

Q4 2021 presentation

Continued earnings improvement

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10 February 2022



Strategic position

A well-diversified portfolio

Pandox Group

157
Hotel properties

35,372
Rooms

SEK **62.6** bn
Property market value

Property Management

137
Leased properties

29,469
Rooms

83%
Property market value

Operator Activities

20
Operated properties

5,903
Rooms

17%
Property market value

Strategic position

A strong network of partners and brands



Pandox cooperates with more than 30 business partners and brands

Reasons for optimism

+4%

Return on equity ¹⁾

R12M

+37%

Growth in total
net operating income ²⁾

Oct-Dec 2021

+14%

LFL growth in NOI
Property Management ³⁾

Oct-Dec 2021

MSEK 3,576

Liquid funds and unutilised
credit facilities ⁴⁾

Per 31 December 2021

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

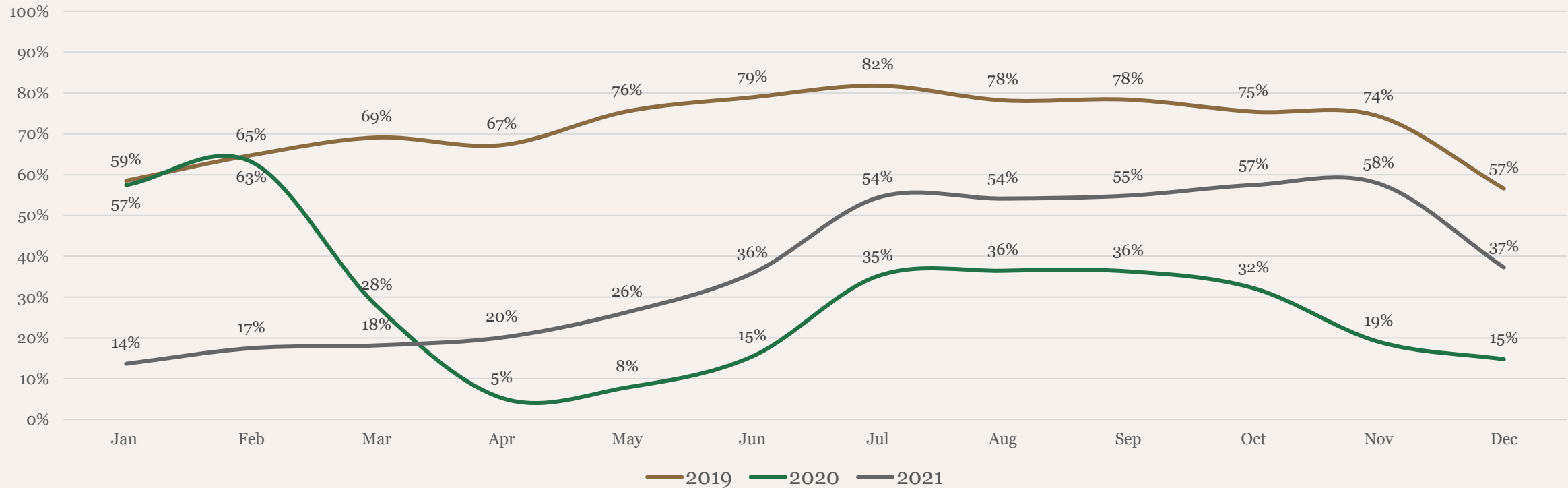
²⁾ Measured as net operating income Property Management and gross profit plus depreciation Operating Activities.

³⁾ For comparable units adjusted for currency effects.

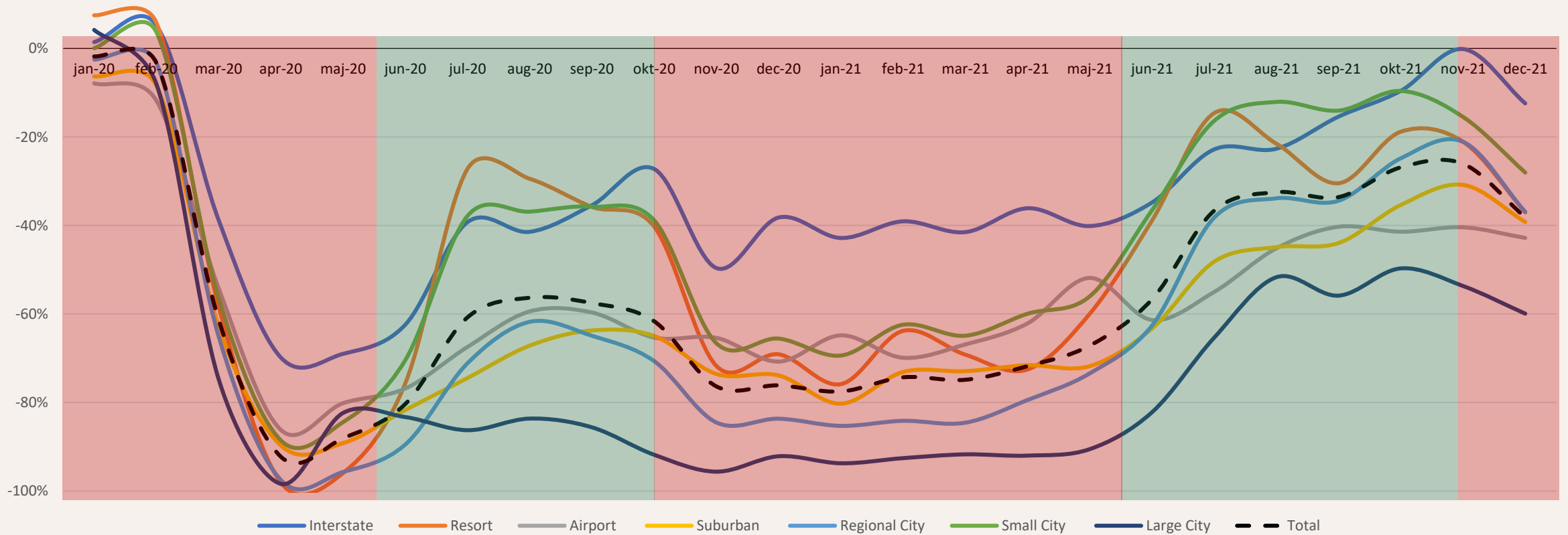
⁴⁾ After acquisition of Aparthotel Adagio Edinburgh Royal Mile for MGBP 40.5.

Encouraging underlying occupancy trend

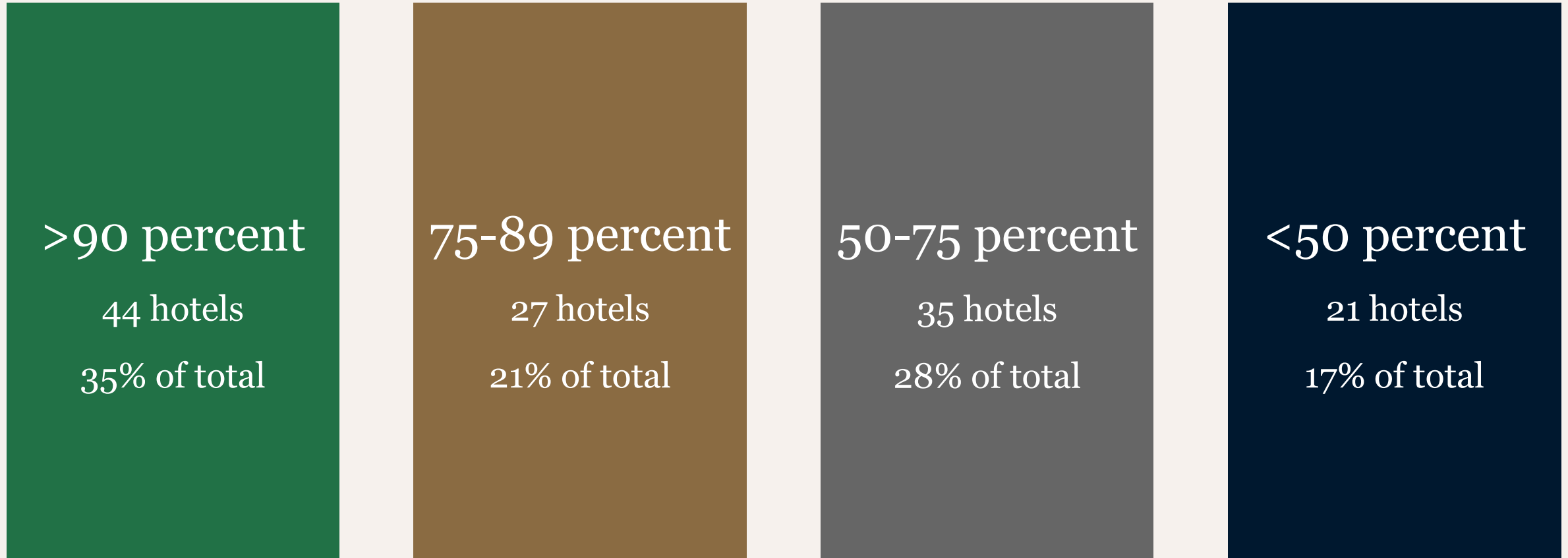
Property Management occupancy 2019-2021



Occupancy by segment indexed vs. 2019



RevPAR index Q4 2021 vs. Q4 2019



Investments (completed)

Holiday Inn Brussels Airport



- Operator Activities
- Airport
- 310 rooms and meeting facilities
- Own operations with franchise agreement
- Full renovation and modernisation
- Lamps and marble recycled from nhow Brussels Bloom

Investments (ongoing)

Quality Grand Borås

- Property Management
- City center
- 158 rooms and meeting facilities
- 60 new rooms and new concept
- Investment of approximately MSEK 140



Acquisition

Aparthotel Adagio Edinburgh Royal Mile



- Property Management
- City center
- 146 rooms
- Revenue-based lease with minimum guaranteed rent
- Purchase price of MGBP 40.5
- Edinburgh is a high RevPAR market with diversified demand
- Extended stay has attractive growth prospects

Organisation

Anneli Lindblom, CFO



- +20 years as CFO at several public companies
- Experience from international finance roles in fast moving companies within Professional services as Consulting, Staffing, Healthcare and Telecom
- Several board assignments in listed property owners such as Hemfosa and Amasten, as the Chairman of the Audit Committee
- Broad experience including M&A, acquisition integration, budgeting/controlling and strategic planning, change management and leadership

A strong quarter considering restrictions

- Continued improvement in demand and earnings in both business segments y/y
- MSEK 144 in variable contribution in Property Management from revenue-based leases without and with minimum guaranteed rent
- MSEK 28 and MSEK 8 in direct government support in Operator Activities and Property Management respectively
- MSEK 59 of deferred rent repaid in the quarter
- Cash earnings of MSEK 195

| Revenue and result (MSEK) | 21Q4 | 20Q4 | YoY | LFL ¹⁾ |
|-----------------------------|------|------|------|-------------------|
| Pandox Group revenue | 974 | 687 | 42% | 49% |
| Pandox Group NOI | 568 | 414 | 37% | 32% |
| Property Management revenue | 648 | 570 | 14% | 18% |
| Property Management NOI | 542 | 478 | 13% | 14% |
| Operator Activities revenue | 326 | 117 | 179% | 197% |
| Operator Activities NOI | 26 | -64 | - | - |
| EBITDA | 521 | 378 | 38% | - |
| Profit before value changes | 195 | 62 | 215% | - |
| Cash earnings | 195 | 129 | 51% | - |

¹⁾ For comparable units adjusted for currency effects.

Current revenue

Balanced revenue model

- Minimum rent and fixed rent from Property Management main source of revenue
 - More than MSEK 1,900 per year
 - More than MSEK 475 per quarter
- Revenue-based rent of MSEK 144 in Q4 2021
 - Marginal variable revenue in 16 leases with minimum guaranteed rent
- Revenues from Operator Activities of MSEK 326 in Q4 2021

Full and immediate impact from market recovery

36% of rooms

Gradual impact from market recovery

64% of rooms

Downside protection

Property portfolio

Valuations based on established model

| Change in value Investment Properties | MSEK |
|--|---------------|
| Investment Properties, opening balance (1 Jan, 2021) | 50,181 |
| + Acquisitions ¹⁾ | 482 |
| + Investments in current portfolio | 563 |
| - Divestments ²⁾ | — |
| +/- Reclassifications | -195 |
| +/- Revaluation of fixed assets to total comprehensive income for the period | — |
| +/- Unrealised changes in value | -368 |
| +/- Realised changes in value ³⁾ | -18 |
| +/- Change in currency exchange rates | 1 570 |
| Investment Properties, closing balance (31 Dec, 2021) | 52,215 |
| Change in value Operating Properties (for information purposes only) | |
| Operating Properties, market value (1 Jan, 2021) | 9,361 |
| + Acquisitions | — |
| + Investments in current portfolio | 419 |
| - Divestments | — |
| +/- Reclassifications ²⁾ | 218 |
| +/- Unrealised changes in value | 47 |
| +/- Realised changes in value ⁴⁾ | -10 |
| +/- Change in currency exchange rates | 345 |
| Operating Properties, market value (31 Dec, 2021) | 10,380 |

¹⁾ Acquisition Aparthotel Adagio Edinburgh Royal Mile

²⁾ Maritim Hotel Nürnberg reclassified from Property Management to Operator Activities and Motel One Copenhagen from Operator Activities to Property Management. Difference of MSEK -23 between Investment Properties and Operating Properties explained by change in value Motel One Copenhagen

³⁾ Impairment development cost (MSEK -6) and other disposals (MSEK -12)

⁴⁾ Disposals furnitures, fixtures and equipment

- Valuations made according to same method and established cash-flow model used since the IPO 2015
- Approximately 98 percent of the properties externally valued in the past 12 months – on average 1 percentage point below Pandox's internal valuations
- 77 external valuations carried out in the fourth quarter 2021 – on average some 1 percentage point above Pandox's internal valuations
- Reclassification of Hotel Maritim Nuremberg to Operator Activities per 31 August (closed for renovation)
- Reclassification of Motel One Copenhagen to Property Management per 1 October
- Acquisition of Adagio Aparthotel Edinburgh in Property Management per 21 December 2021
- Total property value of MSEK 62,596 (59,542) end-of-period
- Average valuation yield for Investment Properties was 5.44 (5.44) percent and for Operating Properties 6.38 (6.37) percent end-of-period

Pandox's approach

| Value change, MSEK | 20Q1 | 20Q2 | 20Q3 | 20Q4 | 21Q1 | 21Q2 | 21Q3 | 21Q4 |
|-----------------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Property Management | -611 | -320 | -315 | -533 | -351 | -105 | -9 | 97 |
| Operator Activities | -347 | -282 | -284 | -101 | 7 | -4 | 57 | -23 |
| Total | -958 | -1,560 | -2,159 | -2,793 | -3,137 | -3,246 | -3,198 | -3,124 |
| Accumulated change, % | 20Q1 | 20Q2 | 20Q3 | 20Q4 | 21Q1 | 21Q2 | 21Q3 | 21Q4 |
| Property Management | -1.1% | -1.7% | -2.3% | -3.3% | -4.0% | -4.2% | -4.2% | -4.0% |
| Operator Activities | -3.6% | -6.4% | -9.3% | -10.4% | -10.3% | -10.3% | -9.8% | -10.0% |
| Total | -1.5% | -2.5% | -3.4% | -4.4% | -4.9% | -5.1% | -5.0% | -4.9% |

Note: Value changes are accumulated from Q1 2020, i.e., the start of the Covid-19 pandemic

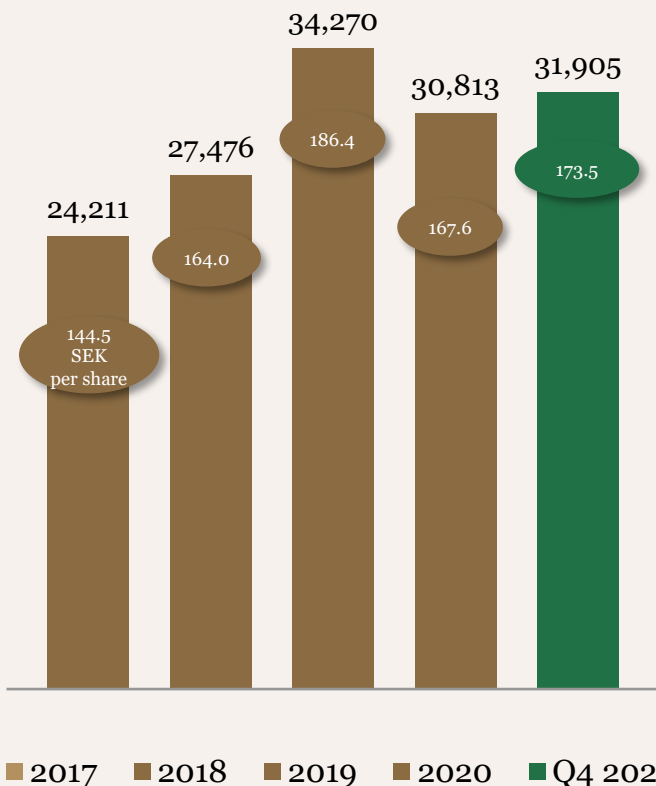
Full risk

Shared risk

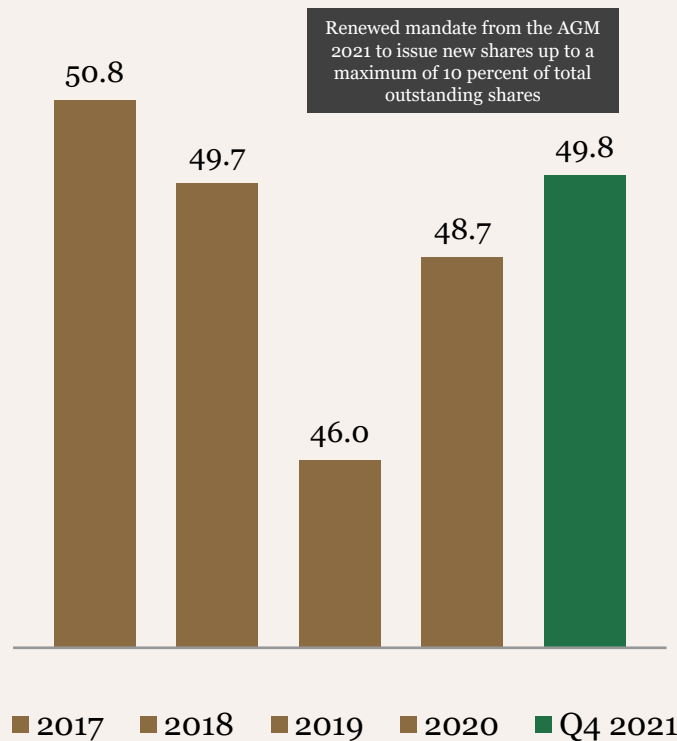
- High correlation between restrictions and demand
- Proof of strong recovery in hotel markets when restrictions are eased
- Banks are supportive, liquidity is strong
- Transaction market showing signs of improvement
- Individual business plans for each hotel property
- Superior knowledge of the value drivers for each asset

Financing and capital structure

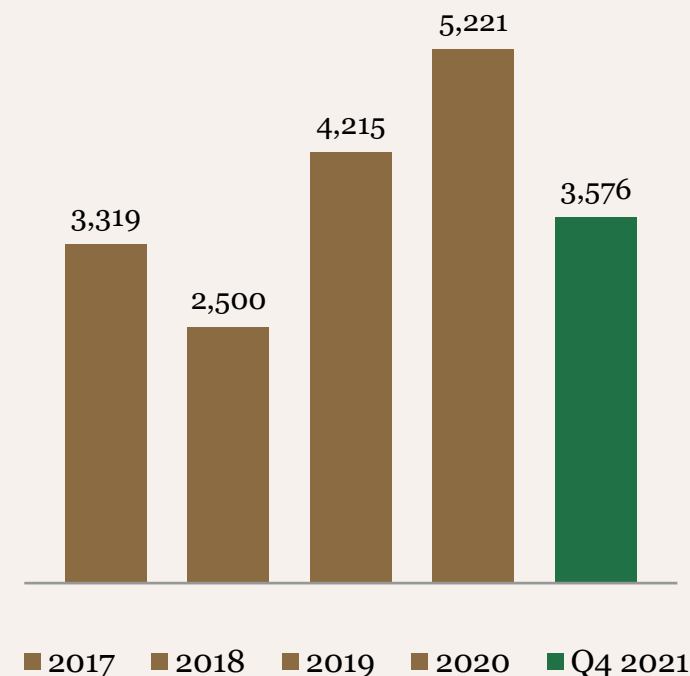
EPRA NRV (MSEK)



Loan to value (%)



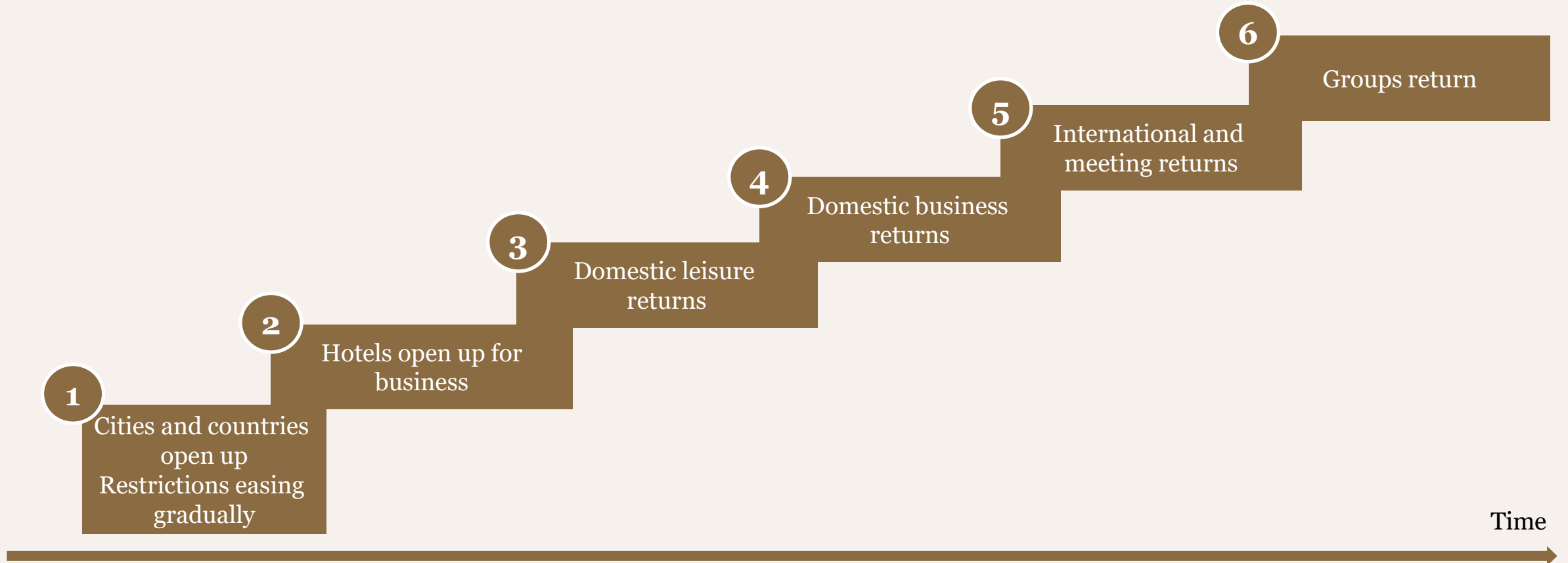
Cash and cash equivalents and long-term unutilised credit facilities (MSEK)



For definitions, see page 28 in Interim report January–December 2021

Six development levels...

...to get back to full performance



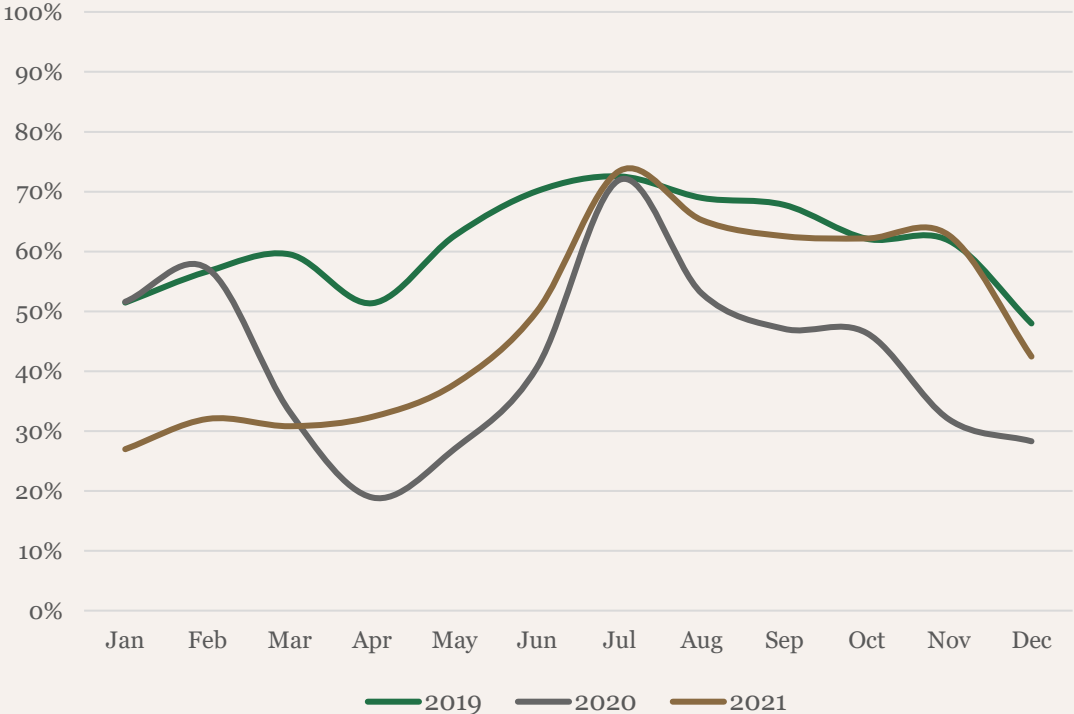
Hotel market development in Q4 2021

A quarter with two faces

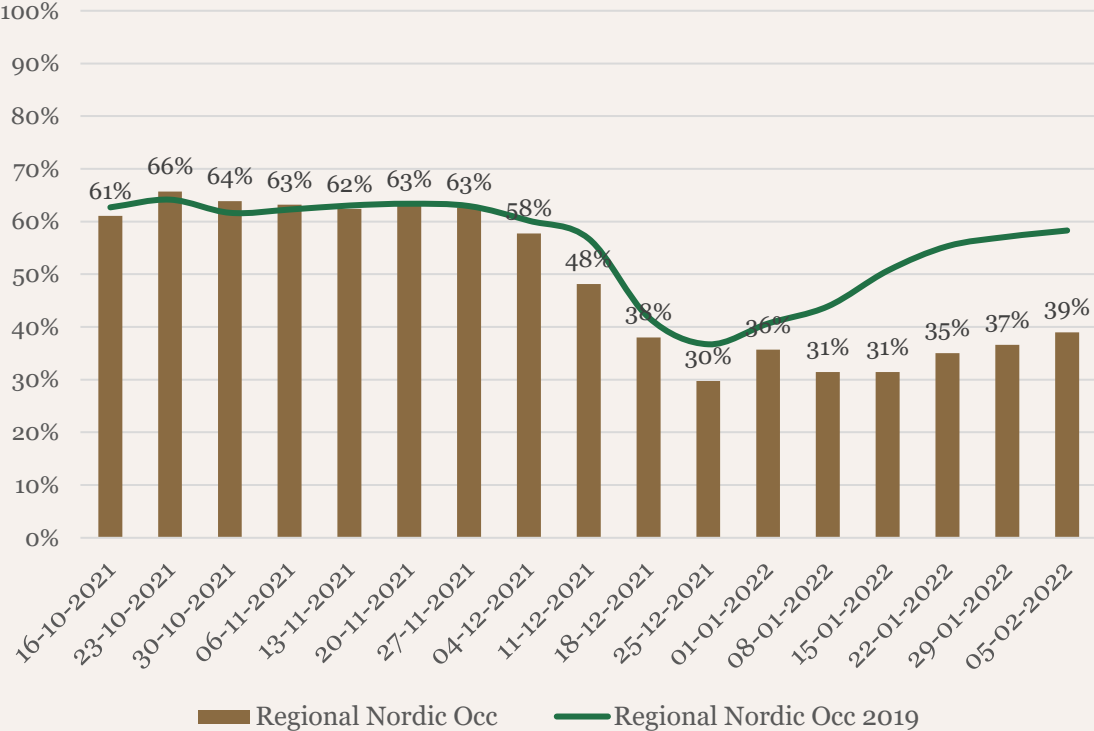
- Strong first part (Oct-Nov):
 - Stable domestic leisure and growing domestic business demand
- Weak second part (Nov-Dec):
 - New restrictions in all markets with Germany particularly cautious
- Many positive signals pointing towards strong underlying demand
- Positive ADR development
- Occupancy in larger cities at higher level than before

Nordic regional

Monthly occupancy (Open hotels)



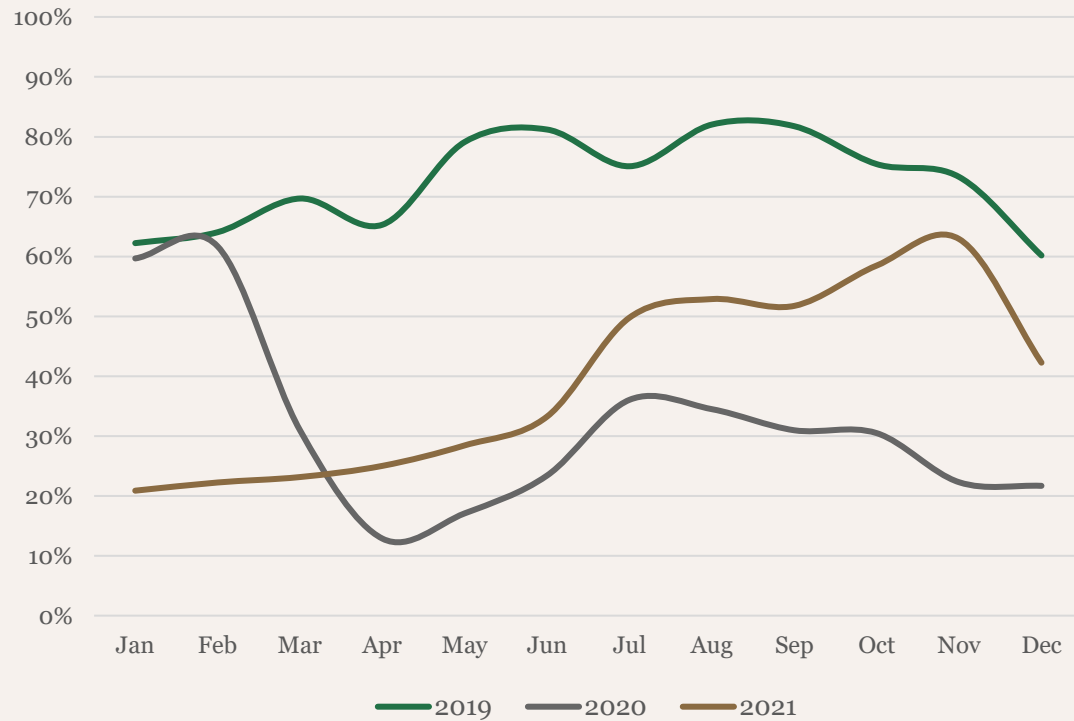
Weekly occupancy (Open hotels)



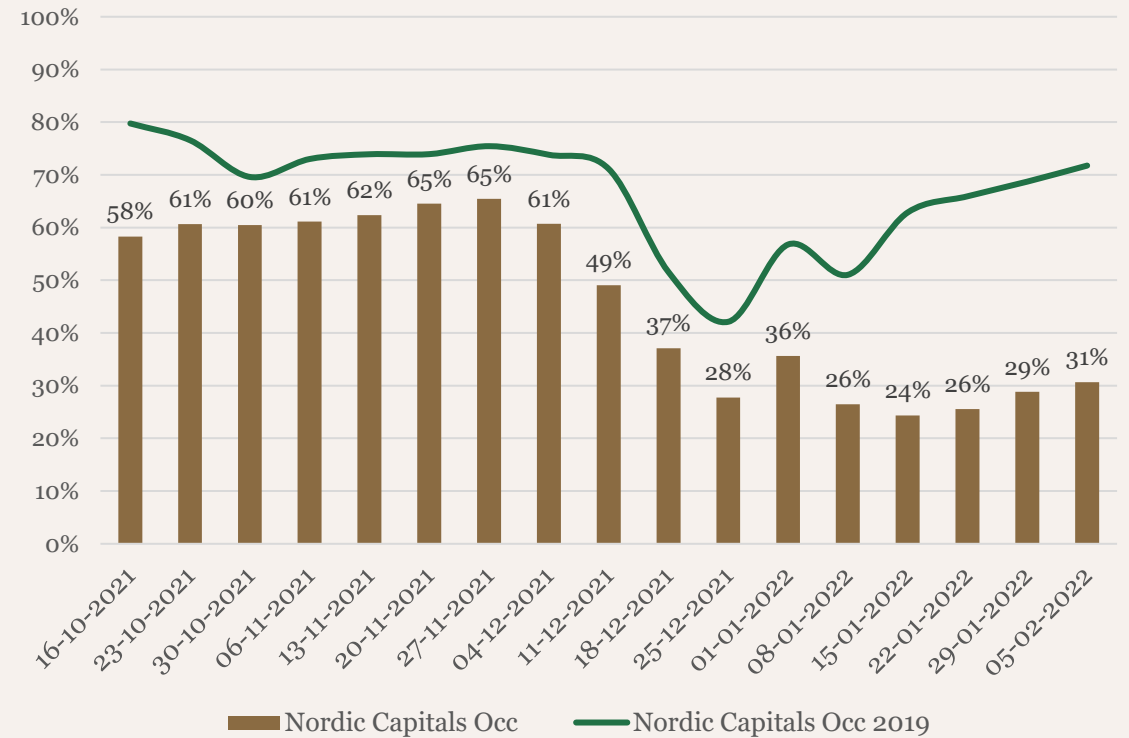
Source: Benchmarking Alliance (open hotels only)

Nordic capitals

Monthly occupancy (Open hotels)



Weekly occupancy (Open hotels)

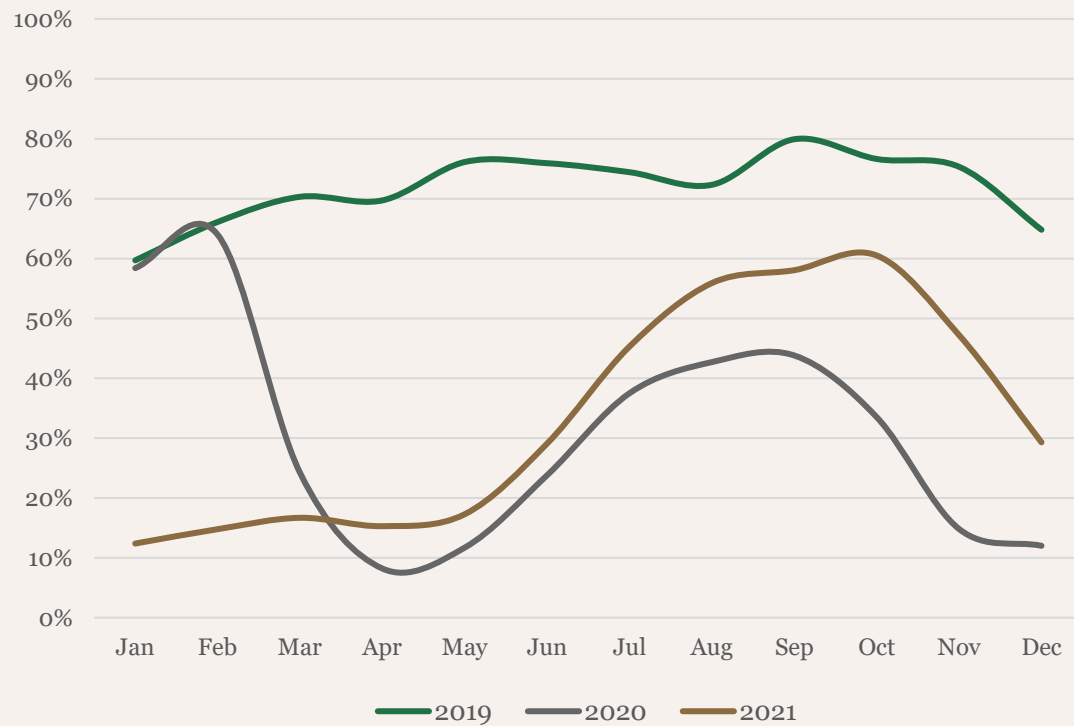


Source: Benchmarking Alliance (open hotels only)

Hotel market development

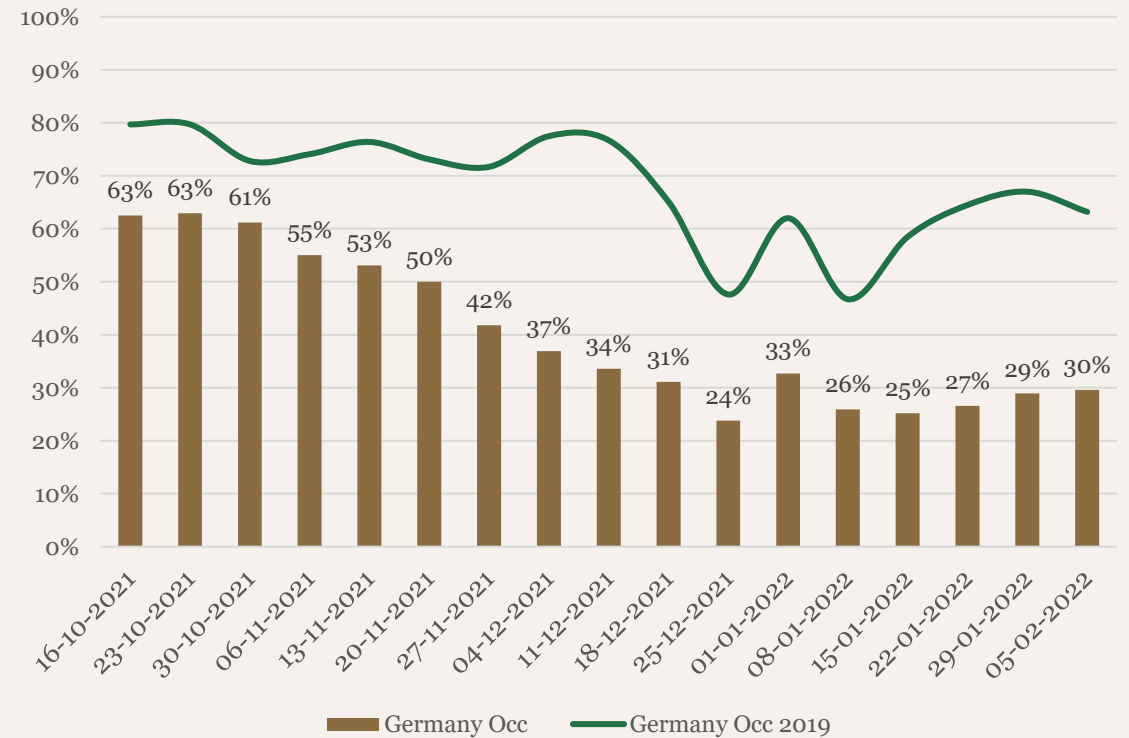
Germany

Monthly occupancy (Open hotels)



Source: STR (open hotels only)

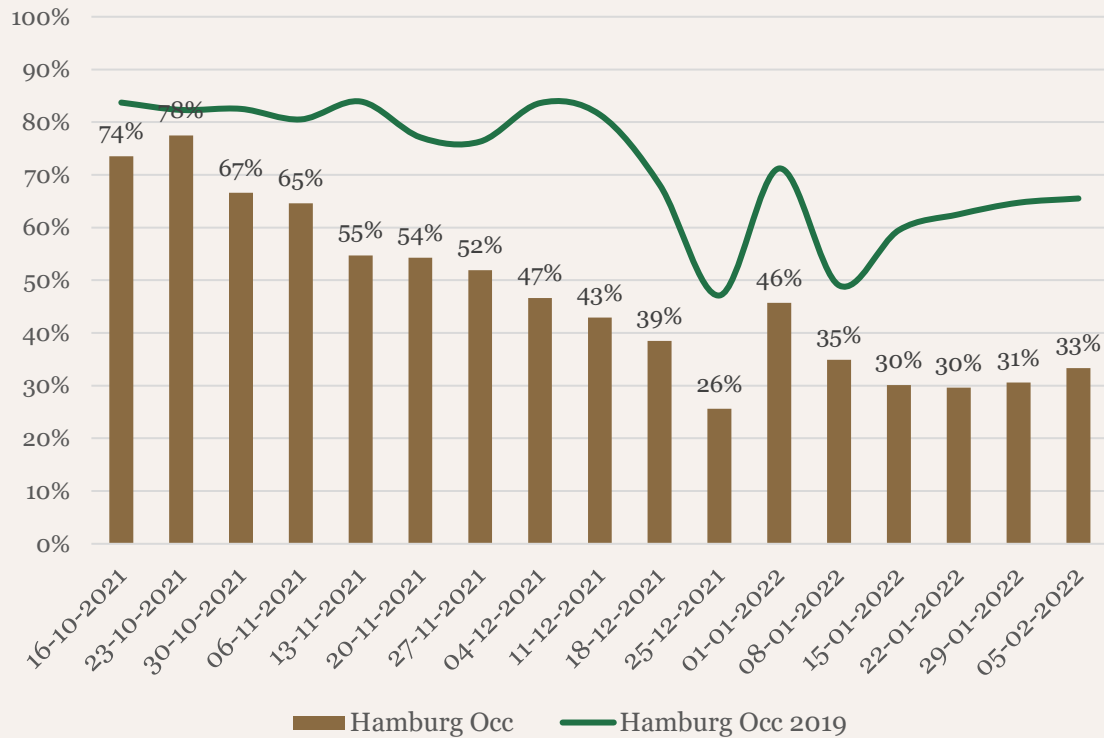
Weekly occupancy (Open hotels)



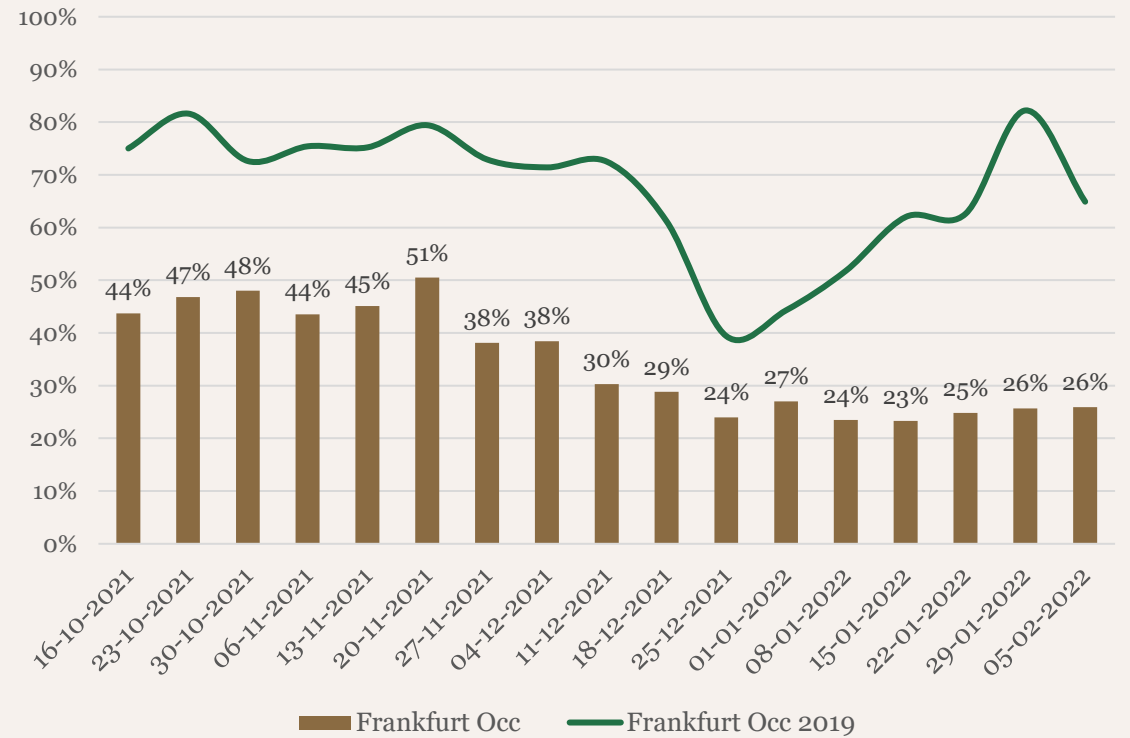
Source: Fairmas (open hotels only)

Germany regional vs. international

Hamburg weekly occupancy (Open hotels)



Frankfurt weekly occupancy (Open hotels)

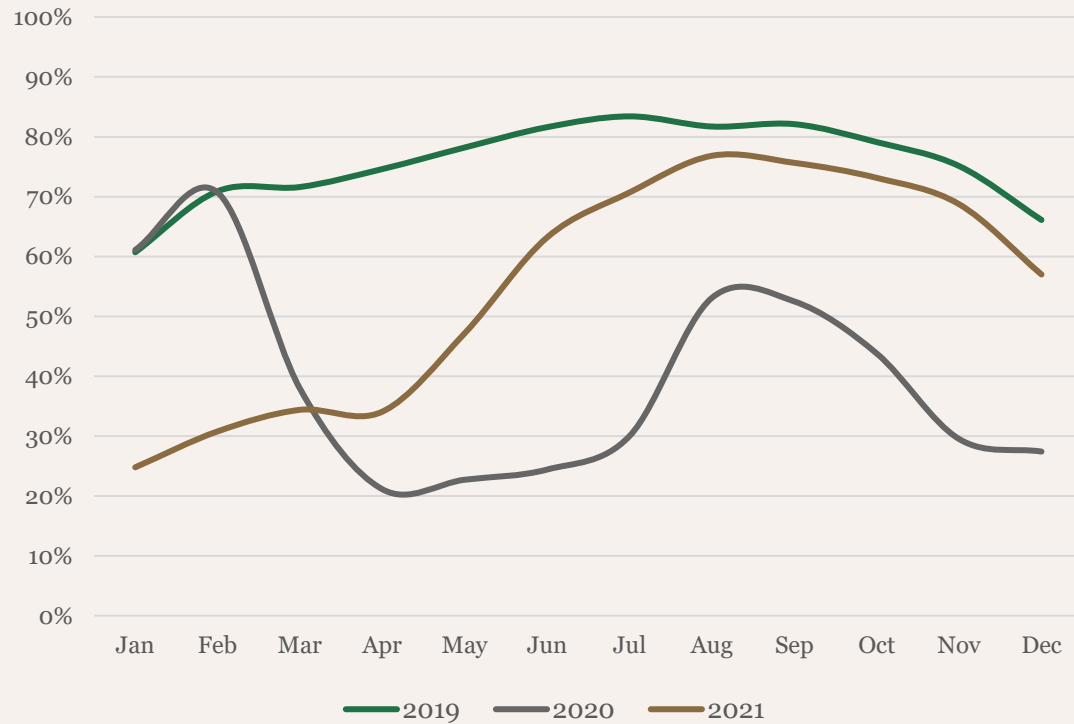


Source: STR Global (open hotels only)

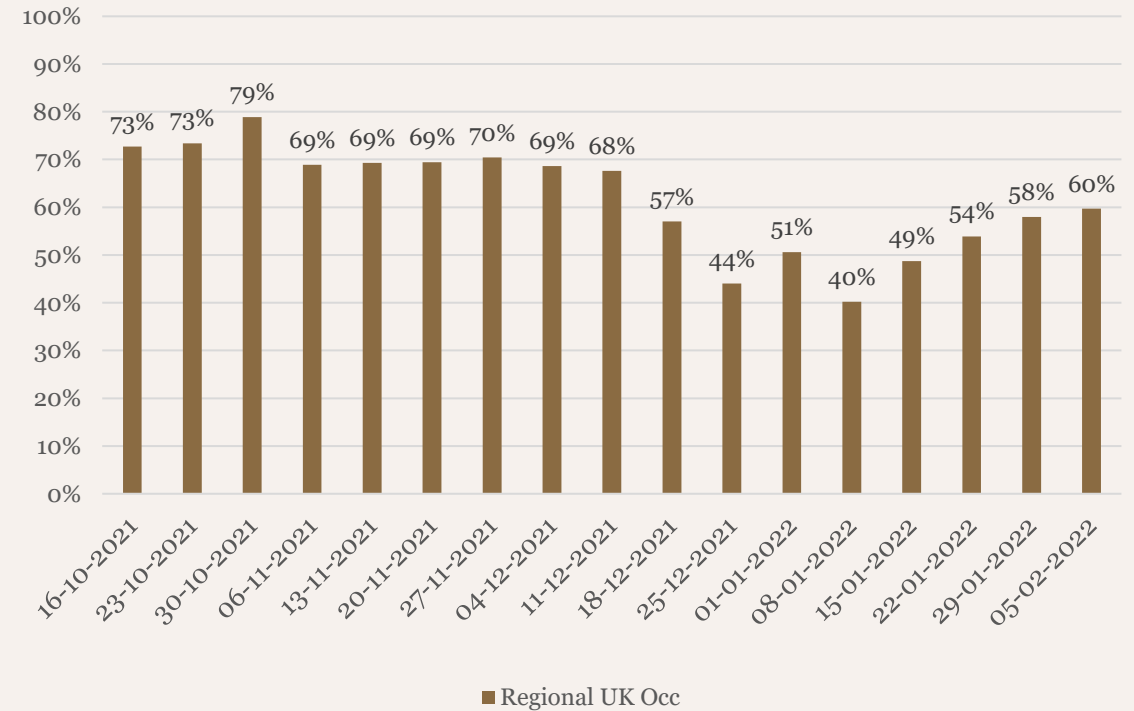
Hotel market development

UK Regional

Monthly occupancy (Open hotels)



Weekly occupancy (Open hotels)

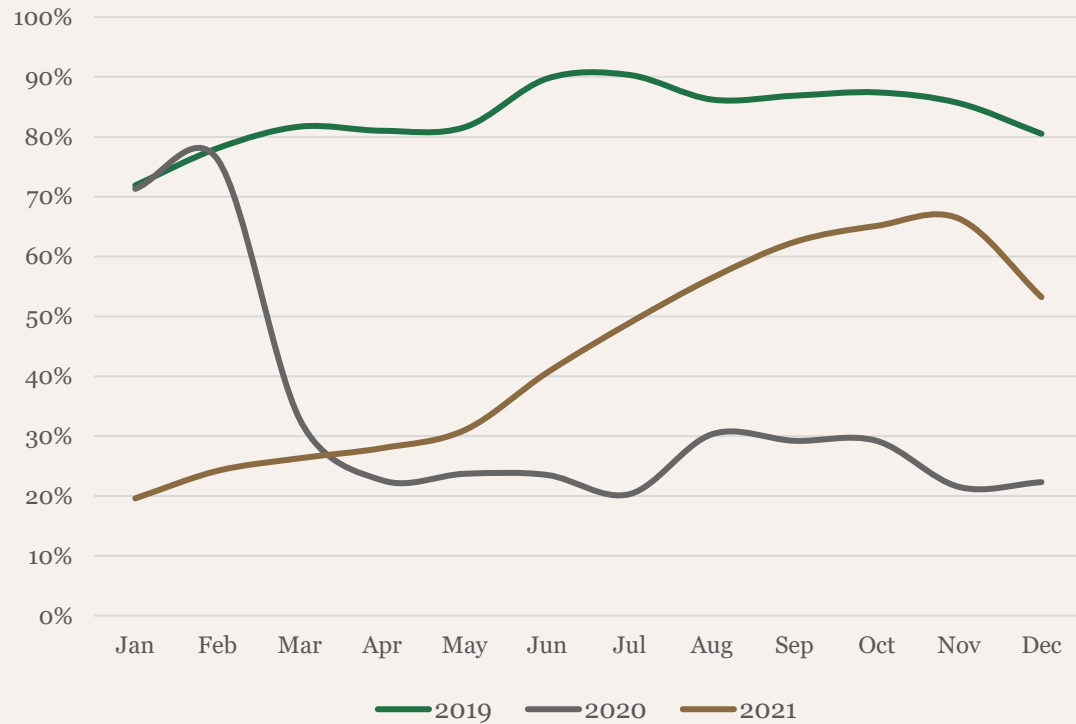


Source: STR Global (open hotels only)

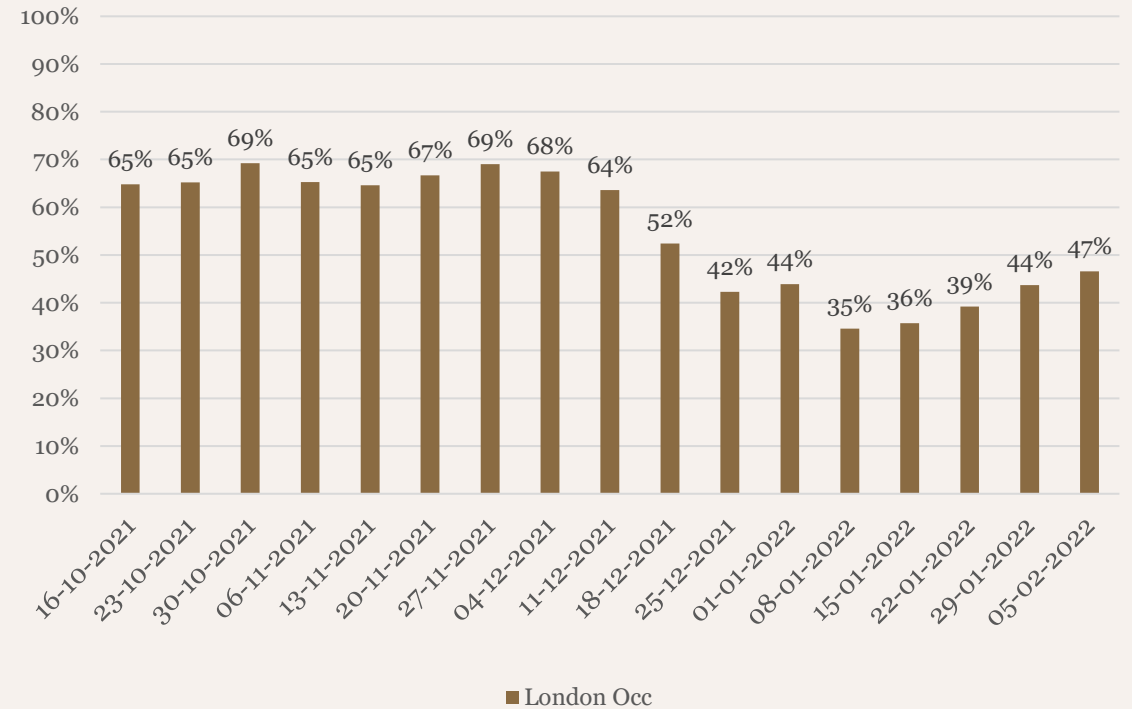
Hotel market development

London

Monthly occupancy (Open hotels)



Weekly occupancy (Open hotels)



Source: STR Global (open hotels only)

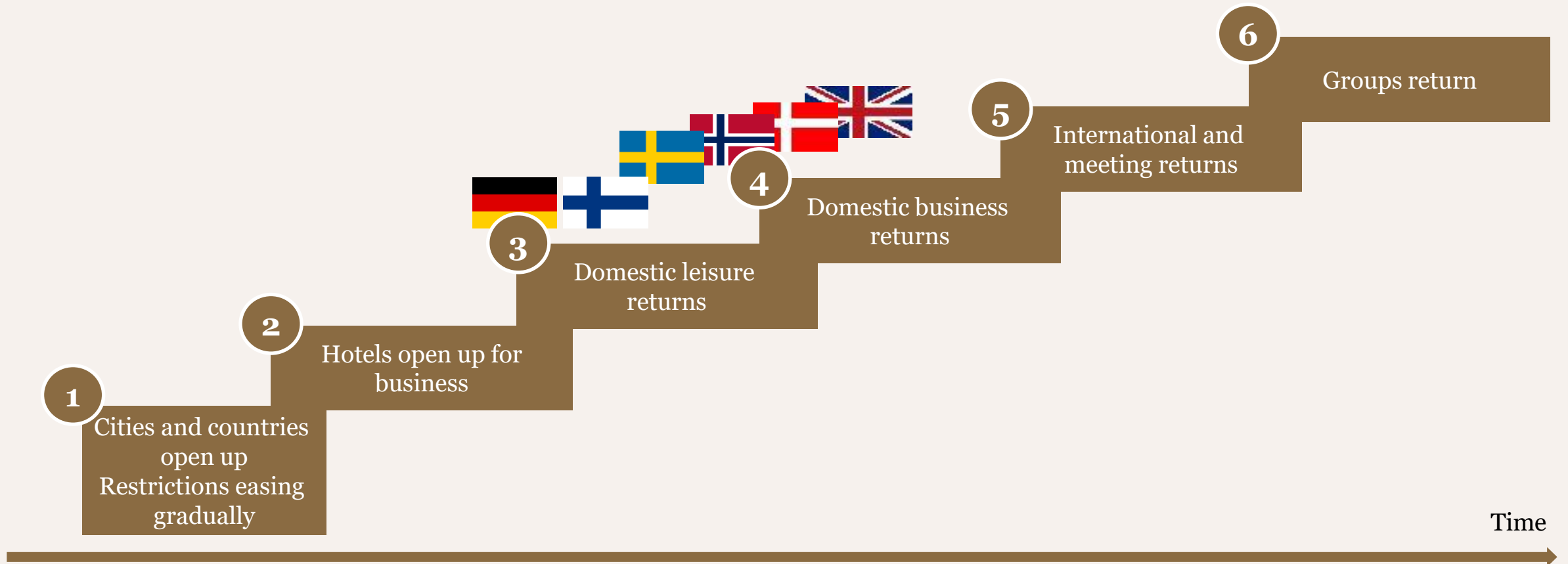
Business travel

High pent-up demand

- The pandemic has entered into a new phase
- High economic activity and strong corporate earnings
- Positive trend in business demand before new restrictions
- Pent-up demand for meetings growing for each new round of restrictions
- Meeting & Event requests in Operator Activities have picked-up in January
- Fewer trips but with more hotel nights is increasingly likely

Six development levels...

...to get back to full performance



Pandemic in new phase brings greater stability

- High economic activity and pent-up demand for travel
- Pandemic in new phase will make demand more predictable and stable
- Good prospects for the hotel market to regain lost ground when restrictions are eased
- Occupancy going into 2022 at a higher level than 2021
- Meeting & Event requests have increased
- First quarter seasonally weakest

Q&A



Appendix



Based on 2019 actual revenue and RevPAR

Property Management

Rental income, MSEK

3,129

Occupancy, %

71

Approximate occupancy level for variable rent in leases with minimum guaranteed rent

| Country | Approx. occupancy | Hotels | Rooms |
|--------------|-------------------|------------|---------------|
| Switzerland | 40-45% | 1 | 206 |
| Sweden | 40-45% | 28 | 5,823 |
| Finland | 45-50% | 8 | 2,108 |
| Norway | 50-55% | 6 | 1,112 |
| Belgium | 52-57% | 2 | 519 |
| Denmark | 60-65% | 2 | 414 |
| Germany | 60-65%* | 33 | 6,876 |
| UK | 60-65%** | 18 | 4,277 |
| Ireland | 70-75% | 3 | 445 |
| Netherlands | 75-80% | 1 | 189 |
| Austria | 80-85% | 2 | 639 |
| Total | | 104 | 22,608 |

*Adjusted for 9 fixed leases with 1,977 rooms

**Adjusted for 1 fixed lease with 312 rooms

Based on 2019 actual revenue and RevPAR

Property Management

Approximate occupancy level for variable rent in leases with minimum guaranteed rent

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| Total | | 104 | 22,608 |

Fully variable leases

| Country | Hotels | Rooms |
|--------------|-----------|--------------|
| Switzerland | - | - |
| Sweden | 14 | 2,965 |
| Finland | 5 | 814 |
| Norway | 8 | 1,461 |
| Belgium | - | - |
| Denmark | 4 | 1,028 |
| Germany | - | - |
| UK | 1 | 398 |
| Ireland | - | - |
| Netherlands | - | - |
| Austria | - | - |
| Total | 32 | 6,666 |

Total

| Hotels | Rooms |
|------------|---------------|
| 1 | 206 |
| 42 | 8,788 |
| 13 | 2,922 |
| 14 | 2,573 |
| 2 | 519 |
| 6 | 1,442 |
| 33 | 6,876 |
| 19 | 4,675 |
| 3 | 445 |
| 1 | 189 |
| 2 | 639 |
| 136 | 29,274 |

*Adjusted for 9 fixed leases with 1,977 rooms

**Adjusted for 1 fixed lease with 312 rooms

Based on 2019 actual revenue and RevPAR

Operator Activities

Revenue, MSEK

2,424

Occupancy, %

73

Full exposure from
the first unit of
revenue and cost

| | | | | | | | |
|---------|---------|--------|-----|---------|-------------|---------|------------------------|
| Belgium | Germany | Canada | UK | Denmark | Netherlands | Finland | Total hotels and rooms |
| 7 | 5 | 2 | 2 | 2 | 1 | 1 | 20 |
| 1,955 | 1,490 | 952 | 611 | 403 | 216 | 160 | 5,787 |



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