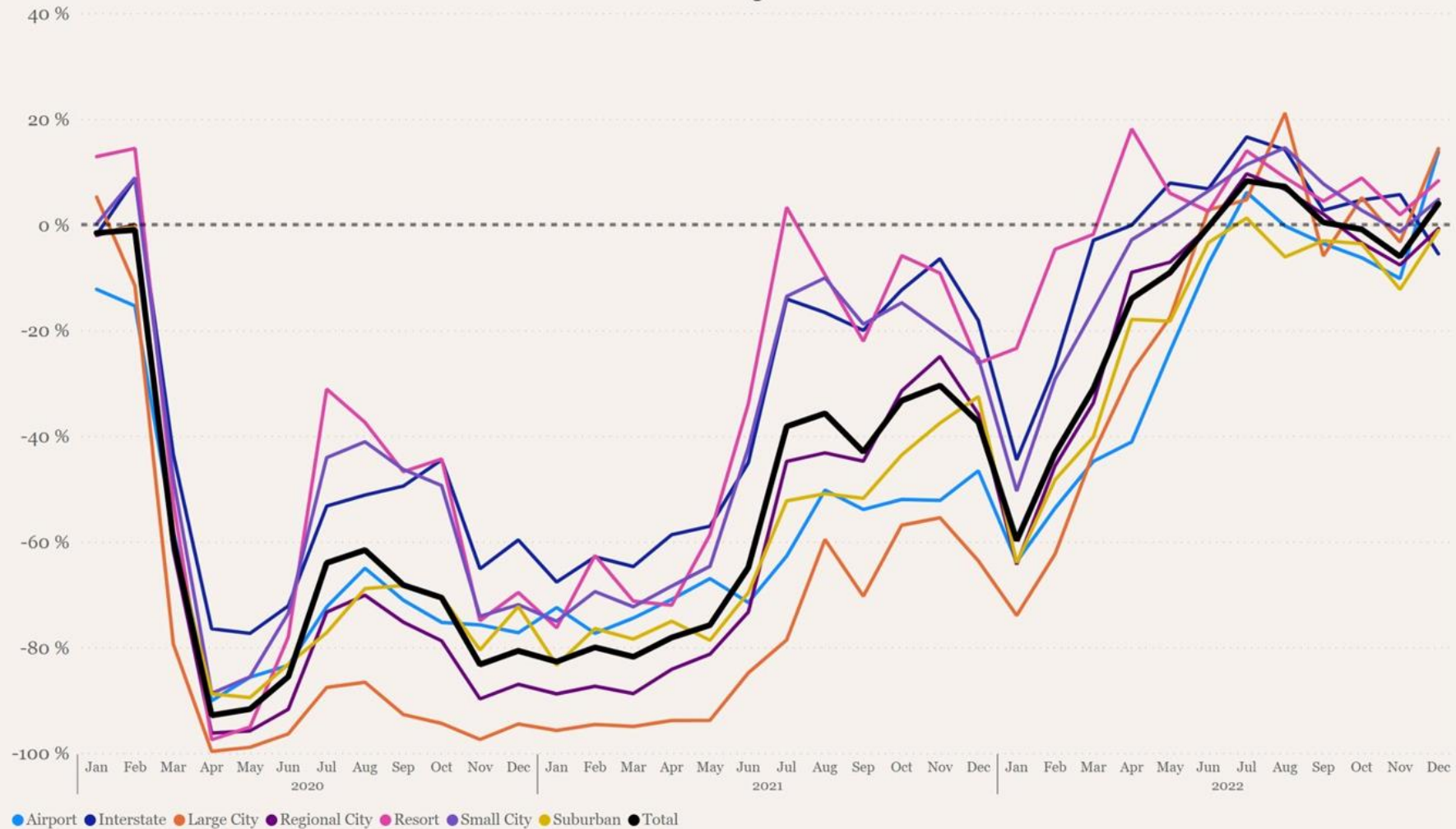
³⁾ For comparable units adjusted for currency effects.

RevPAR has fully recovered (seasonality is back)

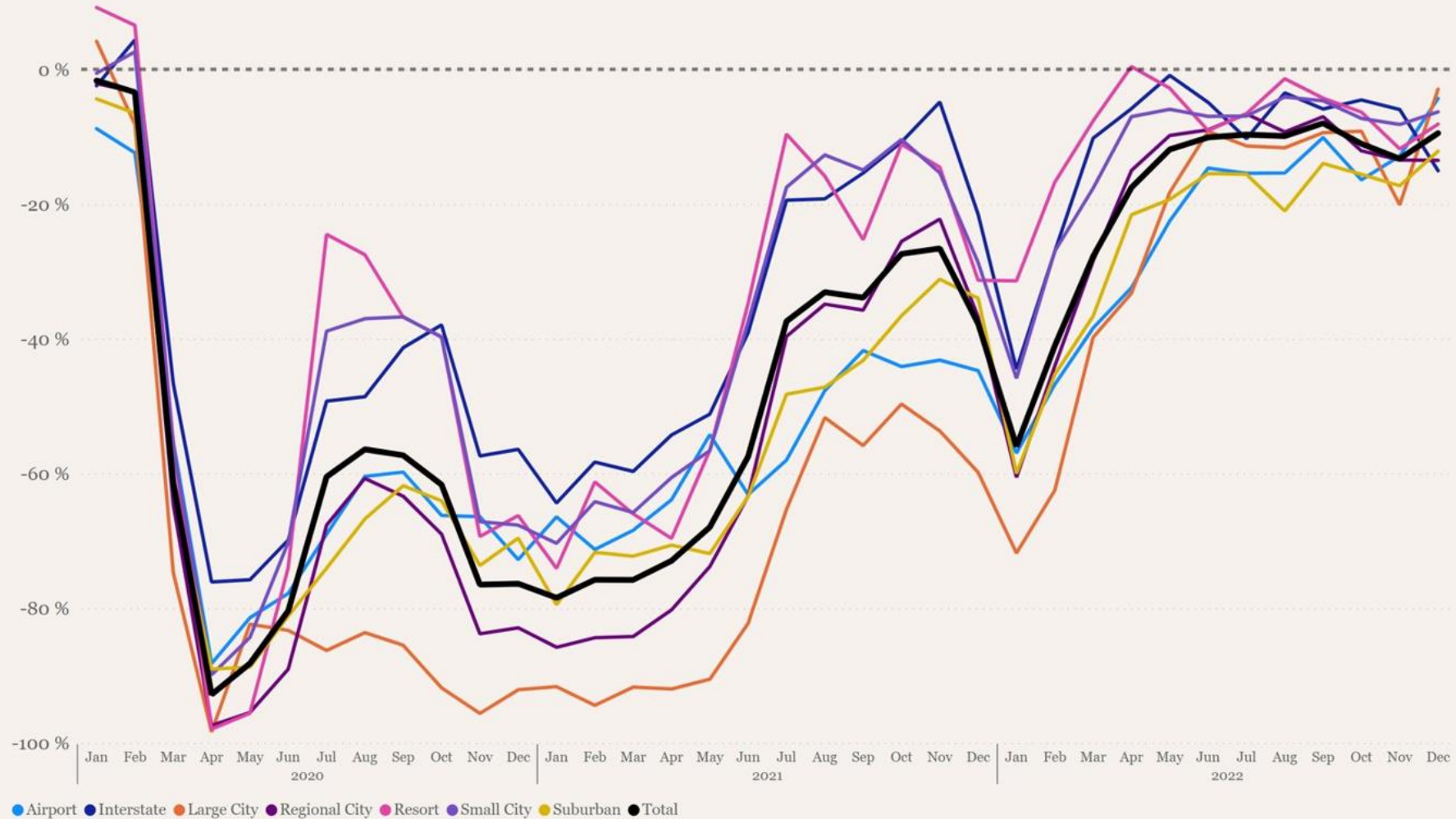


Pandox total portfolio

RevPAR per segment indexed vs. 2019



Occupancy by segment indexed vs. 2019



Recent example

Value-creating investment (and rebranding)

Leonardo Royal Hotel Birmingham



Strong cash earnings growth

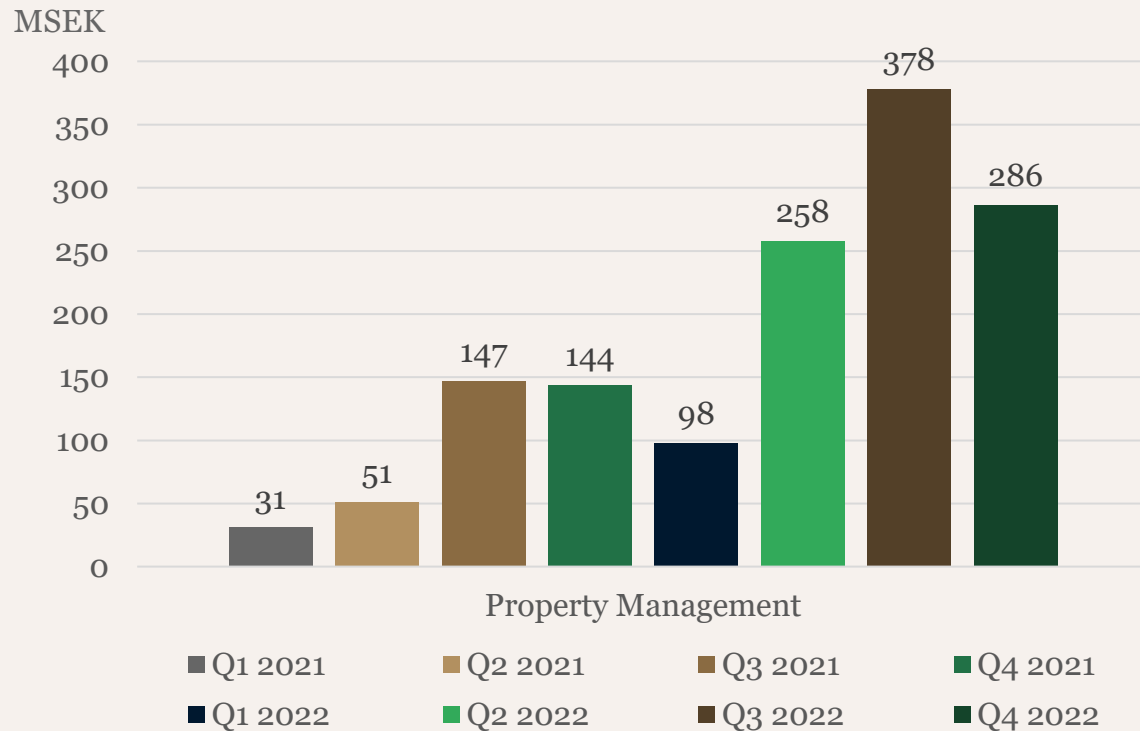
- Continued earnings improvement
- Normal seasonality
- Cash earnings of MSEK 515 (196)
- The board of directors proposes a dividend of SEK 2.50 per share, totalling MSEK 460

Revenue and result (MSEK)	22Q4	21Q4	YoY	LFL ¹⁾
Pandox Group revenue	1,623	974	67%	54%
Pandox Group NOI	882	568	55%	44%
Property Management revenue	848	648	31%	25%
Property Management NOI	698	542	29%	22%
Operator Activities revenue	775	326	138%	109%
Operator Activities NOI	184	26	608%	668%
EBITDA	829	521	59%	-
Profit before value changes	367	195	88%	-
Cash earnings	515	196	163%	-

1) For comparable units adjusted for currency effects.

Growing number of leases in variable territory

Variable revenue in Property Management



Number of leases with minimum contractual rent generating variable revenue



Property portfolio

Stable values q/q despite higher yields

Change in value Investment Properties	MSEK
Investment Properties, opening balance (1 Jan, 2022)	52,215
+ Acquisitions	365
+ Investments in current portfolio	432
- Divestments	-126
+/- Reclassifications	878
+/- Unrealised changes in value	1,185
+/- Realised changes in value	-5
+/- Change in currency exchange rates	2,619
Investment Properties, closing balance (31 Dec, 2022)	57,563

Change in value Operating Properties (for information purposes only)	MSEK
Operating Properties, market value (1 Jan, 2022)	10,380
+ Acquisitions	537
+ Investments in current portfolio	430
+/- Reclassifications	-878
+/- Unrealised changes in value	331
+/- Change in currency exchange rates	869
Operating Properties, market value (31 Dec, 2022)	11,669

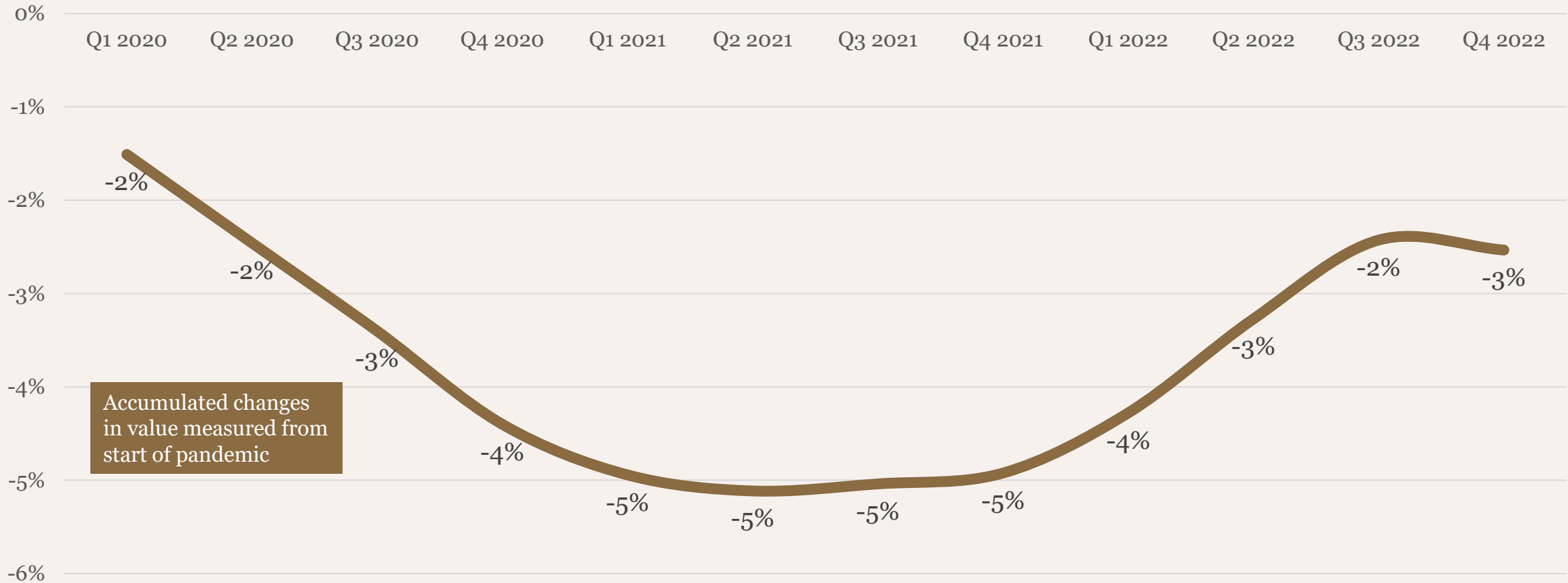
+2.3%

+3.2%

+2.4%

- Pandox performs internal valuation of its hotel properties each quarter and Investment Properties are recognised at fair value. The value of Operating Properties is reported for information purposes only and is included in EPRA NRV calculations.
- The property values are based on Pandox's internal valuation. External valuation of the properties is also conducted for comparative purposes.
- Approximately 96 percent of the properties externally valued in the past 12 months, based on value
- Total unrealised and realised changes in value of MSEK 1,511
- Total property value of MSEK 69,232 (62,596) end-of-period
- Average valuation yield Investment Properties 5.58 (5.44) percent and Operating Properties 6.50 (6.37) percent end-of-period
- Reclassification of Hotel Pomander (Germany) and NH Brussels Louise (Belgium) to Property Management during the quarter
- Divestment of InterContinental Montreal, Canada, completed 1 February 2023

Recovery in property values after Covid-19



Strong cash flow supports property values

> Full-year 2022

- Yield (+0.17%) SEK -1.3bn
- Cash flow SEK +2.8bn

> Q4 2022

- Yield (+0.11%) SEK -1.2bn
- Cash flow SEK +1.1bn

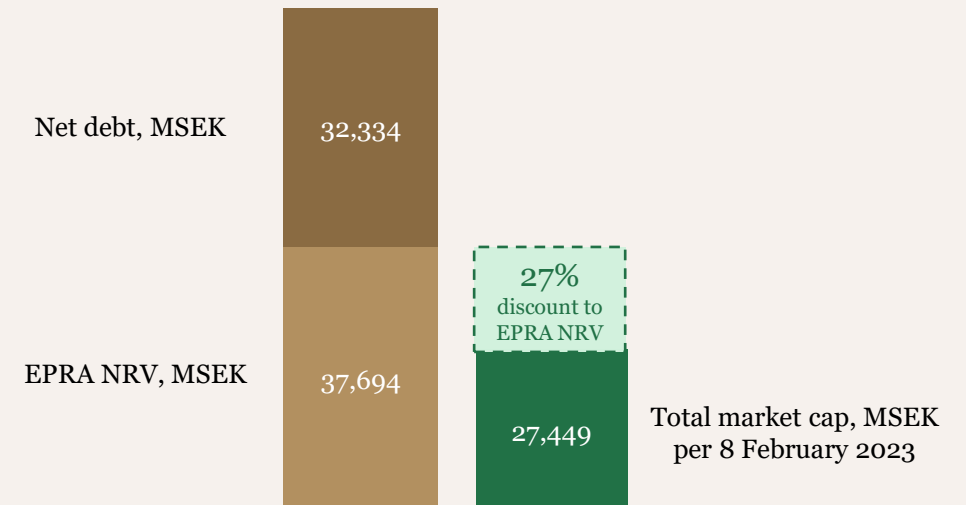
	22Q1	22Q2	22Q3	22Q4
Unrealised changes in value, MSEK	409	639	536	-68
Yield	5.57%	5.58%	5.63%	5.74%
Externally valued ¹⁾ , per quarter	19%	14%	13%	50%
Externally valued ¹⁾ , R12M	98%	98%	97%	96%

¹⁾ In percent of portfolio market value

Well-proven financing strategy

- Well-proven financing strategy built on long-term relationships with banks and shareholders
- Equity and mortgage-backed bank loans are Pandox's sources of financing
- No market financing in the form of bonds/hybrids and no external rating requirements
- Given Pandox's business model, mortgage-backed bank loans are the most effective and predictable source of financing

Capital structure, per 31 December 2022



Refinancings in progress

- MSEK 16,213 of debt maturing within one year, of which approximately 50 percent during H1'23
- Proactive and positive dialogue with banks on refinancings with approximately MSEK 5,100 expected to be concluded during the first quarter 2023
- Interest costs are gradually increasing
- Loan-to-value ratio at lower end of financial target range and solid “cash” position
- Solid interest cover ratio

Key metrics (at end of period)	FY 2022	FY 2021	YoY
Net interest-bearing debt, MSEK	32,119	31,159	6%
EPRA NRV, MSEK	37,694	31,159	18%
Loan to value, %	46.7	49.8	NA
Interest cover ratio, times	3.7	2.1	NA
Average interest on debt, %	3.2	2.5	NA
Average fixed rate period, years	2.7	3.3	NA
Average repayment period, years	1.7	2.2	NA
Cash and unutilised credit facilities, MSEK	4,489	3,576	26%

Commitment to Science Based Targets

- › 30 November 2022 – Commitment letter to Science Based Targets initiative (SBTi)
- › 1 December 2022 – Targets shared with SBTi
- › 12 June 2023 – Target validation by the SBTi
- › Targets produced in cooperation with Swedish Environmental Institute (IVL)
- › Targets for Scope 1 & 2 and Scope 3 to meet Paris agreement

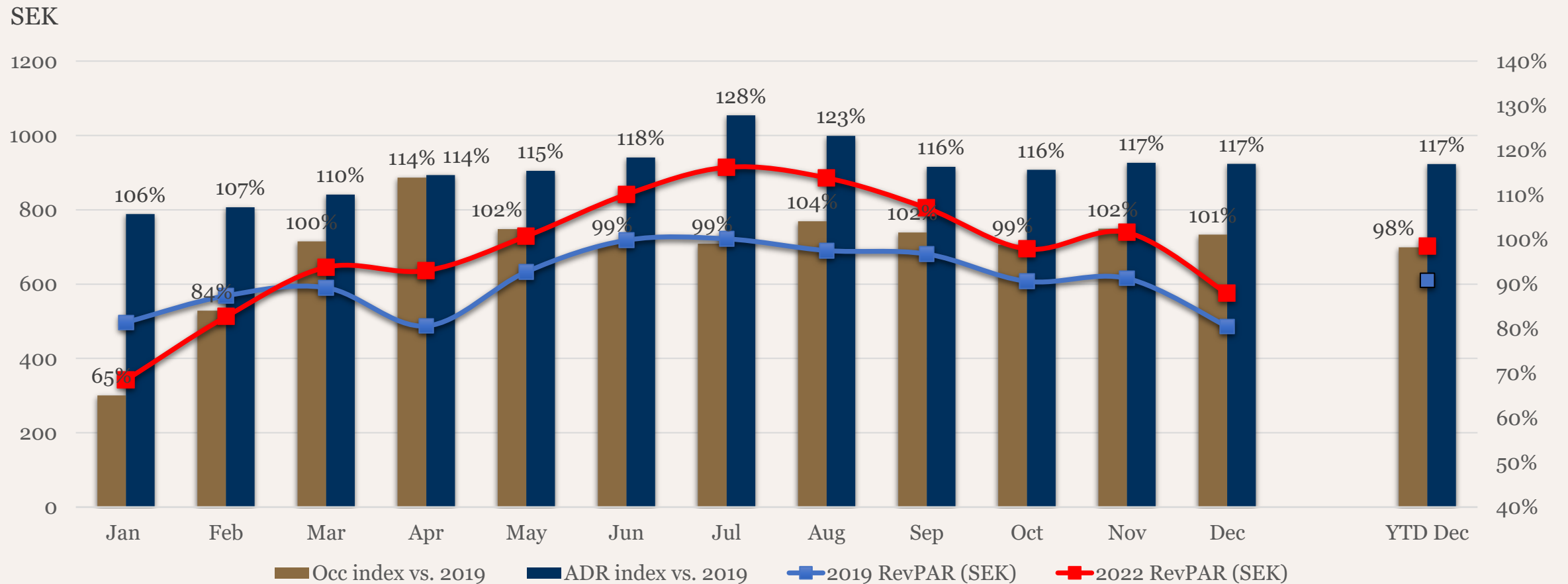
Hotel market development

Fast and strong recovery

- › RevPAR now largely back to pre-pandemic levels
- › In general, ADR is above and OCC is slightly below 2019 levels
- › Continued strong domestic and regional demand
- › Business and international travel have improved
- › Long distance travel still below 2019 levels

Hotel market development

Nordic regional



Source: Benchmarking Alliance

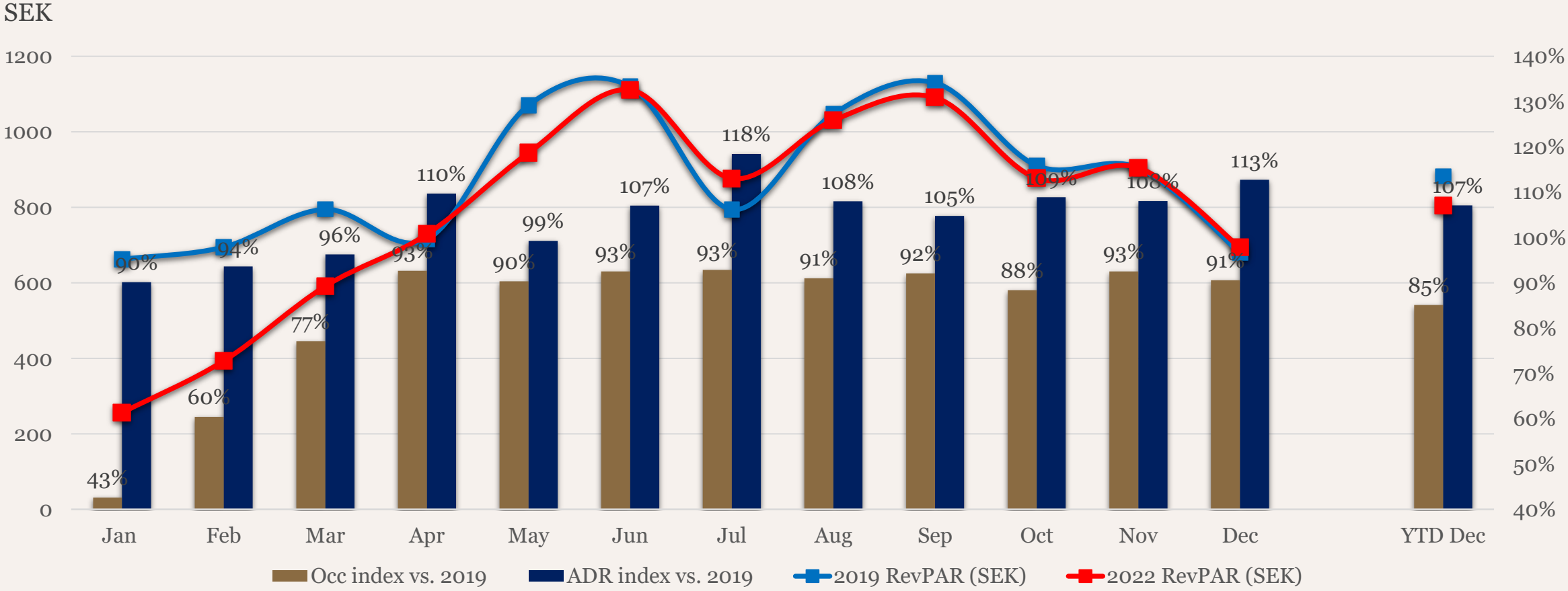


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Hotel market development

Nordic capitals

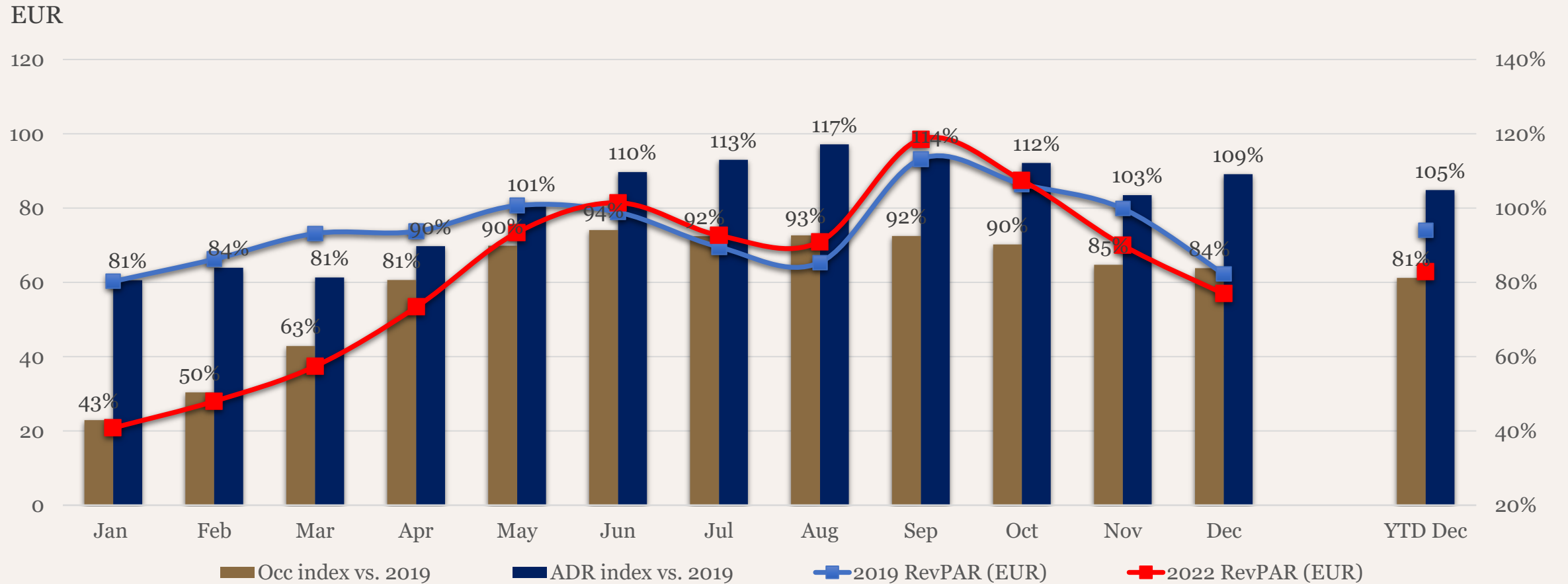


Source: Benchmarking Alliance



Hotel market development

Germany



Source: STR Global

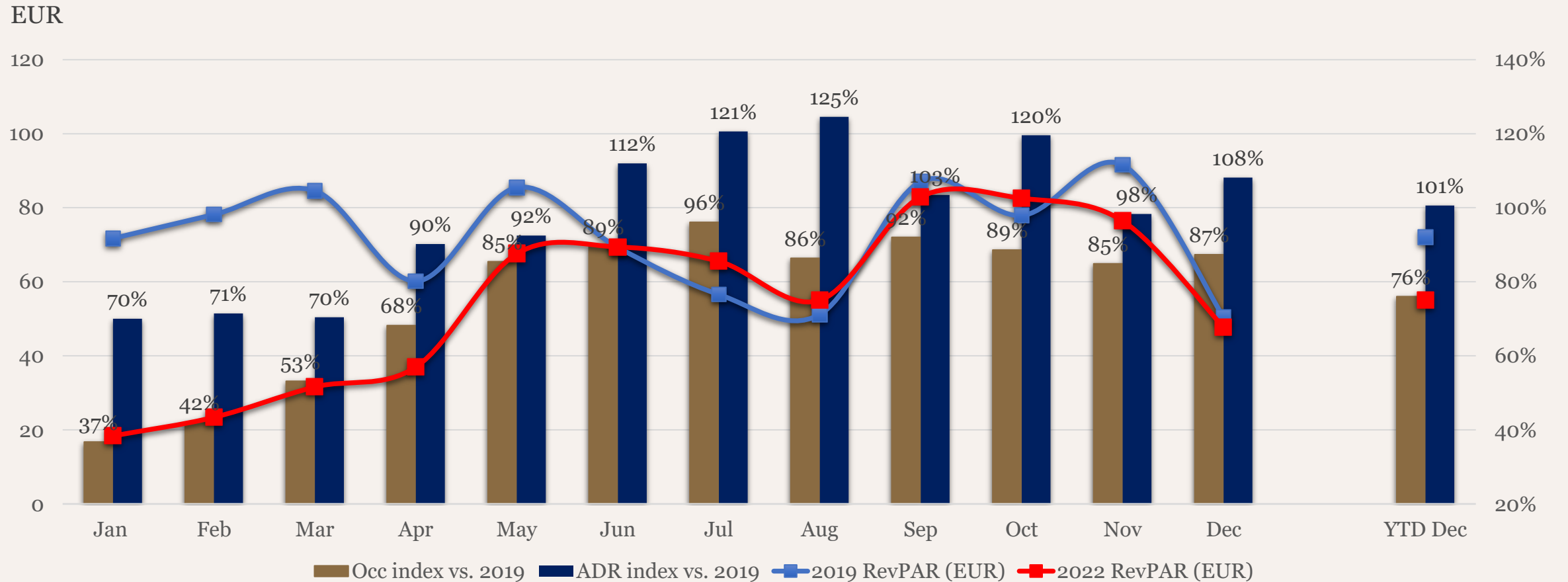


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Hotel market development

Frankfurt



Source: STR Global

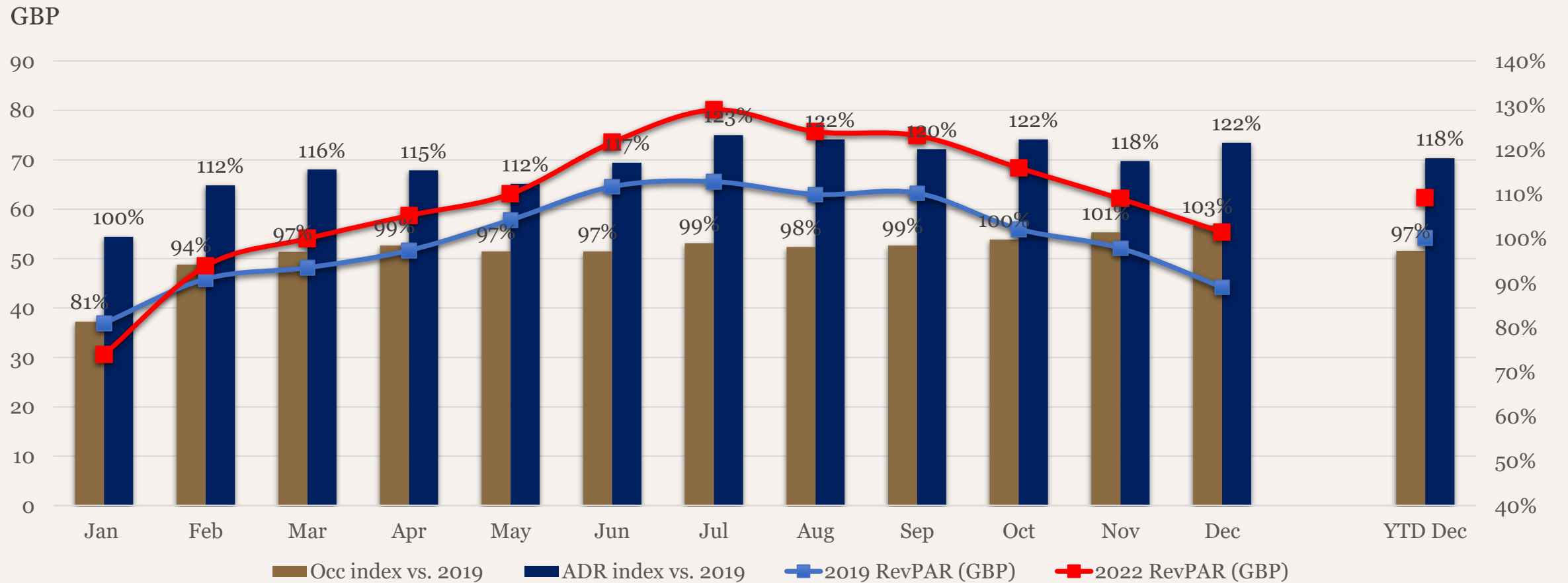


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Hotel market development

UK regional



Source: STR Global



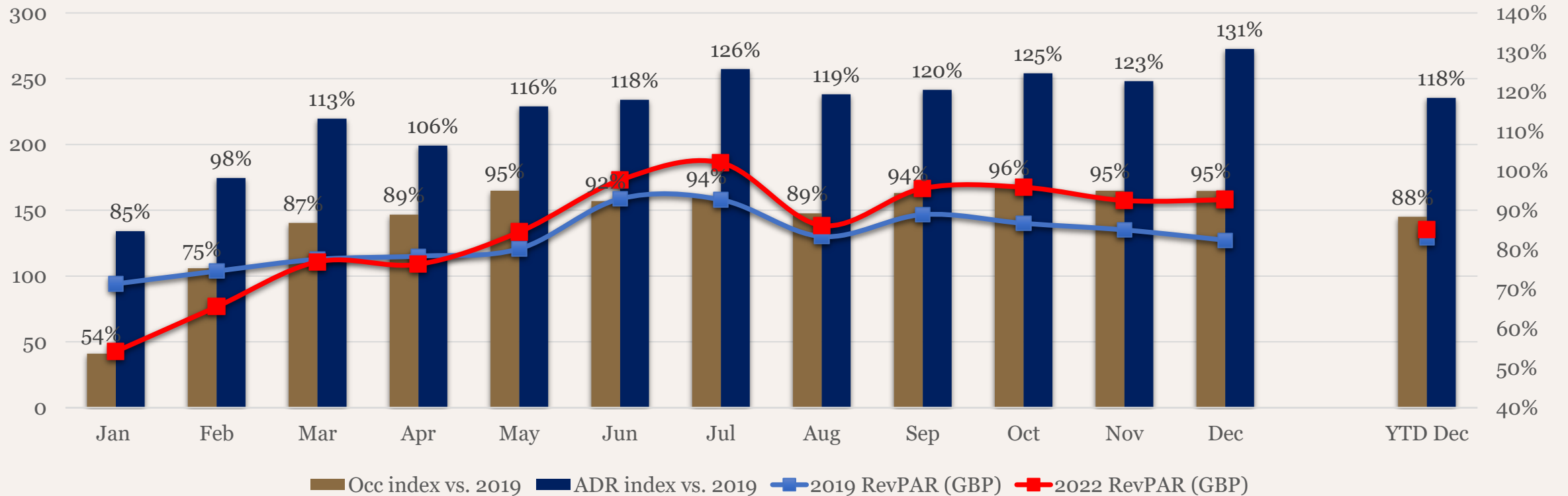
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Hotel market development

London

GBP



Source: STR Global



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Cautiously optimistic on 2023

- Profitable business model, strong cash flow and solid financial position
- Variable revenues offer protection against both inflation and higher interest rates
- Energy and financial cost will increase in 2023
- Additional demand potential from business and international travel
- The greatest risk is still direct and indirect effects from the war in Ukraine

Q&A





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