

# Patience is a virtue

## January–March 2021

- Revenue from Property Management amounted to MSEK 554 (672). For comparable units the decrease was 15 percent, adjusted for currency effects
- Net operating income from Property Management amounted to MSEK 462 (561). For comparable units the decrease was 14 percent, adjusted for currency effects
- Net operating income from Operator Activities amounted to MSEK -80 (20)
- EBITDA amounted to MSEK 350 (538)
- Cash earnings amounted to MSEK 85 (262)
- Cash earnings per share amounted to SEK 0.49 (1.43)
- Profit for the period amounted to MSEK 36 (-668)
- Earnings per share amounted to SEK 0.22 (-3.63)
- Unrealised changes in value Investment Properties of MSEK -351 is included in the result
- Per 31 March 2021, cash and cash equivalents and unutilised credit facilities amounted to MSEK 4,689, compared with MSEK 5,221 per 31 December 2020

## Financial summary

Figures in MSEK	Jan-Mar			Full-year
	2021	2020	Δ%	2020
Revenue Property Management	554	672	-18	2,399
Net operating income Property Management	462	561	-18	2,018
Net operating income Operator Activities	-80	20	n.a.	-168
EBITDA	350	538	-35	1,699
Profit for the period	36	-668	n.a.	-1,408
Earnings per share, SEK <sup>1)</sup>	0.22	-3.63	n.a.	-7.61
Cash earnings	85	262	-68	660
Cash earnings per share, SEK <sup>1)</sup>	0.49	1.43	-66	3.64
<b>Key data</b>				
Market value properties, MSEK	61,161	65,345	—	59,542
Net interest-bearing debt, MSEK	30,288	30,862	—	29,007
Loan to value net, %	49.5	47.2	—	48.7
Interest cover ratio, times	1.6	2.6	n.a.	2.0
EPRA NRV per share, SEK <sup>1)</sup>	170.38	186.97	—	167.60
WAULT (Investment Properties), years	14.4	15.3	—	14.6
RevPAR (Operator Activities) for comparable units at comparable exchange rates, SEK	98	504	-81	224

<sup>1)</sup> Based on total number of shares for balance sheet items and weighted number for shares for profit and loss items. For information about number of shares see page 16. See note 3 on page 23 for a summary of reclassifications, acquisitions and divestments.  
For complete definitions see page 25.

## CEO comment

# Attractive position in the recovery phase

### Another restriction-laden quarter

The first quarter developed in line with Pandox's expectations, following the same pattern as the previous quarter. Extensive restrictions in all of Pandox's markets resulted in demand for hotel rooms remaining very low. Overall, Pandox's total revenue and net operating income decreased in the quarter by 41 and 34 percent respectively. Thanks to recurring revenue from contractual minimum rent and fixed rent within Property Management, combined with good cost control in Operator Activities, EBITDA and profit before changes in value amounted to MSEK 350 and MSEK 23 respectively. Pandox's financial position remains strong, with a loan-to-value ratio of 49.5 percent and cash and cash equivalents and unutilised credit facilities of MSEK 4,689 as of 31 March 2021.

### A clear game plan in a difficult situation

Pandox works in a structured way in three areas in response to the difficult situation created by Covid-19:

*Respond* – Steps to help alleviate the acute crisis

*Restart* – Plan for recovery

*Reinvent* – Create insights into how the hotel market will change

### Vaccinations bringing new hope of improved demand

As vaccination levels increase, there is new hope that society can get Covid-19 under control and that the restrictions can begin to be lifted gradually. The recovery in hotel markets around the world, in countries that are further ahead, clearly supports Pandox's thesis that the underlying drivers of and the potential for post-Covid hotel market recovery is relevant in Europe as well.

We have previously described the positive development in demand for trips and hotel stays in China, India, Australia and New Zealand. In the first quarter, successful vaccination programmes and eased restrictions in the USA also resulted in a sharp increase in demand in the hotel market, driven by domestic leisure travel and local business travel. There are also signs in the USA of personnel at larger companies starting to travel, and the conference market is slowly starting to come to life. In the middle of April, the occupancy rates in the US hotel market were close to 60 percent with relatively good average prices, despite non-existent international demand and low demand for conferences and events. Like other markets, the market for resort hotels and hotels in domestic and regional hubs are also the winners in the USA.

In Europe the country making the most progress in its vaccination programme is the UK. Although some restrictions were removed at the beginning of April, there are still restrictions on domestic travel. Provided that domestic travel will be allowed, domestic leisure demand is expected to be strong during the summer months, particularly in attractive leisure destinations. It is hoped that similar progress may also materialise in other hotel markets of significance to Pandox, such as Germany and the Nordic countries.

### Phased recovery process with different levels of progress

Pandox is expecting the hotel market recovery to take place in phases – provided that restrictions are eased and economic activity increases – with six levels of development and with various market segments gradually building up demand in the hotel market:

1. Cities and countries open up and restrictions are gradually lifted
2. Hotels open
3. Domestic leisure travel with a growing high-paying segment
4. Domestic business travel
5. Conferences and international travel
6. Group travel

Each level will help to raise occupancy and increase revenue, which in turn will create the conditions for higher average prices and increased revenue per room.

Pandox's assessment is that in the fourth quarter of 2020 the hotel market in Europe was entering "Level 4" with good underlying demand from domestic leisure travel and some initial demand from domestic business travel. However, the positive development was broken by new restrictions. Once restrictions are eased again the hotel market should be able to return to the autumn levels relatively quickly and, supported by increased domestic business travel, be able to enter "Level 4".

### Revenue model which reduces volatility

Pandox works with several different operating and lease models, which together provide a balanced revenue stream. Measured in number of rooms, about 36 percent of revenues are fully variable (own hotel operations and revenue-based rent without a minimum guaranteed level) and about 64 percent are semi-variable/inert (revenue-based rent with a minimum guaranteed level and fixed rent).

For variable rent to materialise in lease agreements with a minimum guaranteed level, the accumulated total rent must exceed the accumulated minimum level during a certain period, normally a calendar year. The protection offered by minimum rent in a weak market can thus limit Pandox's revenue growth in an initial stage of a recovery from low levels.

The occupancy rates required for variable rent to materialise in Pandox's revenue-based leases, with a minimum rent, differ between markets but is lowest in the Nordic region.

### Attractive position in the recovery phase

Pandox is in an attractive position with more than 80 percent of the total number of rooms in regional and domestic cities, and therefore has high exposure to domestic demand, which will lead the recovery of the hotel market. The recovery is, however, entirely dependent on when, and at what pace, the restrictions are lifted.

Based on the recovery we saw during autumn 2020 in Europe, and a strong increase in demand in large and relevant hotel markets outside Europe, the potential for increased demand in Pandox's markets is considered to be good once restrictions are eased.

As long as restrictions remain in place at the same levels, contractual minimum rents and fixed rents are still expected to make up the majority of Pandox's total revenue. Once demand picks up, the revenue increase, as a consequence of the combination of operational model and lease structure, will initially be most pronounced within Operator Activities as a whole and in Property Management in the Nordics.

Given the hotel market's weak start of the year and the design of the rental agreements, only limited variable revenue is expected to materialise in lease agreements with minimum guaranteed rent in 2021.

*Anders Nissen, CEO*

# Summary of Covid-19 effects for Pandox

## Business segment Property Management

Pandox is monitoring and evaluating the business climate on an ongoing basis and is in close dialogue with tenants in the Property Management business segment regarding their respective situations.

Tougher restrictions that negatively impact the hotel market were introduced gradually in all Pandox's markets in the fourth quarter of 2020 and remained in place in the first quarter of 2021. In March 2021 around 87 percent of the hotel properties in the business segment were open, measured in number of rooms.

Contractual minimum rent combined with fixed rent amounts to the equivalent of around MSEK 2,000 on an annualised basis and this is also expected to make up most of Pandox's revenue in the second quarter of 2021.

Agreements on temporary changes to payment terms are made where this is possible and appropriate. Rent payments were received in the first quarter in line with original and new and temporary payment terms. No discounts have been granted on hotel rents. As of 31 March 2021, accounts receivable relating to deferred rent under the new temporary payment terms amounted to the equivalent of MSEK 566, compared with MSEK 439 as of 31 December 2020.

Pandox has benefitted from government support in Sweden and Finland in a total amount equivalent to MSEK 10 in the first quarter (MSEK 19 in the fourth quarter of 2020), which was recognised as revenue under Other property revenue.

*For more information, see pages 6, 7 and 22.*

## Business segment Operator Activities

Pandox benefitted from relief programmes within Operator Activities in Belgium, Germany, Canada, the UK and the Netherlands equivalent to around MSEK 44 in the first quarter (MSEK 41 for the fourth quarter of 2020). This is recognised as a cost reduction within "Costs" in Operator Activities.

In addition, around MSEK 33 was transferred during the quarter (MSEK 31 in the fourth quarter 2020) directly from governments to Pandox's employees in the form of salary support for furloughed personnel. These amounts are therefore not included in Pandox's numbers.

*For more information, see pages 6, 7 and 22.*

## Current earnings level

At the end of the first quarter Pandox's total costs were on a par with revenues from contractual minimum rent and fixed rent.

*For more information, see pages 6 and 7.*

## Investments

Planned investments in 2021 amount to the equivalent of around MSEK 920 plus some MSEK 45 for maintenance. Due to possible practical restrictions due to Covid-19, there is a risk that planned investment volumes will not be fully reached in 2021.

*For more information, see page 8.*

## Hotel property valuations

Pandox performs internal valuations of its hotel property portfolio and Investment Properties are recognised at fair value in accordance with accounting standard IAS 40. Operating Properties are recognised at cost less depreciation and any impairment. The internal valuations of Operating Properties are reported for disclosure purposes only and are included in EPRA NRV.

The valuation model consists of an accepted and proven cash flow model, where the future cash flows the hotel properties are expected to generate are discounted based on the market's yield requirements. The valuation is based on the business plan for the hotel concerned, which is updated at least twice a year and takes into consideration, among other things, developments in the underlying operator activities, market developments, the contract situation, operating and maintenance issues and investments aimed at maximizing the hotel property's cash flow and return in the long term. External valuations of all properties are normally carried out annually by independent property appraisers. The external appraisers complete a more in-depth inspection at least every three years or in conjunction with major changes to the properties. The external valuations provide an important reference point for Pandox's internal valuations.

At the end of the first quarter of 2021 Pandox valued the hotel properties based on the same method and model used since the IPO in 2015.

Uncertainty about the pandemic's impact on future cash flow remains high, in part due to uncertainty about vaccination programmes, virus transmission and restrictions imposed by the authorities in response, and in part due to uncertainty about possible lasting effects of Covid-19 on economies and on the hotel markets in the longer term. The pandemic's effects on valuation yield cannot with reasonable certainty be established yet, mainly because there is insufficient supporting evidence in the hotel property valuation transaction markets.

Parameters that affect the valuations are carefully monitored and as the effects of Covid-19 become clearer, it will be possible for Pandox to estimate valuation yield and future cash flows with greater precision.

Due to Covid-19 only a few external valuations – used as a reference point for Pandox's internal valuations – were able to be carried out during the first quarter. The external valuations show a large spread both within and between markets, which reflects the continued significant uncertainty. The external valuations made during the last 12 months include approximately 50 percent of the properties and are together around 5 percent lower than Pandox's internal valuations – ranging from around 0 percent to around -10 percent per country. Hotel properties in the Nordic region are all showing a lower difference and spread between Pandox's and the external appraisers' valuations, while hotel properties outside the Nordic region are showing a greater difference.

The difference in hotel property valuations outside the Nordic region is mainly explained by the fact that the external appraisers have raised the yield requirements for hotel properties based on an assumption of permanent negative effects from Covid-19. See page 20 for information on the properties' market value by country.

In the first quarter, unrealised changes in value amounted to MSEK -351 for Investment Properties, mainly as an effect of lower anticipated cash flows due to Covid-19. The unrealised changes in value for Operating Properties amounted to MSEK 7.

*For more information, see pages 8, 20 and 22.*

## Financing

Pandox's financial position is strong. As of 31 March 2021, the net loan-to-value ratio was 49.5 percent and cash and cash equivalents plus unutilised credit facilities amounted to MSEK 4,689.

Pandox's debt financing consists exclusively of credit facilities from 11 Nordic and international banks secured mainly by mortgage collateral. Credit facilities maturing in less than one year amount to MSEK 4,935, of which MSEK 3,802 will mature in December 2021. Constructive refinancing discussions are under way.

At the Group level, Pandox's financial covenants are:

1. Loan-to-value ratio at a level where Pandox's financial target for loan-to-value provides comfortable headroom
2. Interest cover ratio at a level where revenue solely from contracted minimum rents and fixed rents provide satisfactory headroom

Pandox has a positive and close dialogue with its lenders on new financing, refinancing and adjustment of existing terms and covenants taking Covid-19 into account. In the first quarter, lenders provided waivers in individual credit agreements.

*For more information, see pages 9 and 10.*

## Government relief programmes for tenants and employees

In certain countries there are programmes that cover a specific percentage of a company's fixed costs. There is in general no rent support for property owners. Since the beginning of the pandemic, tenants in Germany and the UK have been able to postpone rent payments and to capitalise and pay their rents subsequently over an extended period. This possibility has been extended until 30 June 2021 in the UK but has expired in Germany. Germany introduced income support for November and December 2020 for companies affected by restrictions. This assistance has transitioned into support for fixed costs for the first quarter of 2021, continuing until 30 June 2021.

In the first quarter, other than the above-mentioned support for fixed costs in Germany, the main form of relief that was still available and that could be used was lay-off/furlough support in Pandox's various markets.

In 2021 Padox intends to apply for additional government grants to cover costs in 2020, which will be recognised when the amounts are known.

#### Tax actions

To address the financial impact of Covid-19 for Padox, certain tax actions have been implemented, for example correction of preliminary tax payments and the deferral of VAT payments and property tax. Tax payments, mainly relating to VAT for 2020 and for the first quarter of 2021, equivalent to around MSEK 94, have been deferred until 2021.

Padox has taken a cautious approach with respect to certain relief programmes that involve additional cost – for example interest and deferral of tax payments – to lower the one-time effect when the Covid-19 crisis is over and relief packages expire. Padox is continually monitoring all new tax incentives that are presented in the jurisdictions where the Company operates and acts when it is deemed appropriate to do so.

# Hotel market development January–March 2021

## Restrictions dominate; vaccinations bring hope

The hotel market in the first quarter was still characterized by the spread of Covid-19 and government restrictions, to various extents, impacting people's ability to travel and assemble. This has in turn had a strong adverse effect on hotel demand and the ability to operate a viable hotel business.

The vaccination programmes around Europe are gradually increasing the possibility of easing restrictions. However, vaccination levels and reopening plans differ from country to country. Supported by an extensive vaccination programme and a significant decrease in the spread of infection, the UK is the first major country in Europe to communicate a plan – albeit a cautious one – for reducing restrictions soon.

## Low demand but differences between segments

Demand in all Pandox's hotel markets was very low due to sustained extensive and, in some cases, increased restrictions during the quarter. After a very weak start, demand increased slightly as the quarter progressed. The occupancy rate for Europe as a whole was 24 percent\*, which, when adjusted for seasonal variations, is on a par with the fourth quarter of 2020. Occupancy mainly consisted of "essential" business demand during the week and "permitted" individual leisure demand at weekends. International demand was very low and activity in the conference and event segment was extremely marginal.

The link between restrictions and occupancy was clear. A few examples of countries with very low occupancy rates were Austria (12%), the Netherlands (14%), Ireland (15%) and Belgium (18%). Slightly higher occupancy rates were noted in Denmark (24%), Sweden (26%), Finland (26%), Norway (27%) and United Kingdom (29%).

Relatively large differences were still being noted between markets within the same country. One of the reasons for this is dependence on international demand, location, the effects of government restrictions, the business mix and the attractiveness of a destination for leisure travel. As before, higher occupancy rates were noted in many local and regional towns and cities with predominantly domestic demand and lower occupancy rates in larger cities and international destinations.

In the Nordic region the overall occupancy rate was 26 percent\*\* in the quarter – ranging from around 22 percent in capital cities to around 30 percent in regional cities. The pattern was similar in the UK where London had 23 percent occupancy, compared with 30 percent in UK Regional.

## Outlook – strong signals from the USA

The strongest and most encouraging signals are currently coming from the USA. The fast pace of vaccination programmes and the significant decrease in infection rates have in a short period of time resulted in increased demand, particularly in the leisure segment, but also in the business segment. Occupancy is currently at around 60 percent, the highest level for more than a year. This is a relatively high level considering that international demand is low, that travel restrictions are still in place for many large companies and that the conference and event market – which is such an important one for the USA – runs at a tiny percentage of normal demand. This shows that demand for travel and hotel services has great recovery potential when people are allowed to travel again and can do so safely.

## Pandox's recovery trendspotting

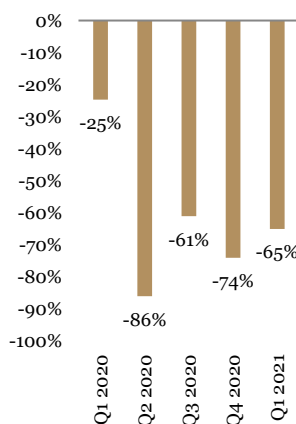
- The leisure segment is recovering first – hotels and destinations with a strong leisure offering are most attractive in earlier phases
- Hotels that are easy to reach by car and train have an advantage
- Markets with predominantly local and regional demand recover faster
- Significant potential for increased domestic tourism as long as international restrictions are in place – examples of winners are the UK and Germany
- Hotels in the economy and mid-scale segments have shown greater resilience and are also the first out of the gate in the reopening phase
- Recovery for premium hotels and hotels with significant conference activity that are dependent on international demand will take longer
- Markets with significant new capacity are especially vulnerable in the recovery phase
- Household savings have increased significantly, which creates good conditions for increased demand for hotel services once restrictions are discontinued
- People who have been under various types of lockdown will be keen to travel a lot once they are given the chance to do so – "revenge travel"?
- Hotels that have remained open during the pandemic have recovered faster and are performing better than their competitors

\* Benchmarking Alliance based on open hotels

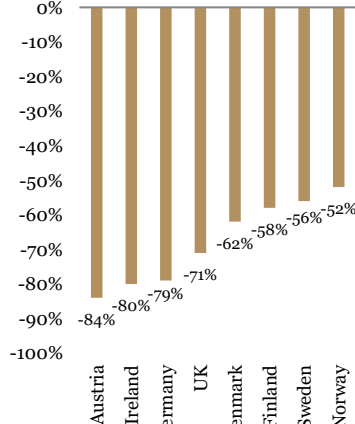
\*\* STR based on open hotels

## January-March 2021

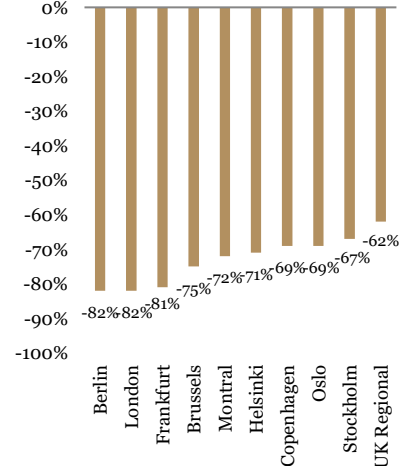
Europe  
RevPAR growth y/y



Countries  
RevPAR growth y/y



Key markets  
RevPAR growth y/y



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

# Financial development January–March 2021

Figures in brackets are from the corresponding period the previous year for profit/loss items and year-end 2020 for balance sheet items, unless otherwise stated.

## Net sales

Revenue from Property Management amounted to MSEK 554 (672), a decrease of 18 percent. The decrease was offset to some extent by contractual minimum rent and fixed rent. The revenue includes one-time revenue in the form of government support equivalent to MSEK 10. For comparable units, revenue decreased by 15 percent, adjusted for currency effects. The decrease compared to the corresponding period the previous year is explained by effects related to Covid-19. Extensive and in some cases stricter restrictions have, without exception, perpetuated the weak business climate into the first quarter.

Demand consisted mainly of essential business travel and some leisure travel in markets where this was permitted.

Revenue from Operator Activities amounted to MSEK 92 (419), a decrease of 78 percent. For comparable units, revenue decreased by 78 percent and RevPAR by 81 percent, adjusted for currency effects.

The decrease is explained by the same Covid-19-related effects as in the Property Management business segment. The relatively large loss of revenue compared with Property Management is partly due to the fact that as a hotel operator Pandox has full earnings exposure, and partly by the higher percentage of large conference hotels in international markets, in particular Brussels.

The Group's net sales amounted to MSEK 646 (1,091). For comparable units, net sales decreased by 40 percent, adjusted for currency effects.

## Net operating income

Net operating income from Property Management amounted to MSEK 462 (561), a decrease of 18 percent. For comparable units, net operating income decreased by 14 percent, adjusted for currency effects.

Net operating income from Operator Activities amounted to MSEK -80 (20). Pandox benefitted during the quarter from government grants totalling around MSEK 77 within Operator Activities. Read more on page 3 and the section "Operator Activities".

Total net operating income amounted to MSEK 382 (581), a decrease of 34 percent.

## Administration costs

Central administration costs amounted to MSEK -37 (-47), of which depreciation MSEK -5 (-4).

## EBITDA

EBITDA amounted to MSEK 350 (538), a decrease of 35 percent.

## Financial income and expense

Financial expense amounted to MSEK -233 (-228), of which MSEK -18 (-16) consists of depreciation of capitalised loan arrangement fees.

Financial income amounted to MSEK 1 (2).

Financial expense associated with right-of-use assets amounted to MSEK -21 (-22).

## Profit before changes in value

Profit before changes in value amounted to MSEK 23 (229), a decrease of 90 percent.

## Changes in value

Unrealised changes in value for Investment Properties amounted to MSEK -351 (-611).

Unrealised changes in the value of derivatives amounted to MSEK 327 (-359).

## Current and deferred tax

Current tax amounted to MSEK -12 (-27), mainly explained by intra-Group eliminations. Deferred tax amounted to MSEK 55 (100). See also page 10 and the section "Deferred tax".

## Profit for the period

Profit for the period amounted to MSEK 36 (-668) and profit for the period attributable to Parent Company shareholders amounted to MSEK 41 (-667), which is equivalent to SEK 0.22 (-3.63) per share.

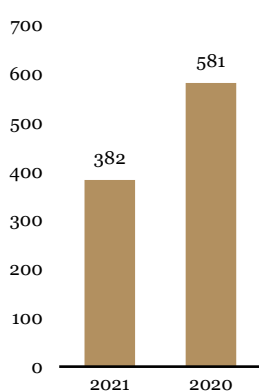
## Cash earnings

Total cash earnings amounted to MSEK 85 (262), a decrease of 68 percent.

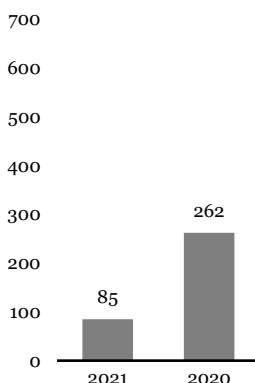
See page 23 for summary of reclassifications, acquisitions and divestments.

## January–March 2021

Total net operating income, MSEK



Total cash earnings, MSEK





# Segment reporting January–March 2021

Figures in brackets are from the corresponding period the previous year for profit/loss items and year-end 2020 for balance sheet items, unless otherwise stated.

## Property Management

Figures in MSEK	Jan-Mar		Full-year
	2021	2020	2020
Rental income	515	640	2,228
Other property income	39	32	171
Costs, excluding prop admin	-52	-68	-215
Net operating income, before property admin	502	604	2,184
Property administration	-40	-43	-166
Gross profit	462	561	2,018
Net operating income, after property admin	462	561	2,018

### January-March 2021

Rental income and other property income amounted to MSEK 554 (672), of which MSEK 10 consists of government grants, which are recognised under Other property income. The underlying decrease in revenue is a consequence of low demand due to Covid-19.

Extensive and in some cases stricter restrictions have, without exception, perpetuated the weak business climate into the first quarter. The decrease in rental income was limited to some extent by the fact that a significant portion of Pandox's leases contain provisions on contractual minimum rent and fixed rent. Occupancy for open hotels amounted to around 19 percent in the quarter, compared with around 49 percent in the same quarter of 2020. The significant difference is due to the fact that January and February 2020 were strong months and were not significantly impacted by Covid-19.

Strategically located ring-road hotels and individual hotels with government contracts, such as those used for quarantine or defence purposes, have developed well in relation to others.

As before, higher occupancy rates were noted in many local and regional towns and cities with predominantly domestic demand, and lower occupancy rates were noted in larger cities and international destinations.

Net operating income amounted to MSEK 462 (561), a decrease of 18 percent. For comparable units, revenue decreased by 15 percent while net operating income decreased by 14 percent, adjusted for currency effects.

## Operator Activities

Figures in MSEK	Jan-Mar		Full-year
	2021	2020	2020
Revenues	92	419	779
Costs	-241	-456	-1,182
Gross profit	-149	-37	-403
Add: Depreciation included in costs	69	57	235
Net operating income	-80	20	-168

### January-March 2021

Revenue from Operator Activities amounted to MSEK 92 (419), a decrease of 78 percent. The decrease is a consequence of low demand and hotel closures due to Covid-19, as well as ongoing renovation projects. The relatively large loss of revenue compared with Property Management is partly explained by the fact that in Operator Activities Pandox has full earnings exposure, and partly by the higher percentage of large conference hotels in international markets, in particular Brussels. The decrease was offset to some extent by framework agreements with government agencies and long-term contracts with companies in need of Covid-19-safe stopover rooms, e.g. within defence and offshore operations.

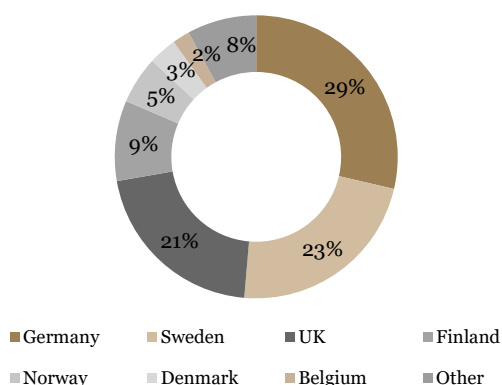
For comparable units, revenue and RevPAR decreased by 78 and 81 percent respectively, adjusted for currency effects.

Net operating income amounted to MSEK -80 (20).

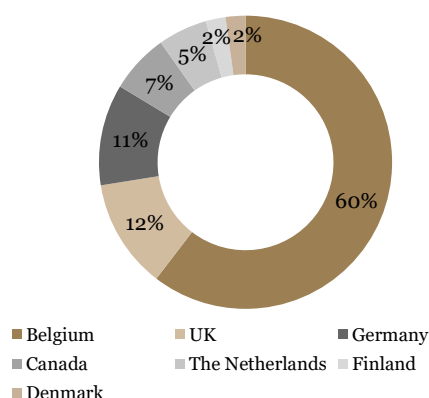
Pandox benefitted from government relief programmes equivalent to around MSEK 77 in the first quarter. Read more on page 3 and the section "Operator Activities".

## January–March 2021

Revenue by country, Property Management



Revenue by country, Operator Activities



# Property portfolio

Figures in brackets are from the corresponding period the previous year for profit/loss items and year-end 2020 for balance sheet items, unless otherwise stated.

## Change in property value

At the end of the period, Pandox's property portfolio had a total market value of MSEK 61,161 (59,542), of which Investment Properties accounted for MSEK 51,365 (50,181) and Operating Properties for MSEK 9,796 (9,361). As of the same date the carrying amount of the Operating Properties portfolio was MSEK 7,679 (7,363).

At the end of the period, Investment Properties had a weighted average unexpired lease term (WAULT) of 14.4 (14.6) years.

### Change in value Investment Properties

	Figures in MSEK
Investment Properties, opening balance (1 January, 2021)	50,181
+ Acquisitions	—
+ Investments in current portfolio	153
- Divestments	—
+/- Reclassifications	—
+/- Revaluation of fixed assets to total comprehensive income for the period	—
+/- Unrealised changes in value	-351
+/- Realised changes in value	—
+/- Change in currency exchange rates	1,382
Investment Properties, closing balance (31 March, 2021)	51,365

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

	Figures in MSEK
Operating Properties, market value (1 January, 2021)	9,361
+ Acquisitions	—
+ Investments in current portfolio	128
- Divestments	—
+/- Reclassifications	—
+/- Unrealised changes in value <sup>1)</sup>	7
+/- Realised changes in value	-6
+/- Change in currency exchange rates	306
Operating Properties, market value (31 March, 2021)	9,796

<sup>1)</sup>Decommissioning FF&E

## Investments

During the January-March 2021 period, investments in properties and fixed assets, excluding acquisitions, amounted to MSEK 283 (238), of which MSEK 153 (139) was for Investment Properties, MSEK 128 (98) was for Operating Properties and MSEK 2 (1) was for the head office.

At the end of the first quarter of 2021, approved investments for ongoing and future projects amounted to approximately MSEK 1,150, whereof approximately MSEK 920 is expected to be completed during 2021. In addition, approximately MSEK 45 will be maintenance.

Larger projects are Crowne Plaza Brussels Le Palace, NH Brussels Bloom, Hilton Brussels Grand Place, Holiday Inn Brussels Airport, Doubletree by Hilton Montreal, Hotel Berlin Berlin, Hotel Pullman Stuttgart Fontana, Mercure Hotel München, Dorint Parkhotel Bad Neuenahr, Holiday Inn Lübeck, NH Frankfurt Airport, NH Munich Airport, The Midland Manchester, Scandic Luleå, Quality Park Södertälje, Vildmarkshotellet, Hotel Twentyseven, and the investment programme for green investments.

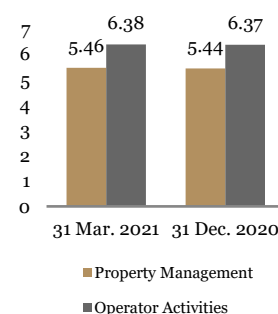
### Financial effects of changes in certain key valuation parameters as of 31 March, 2021

Investment Properties, effect on fair value	Change	Effect on value
Yield	+/- 0.5pp	-4,307 / +5,175
Change in currency exchange rates	+/- 1%	+/- 368
Net operating income <sup>1)</sup>	+/- 1%	+/- 389 (536)
Investment Properties, effect on revenues	Change	Effect on revenues
RevPAR (assuming 50/50 split between occupancy and rate) <sup>1)</sup>	+/- 1%	+/- 3 (25)
Operating Properties, effect on revenues	Change	Effect on revenues
RevPAR (assuming 50/50 split between occupancy and rate) <sup>1)</sup>	+/- 1%	+/- 7 (23)
Financial sensitivity analysis, effect on earnings	Change	Profit before changes in value
Interest expenses with current fixed interest hedging, change in interest rates, with derivatives <sup>2)</sup>	+/- 1%	+33/+163
Interest expenses with a change in the average interest rate level, without derivatives <sup>2)</sup>	+/- 1%	+241/-24
Remeasurement of interest-rate derivatives following shift in yield-curves	+/- 1%	-/+1,071

<sup>1)</sup> The lower value refers to outcome in 2020 and the higher value in parenthesis refers to normal years, "pre-Covid-19".

<sup>2)</sup> The earnings effect is asymmetrical due to limited possibilities for Pandox to benefit in full from negative interest rates.

## Average valuation yield, % (31 March 2021)



## Property valuation

Pandox performs internal valuations of its hotel property portfolio and Investment Properties are recognised at fair value in accordance with accounting standard IAS 40. Operating Properties are recognised at cost less depreciation and any impairment. The internal valuations of Operating Properties are reported for disclosure purposes only and are included in EPRA NRV.

The valuation model consists of an accepted and proven cash flow model, where the future cash flows the hotel properties are expected to generate are discounted based on the market's yield requirements. The valuation is based on the business plan for the hotel concerned, which is updated at least twice a year and takes into consideration, among other things, developments in the underlying operator activities, market developments, the contract situation, operating and maintenance issues and investments aimed at maximising the hotel property's cash flow and return in the long term. External valuations of all properties are normally carried out annually by independent property appraisers. The external appraisers complete a more in-depth inspection at least every three years or in conjunction with major changes to the properties. The external valuations provide an important reference point for Pandox's internal valuations.

At the end of the first quarter of 2021 Pandox valued the hotel properties based on the same method and model used since the IPO in 2015.

Uncertainty about the pandemic's impact on future cash flow remains high, in part due to uncertainty about vaccination programmes, virus transmission and restrictions imposed by the authorities in response, and in part due to uncertainty about possible lasting effects of Covid-19 on economies and on hotel markets in the longer term. The pandemic's effects on valuation yield cannot with reasonable certainty be established yet, because there is insufficient supporting evidence in the hotel property valuation transaction markets.

Parameters that affect the valuations are carefully monitored and as the effects of Covid-19 become clearer, it will be possible for Pandox to estimate valuation yield and future cash flows with greater precision.

Due to Covid-19 only a few external valuations – used as a reference point for Pandox's internal valuations – were able to be carried out during the first quarter.

The external valuations made during the last 12 months include approximately 50 percent of the properties and are together around 5 percent lower than Pandox's internal valuations – ranging from around 0 percent to around -10 percent per country. Hotel properties in the Nordic region are all showing a lower difference and spread between Pandox's and the external appraisers' valuations, while hotel properties outside the Nordic region are showing a greater difference. The difference in the valuations of hotel properties outside the Nordic region is mainly explained by the fact that the external appraisers have raised the yield requirements for hotel properties based on an assumption of permanent negative effects from Covid-19. See page 20 for information on the properties' market value by country.



# Financing

Figures in brackets refer to the corresponding period the previous year for profit/loss items and year-end 2020 for balance sheet items, unless otherwise stated.

## Financial position and net asset value

At the end of the period the loan-to-value net was 49.5 (48.7) percent. Equity attributable to the Parent Company's shareholders amounted to MSEK 24,540 (23,880). EPRA NRV (net asset value) amounted to MSEK 31,325 (30,813), equivalent to SEK 170.38 (167.60) per share. Cash and cash equivalents plus unutilised credit facilities amounted to MSEK 4,689 (5,221). In addition, there are additional credit facilities that, at any given time, fully cover the issued volume under the Pandox commercial paper programme.

## Interest-bearing liabilities

At the end of the period the loan portfolio amounted to MSEK 32,898 (31,629), excluding loan arrangement fees. Unutilised credit facilities amounted to MSEK 2,079 (2,599) and the volume issued under the commercial paper programme amounted to MSEK 358 (0).

Pandox has a continued positive and close dialogue with its lenders on new financing, refinancing as well as necessary adjustment of terms and covenants in existing credit agreements with consideration to Covid-19.

Short-term credit facilities with a term of less than one year amount to MSEK 4,935, of which MSEK 3,802 matures in December 2021. Pandox has all short-term credit facilities with Nordic relationship banks and constructive discussions on refinancing are ongoing.

The average fixed rate period was 3.3 (2.8) years and the average interest rate, corresponding to the interest rate level at the end of the period, was 2.6 (2.6) percent, including effects from interest-rate derivatives, but excluding accrued arrangement fees. The average repayment period was 2.6 (2.8) years. The loans are secured by a combination of mortgage collateral and pledged shares.

Maturity structure credit facilities 31 March 2021

Year due (MSEK)	Credit facilities <sup>1)</sup>
<1 year	4,935
1-2 years	9,316
2-3 years	7,508
3-4 years	11,116
4-5 years	578
<5 years	1,524
Total	34,977

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

To reduce the currency exposure in foreign investment Pandox's aim is to finance the applicable portion of 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.

Loans by currency 31 March 2021

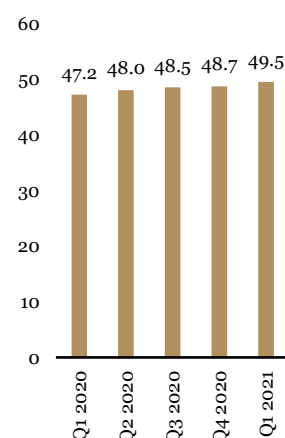
	SEK	DKK	EUR <sup>3)</sup>	CHF	CAD	NOK	GBP	Total
Sum credit facilities <sup>1)</sup>	10,232	1,928	15,165	448	522	1,236	5,447	34,977
Sum interest bearing debt, MSEK <sup>1)</sup>	7,835	1,928	15,503	448	501	1,236	5,447	32,898
Share of debt in currency, %	23.8	5.9	47.1	1.4	1.5	3.8	16.6	100
Average interest rate, % <sup>2)</sup>	2.9	1.9	2.4	0.9	2.6	2.7	3.0	2.6
Average interest rate period, years	3.0	0.5	4.1	0.2	0.1	2.3	3.1	3.3
Market value Properties <sup>1)</sup>	14,579	3,449	27,873	725	1,249	3,262	10,024	61,161

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

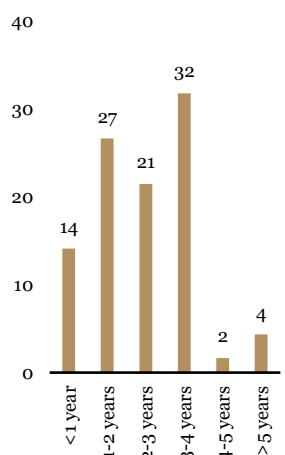
<sup>2)</sup> Average interest rate including bank margin.

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

Loan to value per quarter, %



Maturity of credit facilities per year, %



## Financial covenants

On group level, Pandox's financial covenants are:

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

In order to manage interest rate risk and increase the predictability of Pandox's earnings, interest rate derivatives are used, mainly in the form of interest rate swaps. At the end of the period interest rate derivatives amounted to MSEK 25,988 gross and MSEK 20,965 net, which is also the portion of Pandox's loan portfolio for which interest rates are hedged. Approximately 59 percent net of Pandox's loan portfolio was thereby hedged against interest rate movements for periods longer than one year.

Interest maturity profile 31 March, 2021

Tenor (MSEK)	Total interest maturity		Interest maturity derivatives		
	Amount <sup>1)</sup>	Share, %	Volume	Share, %	Average interest rate, %
< 1 year	15,174	46	3,240	15	1.5
1–2 year	5,421	16	5,421	26	1.1
2–3 year	-1,911	-6	-1,911	-9	0.2
3–4 year	680	2	680	3	0.1
4–5 year	658	2	658	3	-0.1
> 5 year	12,877	39	12,877	61	0.5
Sum	32,898	100	20,965	100	0.8

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

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

At the end of the period, the net market value of Pandox's financial derivatives amounted to MSEK -471 (-798).

### Deferred tax

At the end of the period, the deferred tax assets amounted to MSEK 502 (631). These represent mainly the book value of tax loss carry forwards which the Company expects to be able to use in upcoming fiscal years, and temporary measurement differences for interest rate derivatives.

Deferred tax liabilities amounted to MSEK 4,293 (4,307) and relate mainly to temporary differences between fair value and the taxable value of Investment Properties, as well as temporary differences between the book value and the taxable value of Operating Properties.

# Other information

## Important events during and after the period

12 April 2021	Press release from the AGM 2021
17 March 2021	Pandox publishes Annual Report 2020
11 February 2021	Year-end report January–December 2020

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

## Ongoing disputes

The tenant at Park Centraal Amsterdam has filed a lawsuit against a Pandox subsidiary demanding certain temporary adjustments in existing leases, mainly with respect to minimum rent levels. Court proceedings are set to commence on 25 May 2021.

A Pandox subsidiary has filed a lawsuit against Köln Bonn Airport which has not granted an extension of a heritage building right for the Leonardo Hotel Köln Bonn Airport property. The hotel has 177 rooms. The case is ongoing and Pandox believes that there is a good possibility of a favourable decision, or compensation, for the company.

As Pandox previously communicated, it received a decision from the Swedish Tax Agency on the Group's internal pricing. Pandox has appealed the decision with the Supreme Administrative Court and is waiting for a decision, which is expected to be handed down in 2021. Pandox is maintaining its position that the Company has followed the law. Pandox's transfer pricing does not differ from industry practice. The Swedish Tax Agency is, however, of the opinion that no allocation of profits is to be made to the country where the properties are located and operations are conducted, but to the country of the parent company, i.e. Sweden. Pandox is maintaining that the Group's companies are following and have followed applicable laws on transfer pricing and taxation in the countries where the Group's companies are operating. Pandox has been granted a tax payment extension by the Swedish Tax Agency due to uncertainty about the outcome of the case. Pandox believes that there is a good possibility of a favourable decision in a higher court.

## Employees

At the end of the period, Pandox had the equivalent of 428 (1,229) full-time employees, based on number of worked hours translated to full-time employees. Of the total number of employees, 379 (1,183) are employed in the Operator Activities segment and 49 (46) in the Property Management segment and in central administration.

## Green investments

Pandox's green investment programme of MEUR 8 remains in place within the planned timeframe (2023). The investment programme focuses on projects to reduce energy and water consumption and on technical installations. The purpose is to reduce climate impact while also generating an average return of around 20 percent. Due to Covid-19, the larger and more technology-intensive investments have taken longer time to complete, which means that the savings from the programme will not materialise in earnest until the second half of 2021.

## 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. Amounts invoiced during the January–March 2021 period totalled MSEK 37 (30), and profit for the period amounted to MSEK 501 (-175).

At the end of the period the Parent Company's equity amounted to MSEK 9,105 (8,603) and the external interest-bearing debt was MSEK 7,093 (4,804), of which MSEK 5,233 (3,294) was in the form of long-term debt.

## 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–March 2021, revenue from Pelican Bay Lucaya amounted to MSEK 0.1 (0.2).

## Financial risk management

Pandox seeks to achieve the lowest possible financing cost while simultaneously limiting the Company's interest rate, currency and liquidity risks. Pandox's approach is that increased financing cost resulting from moderate changes in interest rates is often compensated for by higher operating income due to increased economic activity. Also, Pandox has a loan portfolio with staggered maturities and fixed interest periods where the Company enters into interest rate swaps to hedge interest rate levels for a certain portion of the debt portfolio.

A significant amount of Pandox's operations are in countries outside Sweden and the Company is therefore exposed to exchange rate fluctuations. Pandox reduces currency exposure in foreign investments primarily by taking out loans in local currencies. In general, foreign operations report both income and costs in the local currency, which limits currency exposure in current flows.

Pandox aims to have a diversified loan portfolio in terms of the number of lenders, concentration, and maturities in order to manage liquidity risk.

Pandox's financial risks and risk management are described on pages 133–136 of the 2020 Annual Report.

## Risk and uncertainty factors

Pandox defines risk as a factor of uncertainty that may affect the Company's ability to fulfil its objectives. It is therefore of utmost importance that Pandox is able to identify and assess these factors of uncertainty.

Pandox's strategy is to invest in hotel properties with revenue-based leases with the best hotel operators, and also to be able to operate hotels itself when necessary. Based on this strategy, Pandox has classified risk in five categories: strategy risk, operational risk, financial risk, external risk and sustainability risk.

Pandox's risk management work is described on pages 84–89 in the section "Risk and risk management" in the 2020 Annual Report.

Considering the extraordinary situation created by Covid-19, a situation cannot be excluded where for example representations and covenants in the Company's credit agreements may not be met. In such cases, there are several actions that can be taken to, should there be a need, to cure non-compliance, such as payment of interest to an escrow account, adjustment of covenants, covenant holidays or certain repayments, internal loans or increase in shareholders' equity in subsidiaries.

Besides the effects of Covid-19 described on page 3 there has been no significant change to Pandox's risk assessment after the publication of the 2020 Annual Report.

## Seasonal variations

The hotel industry is seasonal in nature. The periods during which the Company's properties experience higher revenues vary from property to property, depending principally upon location and the customer base served. Since most of the customers that stay at Pandox owned or operated hotels are business travellers, the Company's total revenues have historically been greater particularly in the second quarter. The timing of holidays and major events can also impact the Company's quarterly results.

## Forward-looking statements

This report contains forward-looking statements. Such statements are subject to risks and uncertainties. Actual developments may differ materially from the expectations expressed, due to various factors, many of which are beyond the control of Pandox.

## Governing text

The report has been translated from Swedish. The Swedish text shall govern for all purposes and prevail in the event of any discrepancy.

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

**Stockholm, 27 April 2021**

**Anders Nissen, CEO**



Elevator lobby at Hotel Indigo Brussels – City, 284 rooms

### Alternative performance measurements

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 16–17.

### 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 first quarter 2021 the weighted number of shares before and after dilution amounted to 75,000,000 A shares and 108,849,999 B shares.

### Presentation of the Q1 interim report 2021

Pandox will present the Q1 interim report for investors, analysts and media via a webcasted telephone conference, 27 April at 08:30 CEST. The presentation also includes an external update of the hotel market.

- Interim report and business update  
*Anders Nissen CEO, Liia Nõu CFO*
- The hotel market  
*Robin Rossmann, Managing Director International STR*

The presentation material will be available at [www.pandox.se](http://www.pandox.se) at approximately 08:00 CEST.

To follow the webcast, go to <https://edge.media-server.com/mmc/p/4zcrucwp>. Here you can also ask written questions.

To participate in the conference via telephone, please register via this link to access telephone numbers:

<http://emea.directeventreg.com/registration/5632046>.

A recorded version of the presentation will be available at [www.pandox.se](http://www.pandox.se).

### Contact persons

For further information, please contact:

Anders Nissen, CEO  
+46 (0) 708 46 02 02

Liia Nõu, CFO  
+46 (0) 702 37 44 04

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

This information is information that Pandox AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above 27 April 2021, 07:00 CEST.

### Financial calendar

Interim report Jan-Jun 2021	16 July 2021
Interim report Jan-Sep 2021	27 October 2021
Year-end report 2021	10 February 2022
Interim report Jan-Mar 2022	27 April 2022

More information about Pandox is available at [www.pandox.se](http://www.pandox.se).

# Summary of financial reports

## Condensed consolidated statement of comprehensive income

		Jan-Mar		Full-year
Figures in MSEK	Note	2021	2020	2020
Revenues Property Management				
Rental income	2	515	640	2,228
Other property income		39	32	171
Revenue Operator Activities	2	92	419	779
<b>Total revenues</b>		<b>646</b>	<b>1,091</b>	<b>3,178</b>
Costs Property Management	2	-92	-111	-381
Costs Operator Activities	2	-241	-456	-1,182
<b>Gross profit</b>		<b>313</b>	<b>524</b>	<b>1,615</b>
- whereof gross profit Property Management	2	462	561	2,018
- whereof gross profit Operator Activities	2	-149	-37	-403
Central administration		-37	-47	-171
Financial income		1	2	2
Financial expenses		-233	-228	-902
Financial cost right of use assets		-21	-22	-86
<b>Profit before changes in value</b>		<b>23</b>	<b>229</b>	<b>458</b>
<i>Changes in value</i>				
Properties, unrealised	2	-351	-611	-1,779
Properties, realised	2	-6	—	0
Derivatives, unrealised		327	-359	-221
<b>Profit before tax</b>		<b>-7</b>	<b>-741</b>	<b>-1,542</b>
Current tax		-12	-27	-57
Deferred tax		55	100	191
<b>Profit for the period</b>		<b>36</b>	<b>-668</b>	<b>-1,408</b>
<i>Items that may be classified to profit or loss</i>				
Net investment hedge of foreign operations		391	-22	-659
Translation differences realisation of foreign operations		241	682	-351
		<b>632</b>	<b>660</b>	<b>-1,010</b>
<b>Other comprehensive income for the period</b>		<b>632</b>	<b>660</b>	<b>-1,010</b>
<b>Total comprehensive income for the period</b>		<b>668</b>	<b>-8</b>	<b>-2,418</b>
Profit for the period attributable to the shareholders of the parent company		41	-667	-1,399
Profit for the period attributable to non-controlling interests		-5	-1	-9
<b>Total comprehensive income for the period attributable to the shareholders of the parent company</b>		<b>660</b>	<b>-22</b>	<b>-2,379</b>
<b>Total comprehensive income for the period attributable to non-controlling interests</b>		<b>8</b>	<b>14</b>	<b>-39</b>
Earnings per share, before and after dilution, SEK		0.22	-3.63	-7.61

## Condensed consolidated statement of financial position

	2021	2020	2020
Figures in MSEK	31 Mar	31 Mar	31 Dec
<b>ASSETS</b>			
<b>Non-current assets</b>			
Operating Properties	7,166	6,650	6,872
Equipment and interiors	526	563	502
Investment Properties	51,365	55,357	50,181
Deferred non-current rent attributable to new temporary payment terms	295	—	189
Right-of-use assets	3,016	3,176	2,926
Deferred tax assets	502	546	631
Derivatives <sup>1)</sup>	90	72	43
Other non-current receivables	38	36	36
<b>Total non-current assets</b>	<b>62,998</b>	<b>66,400</b>	<b>61,380</b>
<b>Current assets</b>			
Inventories	10	14	9
Current tax assets	101	110	95
Trade account receivables	225	458	180
Deferred current rent attributable to new temporary payment terms	271	—	250
Prepaid expenses and accrued income	137	107	110
Other current receivables	149	204	169
Cash and cash equivalents	2,610	1,220	2,622
<b>Total current assets</b>	<b>3,503</b>	<b>2,113</b>	<b>3,435</b>
<b>Total assets</b>	<b>66,501</b>	<b>68,513</b>	<b>64,815</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	460	460	460
Other paid-in capital	7,525	7,525	7,525
Reserves	-95	911	-714
Retained earnings, including profit for the period	16,650	17,341	16,609
<b>Equity attributable to the owners of the Parent Company</b>	<b>24,540</b>	<b>26,237</b>	<b>23,880</b>
Non-controlling interests	216	261	208
<b>Sum equity</b>	<b>24,756</b>	<b>26,498</b>	<b>24,088</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Interest-bearing liabilities <sup>2)3)</sup>	28,050	25,722	26,034
Other non-current liabilities	5	18	5
Long-term lease liability	2,993	3,146	2,901
Derivatives <sup>1)</sup>	561	1,008	841
Provisions	33	46	32
Deferred tax liability	4,293	4,623	4,307
<b>Total non-current liabilities</b>	<b>35,935</b>	<b>34,563</b>	<b>34,120</b>
<b>Current liabilities</b>			
Provisions	75	101	139
Interest-bearing liabilities <sup>2)3)</sup>	4,685	6,160	5,418
Short-term lease liability	25	31	27
Tax liabilities	135	75	118
Trade accounts payable	183	288	179
Other current liabilities	240	278	265
Accrued expenses and prepaid income	467	519	461
<b>Total current liabilities</b>	<b>5,810</b>	<b>7,452</b>	<b>6,607</b>
<b>Total liabilities</b>	<b>41,745</b>	<b>42,015</b>	<b>40,727</b>
<b>Total equity and liabilities</b>	<b>66,501</b>	<b>68,513</b>	<b>64,815</b>

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

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

<sup>3)</sup> Arrangement fees of MSEK 163 have reduced interest-bearing liabilities in the period, compared to MSEK 200 same period 2020.



## Condensed consolidated statement of changes in equity

Figures in MSEK	Attributable to the owners of the parent company					Total	Non-controlling interests	Total equity
	Share capital	Other paid in capital	Translation reserves	Revaluation reserve <sup>2)</sup>	Retained earnings, incl profit for the period			
Opening balance equity 1 January, 2020	460	7,525	89	169	18,107	26,350	156	26,506
Profit for the period	—	—	—	—	-1,399	-1,399	-9	-1,408
Other comprehensive income	—	—	-980	—	—	-980	-30	-1,010
Transactions regarding non-controlling interests <sup>1)</sup>	—	—	8	—	-99	-91	91	—
Closing balance equity 31 December, 2020	460	7,525	-883	169	16,609	23,880	208	24,088
Opening balance equity 1 January, 2021	460	7,525	-883	169	16,609	23,880	208	24,088
Profit for the period	—	—	—	—	41	41	-5	36
Other comprehensive income	—	—	619	—	—	619	13	632
Closing balance equity 31 March, 2021	460	7,525	-264	169	16,650	24,540	216	24,756

<sup>1)</sup> Transfer from the Parent Company's shareholders to non-controlling interests.

<sup>2)</sup> Change of fair value due to reclassification of hotel properties from Operator Activities to Property Management.

## Condensed consolidated statement of cash flow

Figures in MSEK	Jan-Mar		Full-year
	2021	2020	2020
<b>OPERATING ACTIVITIES</b>			
Profit before tax	-7	-741	-1,542
Reversal of depreciation	69	58	238
Changes in value, realised	6	—	—
Changes in value, unrealised	351	611	1,779
Changes in value, derivatives, unrealised	-327	359	221
Other items not included in the cash flow	19	-127	-38
Taxes paid	0	-61	-45
Cash flow from operating activities before changes in working capital	111	99	613
Increase/decrease in operating assets	-147	176	-36
Increase/decrease in operating liabilities	-46	-47	-117
Change in working capital	-193	129	-153
Cash flow from operating activities	-82	228	460
<b>INVESTING ACTIVITIES</b>			
Investments in properties and fixed assets	-283	-238	-907
Acquisitions of hotel properties, net effect on liquidity	—	-689	-689
Acquisitions of financial assets	-2	-1	-2
Cash flow from investing activities	-285	-928	-1,598
<b>FINANCING ACTIVITIES</b>			
New loans	2,611	2,270	9,755
Amortisation of debt	-2,219	-1,134	-6,664
Guaranteed minority dividend	—	—	-20
Cash flow from financing	392	1,136	3,071
Cash flow for the period	25	436	1,933
Cash and cash equivalents at beginning of period	2,622	632	632
Exchange differences in cash and cash equivalents	-37	152	57
Liquid funds end of period	2,610	1,220	2,622
<b>Information regarding interest payments</b>			
Interest received amounted to	1	0	2
Interest paid amounted to	-201	-206	-819
Financial costs related to rights of use	-21	-22	-86
<b>Information regarding cash and cash equivalents end of period</b>	2,610	1,220	2,622
Cash and cash equivalents consists of bank deposits.			

## Condensed income statement for the parent company

	Jan-Mar		Full-year
Figures in MSEK	2021	2020	2020
Net sales	37	30	150
Administration cost	-49	-60	-219
Operating profit	-12	-30	-69
Other interest income and similar profit/loss items	395	-33	-383
Derivates, unrealised	260	-157	-188
Profit after financial items	643	-220	-640
Year-end appropriations	—	—	1
Profit before tax	643	-220	-639
Current tax	0	-7	0
Deferred tax	-142	52	153
Profit for the period	501	-175	-486

## Condensed balance sheet for the parent company

	2021	2020	2020
Figures in MSEK	31 Mar	31 Mar	31 Dec
<b>ASSETS</b>			
Non-current assets	19,756	22,063	19,443
Current assets	2,784	653	2,621
Total assets	22,540	22,716	22,064
<b>EQUITY AND LIABILITIES</b>			
Equity	9,105	8,914	8,603
Provisions	113	146	168
Non-current liabilities	7,785	5,040	5,866
Current liabilities	5,537	8,616	7,427
Total equity and liabilities	22,540	22,716	22,064

## Reconciliation alternative performance measurements

	Jan-Mar		Full-year
Per share, figures in SEK <sup>1)</sup>	2021	2020	2020
Total comprehensive income per share, SEK			
Total comprehensive income for the period attributable to the shareholders of the parent company, MSEK	660	-22	-2,379
Weighted average number of share, before and after dilution	183,849,999	183,849,999	183,849,999
Total comprehensive income per share, SEK	3.59	-0.12	-12.94
Cash earnings per share, SEK			
Cash earnings attr.to the shareholders of the parent company, MSEK	90	263	669
Weighted average number of share, before and after dilution	183,849,999	183,849,999	183,849,999
Cash earnings per share, SEK	0.49	1.43	3.64
Net asset value (EPRA NRV) per share, SEK			
EPRA NRV (net asset value), MSEK	31,325	34,375	30,813
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	170.38	186.97	167.60
Dividend per share, SEK			
Dividend, MSEK	—	—	—
Number of shares at dividend	183,849,999	183,849,999	183,849,999
Dividend per share, SEK <sup>3)</sup>	—	—	—
Weighted average number of shares outstanding, before and after dilution	183,849,999	183,849,999	183,849,999
Number of shares at end of period	183,849,999	183,849,999	183,849,999
<b>PROPERTY RELATED KEY FIGURES</b>			
Number of hotels, end of period <sup>2)</sup>	156	156	156
Number of rooms, end of period <sup>2)</sup>	35,061	35,018	35,060
WAULT, years	14.4	15.3	14.6
Market value properties, MSEK	61,161	65,345	59,542
Market value Investment Properties, MSEK	51,365	55,357	50,181
Market value Operating Properties, MSEK	9,796	9,988	9,361
RevPAR (Operator Activities) for comparable units at comparable exchange rates, SEK	98	504	224

<sup>1)</sup> Total number of outstanding shares after dilution amounts to 183,849,999, of which 75,000,000 A shares and 108,849,999 B shares.

Based on total number of shares for balance sheet items and weighted number for shares for profit and loss items.

<sup>2)</sup> Pandox's owned hotel properties <sup>3)</sup> For 2020 actual dividend is indicated.

## Reconciliation alt. performance measurements

Figures in MSEK	Jan-Mar		Full-year
	2021	2020	2020
<b>Net interest-bearing debt</b>			
Non-current interest-bearing liabilities	28,050	25,722	26,034
Current interest-bearing liabilities	4,685	6,160	5,418
Arrangement fee for loans	163	200	177
Cash and cash equivalents	-2,610	-1,220	-2,622
<b>Net interest-bearing debt</b>	<b>30,288</b>	<b>30,862</b>	<b>29,007</b>
<b>Loan to value net, %</b>			
Net interest-bearing debt	30,288	30,862	29,007
Market value properties	61,161	65,345	59,542
<b>Loan to value net, %</b>	<b>49.5</b>	<b>47.2</b>	<b>48.7</b>
<b>Interest cover ratio, times</b>			
EBITDA	350	538	1,699
Less: Financial costs for right-of-use-assets	-21	-22	-86
Net interest costs	204	202	793
<b>Interest cover ratio, times</b>	<b>1.6</b>	<b>2.6</b>	<b>2.0</b>
<b>Average interest on debt end of period, %</b>			
Average interest expenses	841	794	811
Non-current interest-bearing liabilities	28,050	25,722	26,034
Arrangement fee for loans	163	200	177
Current interest-bearing liabilities	4,685	6,160	5,418
<b>Average interest on debt, end of period, %</b>	<b>2.6</b>	<b>2.5</b>	<b>2.6</b>
<i>See page 8-9 for a complete reconciliation</i>			
<b>Investments, incl. parent company excl. acquisitions</b>	<b>283</b>	<b>238</b>	<b>907</b>
<b>Net operating income, Property Management</b>			
Rental income	515	640	2,228
Other property income	39	32	171
Costs, excl. property administration	-52	-68	-215
<b>Net operating income, before property administration</b>	<b>502</b>	<b>604</b>	<b>2,184</b>
Property administration	-40	-43	-166
<b>Net operating income, Property Management</b>	<b>462</b>	<b>561</b>	<b>2,018</b>
<b>Net operating income, Operator Activities</b>			
Revenues Operator Activities	92	419	779
Costs Operator Activities	-241	-456	-1,182
<b>Gross profit</b>	<b>-149</b>	<b>-37</b>	<b>-403</b>
Plus: Depreciation included in costs	69	57	235
<b>Net operating income, Operator Activities</b>	<b>-80</b>	<b>20</b>	<b>-168</b>
<b>EBITDA</b>			
Gross profit from respective operating segment	313	524	1,615
Plus: Depreciation included in costs Operator Activities	69	57	235
Less: Central administration, excluding depreciation	-32	-43	-151
<b>EBITDA</b>	<b>350</b>	<b>538</b>	<b>1,699</b>
<b>Cash earnings</b>			
EBITDA	350	538	1,699
Plus: Financial income	1	2	2
Less: Financial expense	-233	-228	-902
Less: Financial cost for right-of-use assets	-21	-22	-86
Plus/Less: Translation effect on bank deposits	0	-1	4
Less: Current tax	-12	-27	-57
<b>Cash earnings</b>	<b>85</b>	<b>262</b>	<b>660</b>
<b>EPRA NRV</b>			
Equity attr. to the shareholders of the parent company	24,540	26,237	23,880
Plus: Revaluation of Operating Properties	2,118	2,779	1,998
Plus: Fair value of financial derivatives	471	936	798
Less: Deferred tax assets related to derivatives	-97	-200	-171
Plus: Deferred tax liabilities	4,293	4,623	4,307
<b>EPRA NRV</b>	<b>31,325</b>	<b>34,375</b>	<b>30,813</b>
<b>Growth in EPRA NRV, annual rate, %</b>			
EPRA NRV attr. to the shareholders of the parent company, OB	34,375	28,561	34,270
EPRA NRV attr. to the shareholders of the parent company, CB	31,325	34,375	30,813
Dividend added back, current year	—	—	—
Excluding proceeds from new share issue	—	-3,010	—
<b>Growth in EPRA NRV, annual rate, %</b>	<b>-8.9</b>	<b>9.8</b>	<b>-10.1</b>

## Key figures not defined according to IFRS

A number of the financial descriptions and measures in this interim report provide information about development and status of financial and per share measurements that are not defined in accordance with the IFRS (International Financial Reporting Standards). Adjoining alternative financial measurements provides useful supplementary information to investors and management, as they facilitate evaluation of company performance. Since not all companies calculate financial measurements in the same manner, these are not always comparable to measurements used by other companies. Hence, these financial measures should not be seen as a substitute for measures defined according to the IFRS. Unless otherwise stated, the tables on pages 16 and 17 presents measures, along with their reconciliation, which are not defined according to the IFRS. The definitions of these measures appear on page 25.

## 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 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 18.

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

Net asset value is the aggregate capital the Company manages on behalf of its shareholders. Net asset value can be calculated in various ways, primarily affected by the time horizon and the portfolio's turnover. In general, Pandox has an industrial and long-term investment horizon.

From 31 December 2020 Pandox is also recognising the performance measures EPRA NRV (net reinstatement value), EPRA NTA (net tangible assets) and EPRA NDV (net disposal value). See page 25 for definitions.

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, Property valuation, 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						
Figures in MSEK	Q1 2021	SEK/share <sup>1)</sup>	Q1 2020	SEK/share <sup>1)</sup>	Full-year 2020	SEK/share <sup>1)</sup>
Group equity attr. to the shareholders of the parent company	24,540	133.48	26,237	142.71	23,880	129.89
Plus: Revaluation of Operating Properties	2,118	11.52	2,779	15.11	1,998	10.87
Plus: Fair value of financial derivatives	471	2.56	936	5.09	798	4.34
Less: Deferred tax assets related to derivatives	-97	-0.53	-200	-1.09	-171	-0.93
Plus: Deferred tax liabilities	4,293	23.35	4,623	25.15	4,307	23.43
Net asset value, EPRA NRV	31,325	170.38	34,375	186.97	30,813	167.60
Less:	—	—	—	—	—	—
Net asset value, EPRA NTA	31,325	170.38	34,375	186.97	30,813	167.60
Less: derivatives and deferred tax	-4,667	-25.38	-5,359	-29.15	-4,934	-26.84
Net asset value, EPRA NDV	26,658	145.00	29,016	157.82	25,878	140.76

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

## Quarterly data

### Condensed consolidated statement of comprehensive income

income	2021	2020				2019			
Figures in MSEK	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	
Revenue Property Management									
Rental income	515	523	563	502	640	784	820	772	
Other property income	39	47	67	25	32	26	31	11	
Revenue Operator Activities	92	117	169	74	419	645	600	673	
Total revenues	646	687	799	601	1,091	1,455	1,451	1,456	
Costs Property Management	-92	-92	-99	-79	-111	-94	-90	-79	
Costs Operator Activities	-241	-244	-266	-216	-456	-536	-491	-508	
Gross profit	313	351	434	306	524	825	870	869	
Central administration	-37	-41	-41	-42	-47	-44	-40	-48	
Financial net	-232	-227	-227	-220	-226	-234	-224	-202	
Financial cost for right-of-use assets	-21	-21	-21	-22	-22	-21	-20	-21	
Profit before value changes	23	62	145	22	229	526	586	598	
Changes in value									
Properties, unrealised	-351	-533	-315	-320	-611	396	353	509	
Properties, realised	-6	0	0	—	—	-41	110	1	
Derivatives, unrealised	327	109	51	-22	-359	444	-211	-133	
Profit before tax	-7	-362	-119	-320	-741	1,325	838	975	
Current tax	-12	-2	-17	-11	-27	59	-60	-75	
Deferred tax	55	59	33	-1	100	-93	-536	-140	
Profit for the period	36	-305	-103	-332	-668	1,291	242	760	
Other comprehensive income	632	-796	46	-920	660	-199	-250	135	
Total comprehensive income for the period	668	-1,101	-57	-1,252	-8	1,092	-8	895	

### Condensed consolidated statement of financial position

Condensed consolidated statement of financial position	2021	2020				2019		
Figures in MSEK	31 Mar	31 Dec	30 Sep	30 Jun	31 Mar	31 Dec	30 Sep	30 Jun
ASSETS								
Properties incl equipment and interiors	59,057	57,555	59,859	59,877	62,570	60,558	56,759	54,543
Right of use assets	3,016	2,926	3,071	3,051	3,176	3,064	2,940	2,957
Other non-current receivables	423	268	84	85	108	151	78	75
Deferred tax assets	502	631	559	570	546	383	765	540
Current assets	893	813	1,261	1,008	893	1,025	832	1,192
Cash and cash equivalents	2,610	2,622	2,309	2,298	1,220	632	530	450
Total assets	66,501	64,815	67,143	66,889	68,513	65,813	61,904	59,757
EQUITY AND LIABILITIES								
Equity	24,756	24,088	25,189	25,246	26,498	26,506	22,405	22,413
Deferred tax liability	4,293	4,307	4,407	4,458	4,623	4,552	4,879	3,633
Interest-bearing liabilities	32,735	31,452	32,173	31,981	31,882	29,621	29,158	28,541
Leasing liabilities	3,018	2,928	3,073	3,052	3,177	3,064	2,941	2,957
Non interest-bearing liabilities	1,699	2,040	2,301	2,152	2,333	2,070	2,521	2,213
Total equity and liabilities	66,501	64,815	67,143	66,889	68,513	65,813	61,904	59,757

### Key ratios

Key ratios	2021	2020				2019		
Figures in MSEK	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun
NOI, Property Management	462	478	531	448	561	716	761	704
NOI, Operator Activities	-80	-64	-39	-85	20	159	160	212
EBITDA	350	378	456	327	538	834	886	872
Earnings per share before and after dilution, SEK	0.22	-1.63	-0.56	-1.79	-3.63	7.30	1.45	4.53
Cash earnings	85	129	194	75	262	654	586	570
Cash earnings per share before and after dilution, SEK	0.49	0.73	1.06	0.42	1.43	3.72	3.51	3.39
RevPAR growth (Operator Activities) for comparable units and constant currency, %	-81	-89	-81	-92	-30	-4	4	12

	2021	2020				2019		
	31 Mar	31 Dec	30 Sep	30 Jun	31 Mar	31 Dec	30 Sep	30 Jun
Net interest-bearing debt, MSEK	30,288	29,007	30,056	29,878	30,862	29,191	28,806	28,248
Loan to value, %	49.5	48.7	48.5	48.0	47.2	46.0	48.3	49.0
Interest coverage ratio, times	1.6	2.0	2.3	2.0	2.6	4.1	4.1	4.0
Market value properties, MSEK	61,161	59,542	62,022	62,259	65,345	63,469	59,661	57,618
EPRA NRV per share, SEK	170.38	167.60	175.33	177.32	186.97	186.40	184.03	173.83
WAULT (Property Management), yrs	14.4	14.6	14.9	15.2	15.3	15.6	15.5	15.5

# Portfolio overview

At the end of the period Pandox's property portfolio consisted of 156 (156) hotel properties with 35,061 (35,060) 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 (24 percent), UK (16 percent), Belgium (7 percent) and Finland (6 percent).

136 of the hotel properties are leased to third parties, which means that approximately 84 percent of the portfolio market value is covered by external leases. Pandox's tenant base consists of highly reputable hotel operators with strong hotel brands.

On 31 March 2021 Investment Properties had a weighted average unexpired lease term (WAULT) of 14.4 years (14.6).

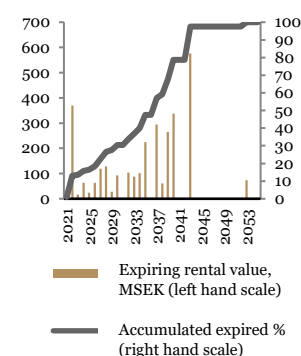
## Portfolio overview by segment and geography

Property Management	Number		Market value (MSEK)		
	Hotels	Rooms	Per country	In % of total	Per room
Sweden	42	8,788	14,579	24	1.7
Germany	33	6,876	12,076	20	1.8
UK	19	4,675	9,177	15	2.0
Finland	13	2,922	3,927	6	1.3
Norway	14	2,573	3,262	5	1.3
Denmark	6	1,442	2,704	4	1.9
Austria	2	639	1,459	2	2.3
Belgium	2	519	889	1	1.7
Ireland	3	445	1,393	2	3.1
Switzerland	1	206	725	1	3.5
The Netherlands	1	189	1,173	2	6.2
Sum Property Management	136	29,274	51,365	84	1.8
Operator Activities					
Belgium	7	1,955	3,415	6	1.7
Germany	5	1,490	3,169	5	2.1
Canada	2	952	1,249	2	1.3
The Netherlands	1	216	347	1	1.6
UK	2	611	846	1	1.4
Denmark	2	403	744	1	1.8
Finland	1	160	26	0	0.2
Sum Operator Activities	20	5,787	9,796	16	1.7
Sum total	156	35,061	61,161	100	1.7

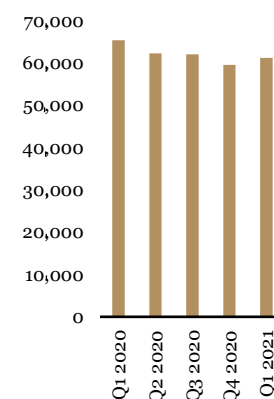
## Portfolio overview by brand

Brand	Number		In % of total
	Hotels	Rooms	
Scandic	50	10,908	31
Jurys Inn	20	4,410	13
Leonardo	18	3,547	10
Hilton	7	2,298	7
Radisson Blu	8	2,033	6
Nordic Choice Hotels	11	1,837	5
NH	7	1,681	5
Dorint	5	1,085	3
Mercure	4	760	2
Crowne Plaza	2	616	2
Elite Hotels	2	493	1
Holiday Inn	2	469	1
Novotel	2	421	1
InterContinental	1	357	1
Maritim	1	316	1
Indigo	1	284	1
Pullman	1	252	1
Meininger	1	228	1
Best Western	1	103	0
Independent brands	12	2,963	8
Total	156	35,061	100

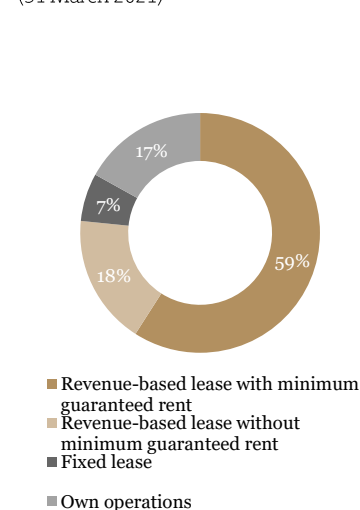
## Lease maturity profile (31 March 2020)



## Market value properties per quarter, MSEK



## Distribution of lease and operating models, number of rooms % (31 March 2021)





# 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.

Rights of use and long-term leasing debt have adjusted the comparative figures retroactively regarding two site-leasehold rights.

The interim financial statements are included on pages 1–23 and pages 24–26 are thus an integrated part of this financial report.

The accounting principles applied are consistent with those described in Pandox's 2020 Annual Report.

## 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 first quarter 2021, revenue-based rent in Property Management amounted to MSEK 31.

Operating segments	Property Management		Operator Activities		Group and non-allocated items		Total	
Figures in MSEK	Q1 2021	Q1 2020	Q1 2021	Q1 2020	Q1 2021	Q1 2020	Q1 2021	Q1 2020
Revenue Property Management	554	672	—	—	—	—	554	672
Rental and other property income	—	—	92	419	—	—	92	419
Revenue Operator Activities	—	—	—	—	—	—	—	—
<b>Total revenues</b>	<b>554</b>	<b>672</b>	<b>92</b>	<b>419</b>	<b>—</b>	<b>—</b>	<b>646</b>	<b>1,091</b>
Costs Property Management	-92	-111	—	—	—	—	-92	-111
Costs Operator Activities	—	—	-241	-456	—	—	-241	-456
<b>Gross profit</b>	<b>462</b>	<b>561</b>	<b>-149</b>	<b>-37</b>	<b>—</b>	<b>—</b>	<b>313</b>	<b>524</b>
Central administration	—	—	—	—	-37	-47	-37	-47
Financial income	—	—	—	—	1	2	1	2
Financial expenses	—	—	—	—	-233	-228	-233	-228
Financial expenses right-of-use assets	—	—	—	—	-21	-22	-21	-22
<b>Profit before changes in value</b>	<b>462</b>	<b>561</b>	<b>-149</b>	<b>-37</b>	<b>-290</b>	<b>-295</b>	<b>23</b>	<b>229</b>
<i>Changes in value</i>								
Properties, unrealised	-351	-611	—	—	—	—	-351	-611
Properties, realised	-6	—	—	—	—	—	-6	0
Derivatives, unrealised	—	—	—	—	327	-359	327	-359
<b>Profit before tax</b>	<b>105</b>	<b>-50</b>	<b>-149</b>	<b>-37</b>	<b>37</b>	<b>-654</b>	<b>-7</b>	<b>-741</b>
Current tax	—	—	—	—	-12	-27	-12	-27
Deferred tax	—	—	—	—	55	100	55	100
<b>Profit for the period</b>	<b>105</b>	<b>-50</b>	<b>-149</b>	<b>-37</b>	<b>80</b>	<b>-581</b>	<b>36</b>	<b>-668</b>

## January-March 2021

Figures in MSEK	Sweden	Denmark	Norway	Finland	Germany	Belgium	UK Ireland	Other	Total
Total revenues									
- Property Management	126	18	30	51	159	11	116	43	554
- Operator Activities	0	2	0	2	10	55	11	11	92
Market value properties	14,579	3,449	3,262	3,952	15,244	4,304	11,417	4,954	61,161
Investments in properties	34	23	10	9	53	92	47	11	281
Realised value change properties	—	—	—	—	—	—	-6	—	-6
Book value Operating Properties	—	751	—	30	1,961	2,631	937	1,370	7,679
Total non-current assets at book value, less deferred tax assets	15,528	3,468	3,265	4,645	14,626	3,695	12,329	4,936	62,492

## January-March 2020

Figures in MSEK	Sweden	Denmark	Norway	Finland	Germany	Belgium	UK Ireland	Other	Total
Total revenues									
- Property Management	172	38	38	57	177	12	133	45	672
- Operator Activities	—	—	—	7	111	180	49	72	419
Market value properties	14,766	3,776	3,096	4,277	16,874	4,818	12,221	5,517	65,345
Investments in properties	51	12	10	40	20	48	32	25	238
Acquisitions of properties	—	—	—	—	643	—	49	-3	689
Book value Operating Properties	—	—	—	26	2,098	2,703	963	1,419	7,209
Total non-current assets at book value, less deferred tax assets	15,385	3,790	3,099	5,026	16,193	3,804	13,079	5,404	65,780

### Note 3 Reclassifications, acquisitions and divestments with date of consolidation or deconsolidation

#### Reclassifications, acquisitions and divestments

Date	Hotel property	Event
1 April 2020	Hotel Twentyseven	Reclassification to Operator Activities
1 April 2020	Hotel Mayfair	Reclassification to Operator Activities
31 March 2020	Office property belonging to Jurys Inn Cardiff	Acquisition Property Management
31 January 2020	Maritim Hotel Nürnberg	Acquisition Property Management
11 December 2019	Seven hotel properties in Germany	Acquisition Property Management
3 December 2019	Two hotels in Germany and the Netherlands	Acquisition Operator Activities
2 September 2019	Hotell Hasselbacken	Divestment Property Management
1 July 2019	Three hotel properties in Germany	Acquisition Property Management

### Note 4 Currency exchange rates

#### Currency exchange rates January-March

1 foreign currency = X SEK	Average rate			Rate at end-of-period		
	2021	2020	Δ%	2021	2020	Δ%
Euro (EUR)	10.118	10.665	-5%	10.238	11.083	-8%
British pound (GBP)	11.586	12.369	-7%	11.997	12.388	-3%
Danish krone (DKK)	1.360	1.427	-5%	1.377	1.484	-8%
Norwegian krone (NOK)	0.986	1.021	-4%	1.023	0.959	6%
Canadian dollar (CAD)	6.634	7.200	-9%	6.923	7.104	-2%
Swiss franc (CHF)	9.272	9.996	-8%	9.259	10.464	-12%

# Pandox in short

Pandox is a leading owner of hotel properties in Northern Europe with a focus on sizeable hotels in key leisure and corporate destinations. Pandox's hotel property portfolio comprises 156 hotels with approximately 35,000 hotel rooms in 15 countries. Pandox's business is organised into Property management, which comprises hotel properties leased on a long-term basis to market leading hotel operators, and Operator activities, which comprises hotel operations executed by Pandox in its owner-occupied hotel properties. Pandox was founded in 1995 and the company's B shares are listed on Nasdaq Stockholm.

## Vision and business concept

Pandox's vision is to be a world-leading hotel property company. Pandox's business concept is to own hotel properties and lease them to strong hotel operators under long-term revenue-based lease agreements. Pandox's ability to act throughout the complete hotel value-chain both reduces risk and creates business opportunities.

## Strategy and business model

Pandox's strategy and business model is founded on:

- (1) Focus on hotel properties
- (2) Large hotel properties in strategic locations
- (3) Long-term revenue-based lease agreements with the best hotel operators
- (4) Property portfolio of high quality with a sustainable footprint
- (5) Geographical diversification which limits fluctuations
- (6) Own operations reduce risk

## Overall goals

Pandox's overall goal is to make positive contribution to the Company's stakeholders through profitable and responsible growth:

- (1) To increase the value for Pandox's shareholders through higher cash flow and net asset value
- (2) To create attractive hotel products in cooperation with Pandox's business partners
- (3) To contribute to positive growth for Pandox employees

## Organisation and execution

Pandox has two business segments. One is Property Management in which Pandox owns and leases out hotel properties to external operators under long-term revenue-based lease agreements. The other is Operator Activities in which Pandox owns hotel properties and operates hotels under external brands or its own brands.



## Head office

Pandox AB (publ)  
Box 15  
101 20 Stockholm  
Sweden

## Visiting address

Vasagatan 11, 9<sup>th</sup> floor  
Stockholm, Sweden

Tel: +46 8 506 205 50  
[www.pandox.se](http://www.pandox.se)  
Corp. reg. no. 556030-7885

# Definitions

## FINANCIAL INFORMATION

Average interest on debt, %

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

Cash earnings, MSEK

EBITDA plus financial income less financial expense less financial cost for right-of-use assets according to IFRS 16 less current tax, adjusted any unrealised translation effect on bank balances.

EBITDA, MSEK

Total gross profit less central administration (excluding depreciation).

EPRA NAV, 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 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.

Growth for comparable units adjusted for currency effects

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

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

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

Gross profit, Operator Activities, MSEK

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

Gross profit, Property Management, MSEK

Revenue less directly related costs for Property Management.

Interest-bearing net debt, MSEK

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

Interest cover ratio, multiple

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

Investments, excl. acquisitions, MSEK

Investments in non-current assets excluding acquisitions.

Loan-to-value ratio net, %

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

Net operating income Operator Activities, MSEK

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

Net operating income, Property Management, MSEK

Net operating income corresponds to gross profit for Property Management.

Net operating margin, Operator Activities, %

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

Rounding off

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

## PER SHARE

Cash earnings per share, SEK

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

Comprehensive income per share SEK

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

Dividend per share, SEK

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

Earnings per share, SEK

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

EPRA NAV, NRV, NTA, NDV per share, SEK

EPRA NAV, 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

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

Number of rooms

Number of rooms in owned hotel properties 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)

Average lease term remaining to expiry, across the property portfolio, weighted by contracted rental income.



NH Brussels Bloom  
305 rooms



Hotel Mayfair  
203 rooms



Scandic Kuopio  
137 rooms



InterContinental Montreal  
357 rooms



Park Centraal Amsterdam  
189 rooms



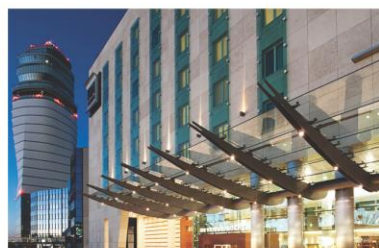
Comfort Hotel Bergen  
159 rooms



Elite Stora Hotellet Jönköping  
167 rooms



Radisson Blu Hotel, Basel  
206 rooms



NH Vienna Airport  
499 rooms



Dorint am Dom Erfurt  
160 rooms



The Midland Manchester  
312 rooms



Jurys Inn Dublin Christchurch  
182 rooms

Belgium / Denmark / Finland / Canada / Netherlands / Norway  
Sweden / Switzerland / Austria / Germany / United Kingdom / Ireland

