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Pandox

Q2 2026

Speakers

Operator

Anders Berg
Head of IR and Communication | Pandox

Liia Nõu
CEO | Pandox

Anneli Lindblom
CFO | Pandox

Keivan Shirvanpour
Analyst | SEB

Andres Toome
Analyst | Green Street

Fredrik Stensved
Analyst | ABG Sundal Collier

Artem Prokopets
Analyst | UBS

Aoife Roche
VP | STR

Henrik Karlsson
Business Development Manager | Benchmarking Alliance

Prepared Remarks

Operator

Welcome to the Pandox Q2 presentation for 2026. During the questions and answers session, participants are able to ask questions by dialing pound key five on their telephone keypad. Now I will hand the conference over to Head of IR and Communication, Anders Berg. Please go ahead.

Anders Berg
Head of IR and Communication | Pandox

Thank you. Good morning, everyone, on this beautiful summer's morning to this presentation of Pandox Interim Report for the second quarter 2026. As introduced, I'm Anders Berg, Head of IR at Pandox, and I'm here together with Liia Nõu, our CEO, and Anneli Lindblom, our CFO. Today, we also have the pleasure of having both Aoife Roche, Vice President at STR, and Henrik Karlsson from Benchmarking Alliance with us. Aoife and Henrik will provide a shorter hotel market update on Europe and Nordics respectively, after we have concluded the formal earnings presentation call. As you know, STR and Benchmarking Alliance are both leading independent research firms dedicated to the hotel market, and the views they express are completely separate from Pandox. We offer these presentations as a service to Pandox stakeholders.

Anders Berg
Head of IR and Communication | Pandox

We start with Liia and Anneli's business update and financial highlights from the second quarter, followed by the Q&A session. With that, I hand over to Liia. Please go ahead.

Liia Nõu
CEO | Pandox

Thank you, Anders. Good morning, and welcome everyone. Despite significant geopolitical changes, the hotel market continued to grow during the second quarter, and booking trends remain stable. For Pandox, total revenue and net operating income increased by 15% and 25% respectively, primarily driven by strong performance in the leases business segment, where the acquisition of Dalata contributed positively. At the same time, our hotel properties in Sweden, the U.K., and Germany outperformed their respective markets. Like-for-like total revenues and total NOI grew with 3% respectively. Cash earnings per share increased by 15%, while EPRA NRV per share with a dividend paid in April added back increased by 14% on an annual basis, demonstrating continued value creation for shareholders. The Dalata properties performed well during the quarter, generating rental income of SEK 312 million with strong profitability.

Liia Nõu
CEO | Pandox

For the first half of the year, rental income from Dalata amounted to SEK 533 million. At the end of the second quarter, our loan-to-value ratio was 52.4% compared to 52.3% at the end of the first quarter, but adjusted for the dividend of SEK 876 paid in April, the loan-to-value ratio was 51.4%. This reflects a well-positioned portfolio and strong cash flow generation, enabling us to reduce leverage relatively quickly. We are active in Europe, the world's largest hotel and tourism market, with strong structural growth drivers. We only invest in hotel properties and create value through active and engaged ownership. We have long-term revenue-based leases with a WALT of 13.4 years and good guaranteed minimum rent levels with skilled operators. Including the expected revenue-based leases with Scandic for the Dalata portfolio, the WALT was 17.3 years.

Liia Nõu
CEO | Pandox

Our property portfolio has an average blended valuation yield of 6.36% and a yield spread of close to 240 basis points. We systematically invest in climate change projects in our portfolio with good returns based on SBTi-validated targets. We have a strong cash flow and a balanced financial position, which enables us to drive continuous profitable growth through acquisitions of new properties and investments in our existing portfolio over time. We have a strong and well-diversified hotel property portfolio consisting of 191 hotel properties with approximately 42,000 rooms in 11 countries and 90 cities, and with a property market value of approximately SEK 95 billion. We are divided into two mutually supportive and reinforcing business segments: leases and owned operations. Leases, where we own and lease out our hotel properties, stands for 84% of our property market value.

Liia Nõu
CEO | Pandox

In our own operations, we transform and run hotels in the properties we own. Owned operations make up for some 16% of our property market value. The focus of our portfolio is in strong locations, mainly upper mid-market hotels with mostly domestic demand, which is the backbone of the hotel market, regardless of which phase the hotel market cycle is in. We also have one of the strongest networks of brands and partners in the hotel property industry. This ensures efficient operations and revenue management, which maximize cash flow and property values and a continuous flow of business opportunities. Also a relatively large part of the investment in leases is shared with the tenant, which lowers our risk. The Dalata properties are performing well. In the second quarter, they generated rental income of SEK 312 million with strong profitability.

Liia Nõu
CEO | Pandox

For the first half of the year, rental income from Dalata amounted to SEK 533 million. Assuming that the corresponding lease agreements had been in place during the comparative period, the revenue growth for the Dalata portfolio in the second quarter is estimated at 4% in the U.K. and 3% in Ireland. For the first half of the year, the equivalent growth is estimated at 2% in both markets. The performance is well in line with our expectations and confirms the quality of the acquired portfolio. The separation of Dalata's business into a property-owning business and a hotel operating business is progressing at full pace, and is expected to be completed during the fourth quarter of 2026. Once the process is completed, Pandox will have an even stronger platform for long-term growth and value creation.

Liia Nõu
CEO | Pandox

In parallel, we are engaged in positive discussions with banks regarding the refinancing of the current acquisition financing for Dalata, replacing it with secured property financing. Indications are that this could be done at a substantially lower credit margin, and that we most likely also can increase our liquidity reserve at that point. An important growth driver for us is the creation of new hotel rooms in existing buildings. We have some 600+ rooms coming out in 2026 and 2027, which will contribute to the organic growth for Pandox. Overall, the Dalata portfolio is young and strong. However, with the acquisition comes two large and exciting projects. Both are exciting +10% yield on cost projects. One is Clayton Cardiff Lane in Dublin City Centre, which is currently being extended with another 150 new rooms, and we estimate this project to be completed mid 2027.

Liia Nõu
CEO | Pandox

Another exciting project is Clayton St Andrew Square in city center Edinburgh. Here we are converting and extending a fantastic old office building into a new hotel with 172 new rooms. We estimate this project to be finalized in the beginning of 2027 at the latest. Here we have a breakdown of the performance in the first six months 2026 for a selection of countries, regions, and cities versus the first six months of 2025. We show ADR on the vertical axis and occupancy on the horizontal axis. Thus, Origo is the point corresponding to 2025 on both ADR, i.e., price, and occupancy. In the boxes, we indicate how much higher or lower RevPAR is compared with the corresponding period 2025. The circles here indicate the share of the property market values in each country that Pandox have.

Liia Nõu
CEO | Pandox

Please note that the market data is not available for June for countries and destinations outside the Nordics. So year to date January-June refers to the period January-May for these markets. Overall, we see stable performance across markets in terms of RevPAR. The best-performing markets in the period were Denmark, Sweden, and Ireland. Norway, which had been a very strong market in recent years, saw stable RevPAR development at already high levels. U.K. was slightly positive overall, driven by regional U.K., while Germany had a slight negative RevPAR development. Aoife Roche from STR and Henrik Karlsson from Benchmarking Alliance will shed more light on the underlying trends in the hotel market later in this call. Investments in our standing portfolio is an important part of our business model and of course capital allocation.

Liia Nõu
CEO | Pandox

At the moment, we have approximately 50 projects planned and ongoing in eight different countries. The total investment volume for this project is approximately SEK 4.2 billion, of which some SEK 1.7 has already been spent. The stabilized target yield on cost on the total amount is approximately 9.5%. The estimated stabilized NOI represents the additional or incremental annual NOI generated once these investments have reached their full potential, gradually, normally after two to four years. In 2026 and 2027, we have increased our planned investments mainly due to three large projects: the conversion of Clayton St Andrew Square in Edinburgh, and the extension of Clayton Cardiff Lane in Dublin mentioned before. Then of course, the extension of DoubleTree by Hilton in Brussels City.

Liia Nõu
CEO | Pandox

In these projects, we have already invested more than SEK 900 million, basically with a zero return so far, since they have yet to be launched commercially. As a final note, divestments are an important part in driving capital efficiency, and as we write in the report, we are opportunistically evaluating divestments in the Nordics. With this, I hand over to Anneli Lindblom, our CFO.

Anneli Lindblom
CFO | Pandox

Thank you, Liia, and good morning, everyone. In the second quarter, total revenue and group net operating income increased by 15% and 25% respectively, driven by the acquisition of Dalata and overall positive like-for-like growth. Leases reported growth of 34% in revenue and 37% in net operating income. Like-for-like growth was 4% and 4% respectively. Apart from Dalata, a positive relative performance in Sweden, in U.K., and in Germany was the main growth driver. Own operation reported lower revenue and NOI, mainly due to the divestment of two hotel properties and some negative currency effects. Like-for-like revenue and RevPAR were unchanged. Underlying, we had some negative effects in Brussels in the quarter due to more supply, weaker meetings demand, and some unfavorable calendar effects. Cash earnings grew 15% in the second quarter, reflecting the improved result and a bit lower cost for central administration.

Anneli Lindblom
CFO | Pandox

The decrease in central administration mainly driven by reversal of provisions related to long-term incentive programs. Central administration cost fluctuates a bit depending on what progress we are working with and also due to holiday season, but our normal run rate is usually around SEK 60 million per quarter. On this slide, we show the change in the main valuation parameters for the total property portfolio year to date. Remember that investment properties are recognized at fair value. According to IFRS, unrealized changes in value for operating properties are reported for information purpose, but it is included in our EPRA NRV calculation. For the period, the total unrealized changes in value were negative, SEK 54 million. We had a positive effect from lower yields in leases and a negative effect from both cash flows and yields in own operations. Property values benefited from a deprecation of the Swedish krona.

Anneli Lindblom
CFO | Pandox

End of period, the average valuation yield for investment properties with some rounding effects were largely unchanged at 6.29%. For operating properties, it was also largely unchanged at 6.78%. The blended yield edged down one percentage point to 60.36%. Here we have the average yield, the average interest on debt, and EPRA NRV per share quarterly. The average interest on debt end of period increased slightly to 4.01% from 3.85% in the first quarter, and the yield spread narrowed slightly to some 240 basis points. In the end of the period, EPRA NRV reached SEK 234.15 per share with a solid 13.7% growth adjusted for the paid dividend in 2026. Our LTV at the end of the quarter amounted to 52.4%, excluding the paid dividend in April. LTV was at 51.4%, and we are well within our financial policy range on both numbers.

Anneli Lindblom
CFO | Pandox

The ICR on a rolling 12-month basis was 2.4 times. Adjusted for preparatory financing cost of SEK 59 million, the ICR was 2.5 times. Cash and credit facilities amounted to SEK 3.1 billion. On top of that, we have unencumbered assets with a value of some SEK 890 million as a sort of untapped reserve. The trend with good demand from banks and lower credit margins remains intact. We were very active on new financing and refinancing in the quarter. New loans and refinance amounted to SEK 14 billion for the period. At the end of the period, we have SEK 8 billion on debt maturing within one year, including the acquisition facility related to Dalata. The average interest on debt increased by 16 basis points to 4.01% in the second quarter compared with the first quarter. This is explained by a contractual margin increase on the acquisitions facility for Dalata.

Anneli Lindblom
CFO | Pandox

We also had some expiration of some favorable hedge contracts, a higher base rate primarily in EUR. We have positive discussions ongoing with Nordic and international banks for the refinancing on the acquisition facility. We will finance it with traditional property-backed bank financing, that will, of course, be with a bit lower credit margins. We also hope to be able to increase our liquidity reserve at that point too. Bank appetite to finance our hotel properties remains strong. At the moment, 59% of the net debt is hedged, which is an increase compared with 55% in the first quarter. With that, I will hand back to Liia.

Liia Nõu
CEO | Pandox

Thank you, Anneli. We are now in the middle of the seasonally strongest period of the year. Booking activity remains stable. Event calendars are well-filled across many of our markets, demand for both business and leisure travel continues to be robust. The conflict in the Middle East has so far had a limited impact on travel activity in Europe. Europe continues to be one of the world's most attractive regions to travel to and within. International arrivals in Europe are growing, supported by more intra-regional travel as more Europeans choose to holiday and travel within the region. At the same time, we continue to see stable demand from the U.S., contributing to a broad and resilient demand picture. Limited supply growth, increasing travel demand, Europe's strong position as a destination create favorable conditions for growth.

Liia Nõu
CEO | Pandox

For Pandox, a growing hotel market, the acquisition of Dalata, organic growth in the comparable portfolio provide a solid foundation for continued growth in cash earnings in the short term and continued value creation over the long term. We now move over to Q&A, operator, we are ready for questions.

Q&A

Operator

If you wish to ask a question, please dial pound key five on your telephone keypad to enter the queue. If you wish to withdraw your question, please dial pound key six on your telephone keypad. The next question comes from Keivan Shirvanpour from SEB. Please go ahead.

Keivan Shirvanpour
Analyst | SEB

Good morning. I have a couple of questions. The first is related to the higher cost of debt in the quarter. Could you maybe say something about the impact of upcoming refinancing activities? Also, given that you have a quite high share of debt in EUR and GBP. Any type of guidance on the cost of debt, maybe in the coming quarters?

Liia Nõu
CEO | Pandox

Yes, I will try and Anneli will elaborate as we go along. In the quarter, as I said, there was a contractual uplift in the acquisition financing, which was mainly for the full quarter of mid-April and for the rest of the quarter of 25 basis points for acquisition financing. That, of course, affected the financial cost. Underlying base rate has a small drift as well. We have been refinancing quite a large part of our portfolio. There is some offsetting forces one could say. You have the hedging portfolio, which we have also some shorter derivatives which have run out. Overall, I think we are going forward. It's in the line. You have base rates maybe increasing a little bit or being stable. You have margins actually offsetting that to some part.

Liia Nõu
CEO | Pandox

Pretty stable going forward for the next quarter or so. Of course, looking into the mirror when we do the refinancing of the whole Dalata portfolio, of the acquisition portfolio at substantially lower margins than we have as we have today.

Keivan Shirvanpour
Analyst | SEB

Okay, good. Also, I have a question related to the mention of the divestments in the Nordics. Could you maybe say something about the potential volumes of the disposals and also if you are planning on being a net seller or net buyer in the near term? Also, how you weigh this against the possibility of share buybacks.

Liia Nõu
CEO | Pandox

We are always looking at sound capital allocation, that has over time proven that we are net buyers of hotels, definitely. We launched some divestment or opportunistically looking at divesting a smaller portfolio or some hotels in the range of between SEK 2 billion-SEK 3 billion. It's a small portion, of course, with our portfolio, SEK 95 billion in the Nordics. This has taken a slightly longer time than we would have wished, mainly due to geopolitical worries. It's ongoing, it's more over sort of housekeeping. It's always good to have some rotation of assets. There may be some non-core assets and also looking at capital allocation. We always, of course, compare different possibilities with the Dalata acquisition, where we acquired this for 8.4% and realizing a gain of more than SEK 3 billion in the end of the last year. Of course, that is preferred.

Liia Nõu
CEO | Pandox

Again, we always look at every opportunity one by one.

Keivan Shirvanpour
Analyst | SEB

Okay. Including also potential buybacks, if that would be the best alternative.

Liia Nõu
CEO | Pandox

That is something that always would be considered.

Keivan Shirvanpour
Analyst | SEB

Okay, thanks. Those were my questions.

Operator

Thank you. The next question comes from Andres Toome from Green Street. Please go ahead.

Andres Toome
Analyst | Green Street

Hi, good morning. I had a couple of questions. Firstly, could you just provide a bit of an update on Revo Hospitality and how do you see the market sort of absorbing that situation and adjusting in Germany?

Liia Nõu
CEO | Pandox

Absolutely, yes. Thank you. As I said, it's an ongoing reconstruction process for Revo. Revo has some 250+ hotels, out of which we have nine hotels. It's 4% of our room stock. It's an ongoing process. We are working together with Revo in order to see where the best future for our hotels. We are confident that there will be good solutions for all the hotels. Some will be leased out. There may be some which will be in our own operations until we lease them out at a later time. It's a sort of a planned ongoing process that is expected to continue in Q3.

Andres Toome
Analyst | Green Street

Then secondly, I was just looking through the balance sheet integrity, you have caps on your LTV, but at the same time also your interest coverage ratio keeps deteriorating. I was just wondering how much attention you paid to that, do you see that turning around and start improving at one point?

Liia Nõu
CEO | Pandox

When we look at interest coverage ratio, then of course that's influenced by the fact that we did the full Dalata acquisition and ongoing rolling. When you take it into them, we will surely get back very quickly to the +2.4% or whatever it has been before. It's affected by the fact that we bought the whole chunk and the Dalata numbers are still yet to be rolled in gradually. When it comes to LTV, we are reporting an LTV of 52.4%. It's actually 1% down, lower than Q1 if you compensate for the dividend being paid. A strong value creation cash earnings in the quarter.

Liia Nõu
CEO | Pandox

Together with the strong cash earnings we are expecting to have going forward as well as perhaps some smaller divestment, we will pretty soon reach, or in a good short term, we reach our below 50% target, which is where we are most comfortable to be in.

Andres Toome
Analyst | Green Street

Thank you. That is from my side.

Liia Nõu
CEO | Pandox

Thank you.

Operator

The next question comes from Fredrik Stensved from ABG Sundal Collier. Please go ahead.

Fredrik Stensved
Analyst | ABG Sundal Collier

Thank you. Morning. I would like to start off with a couple of follow-ups on the financing side. When you talk about replacing the bridge facility for Dalata with lower margins, et cetera, you also mention increase liquidity reserve. How should we think about that comment? Because it sounds like you want to deleverage slightly. You have some divestments. Such a liquidity increase, would that be for the sake of higher liquidity or are you open to adding leverage at this point?

Liia Nõu
CEO | Pandox

Well, again, being the south of 50% is a good level to be when you look at new larger acquisitions. Getting a higher liquidity reserve is of course always a good thing to be. When we report LTV, it's a net of cash. Again, being below 50% should probably be a good sign of before you would see any larger acquisitions.

Fredrik Stensved
Analyst | ABG Sundal Collier

Understood. Just a detailed one on the refinancing of the Dalata bridge facility. Let's assume it happens in Q4 as you write. Is that going to incur any sort of write-downs of capitalized interest expenses or other non-recurring fees?

Anneli Lindblom
CFO | Pandox

What we reported already in Q1 was that we had some financial costs which we activated sort of on a 12-month basis versus 18-month basis originally. That was some part of the increase of financial cost, which we took ongoing from Q1. It's planned to be solved for the rest of the year. Of course, you put the new financing in place, which is a longer, lower margins. You usually also have arrangement fee and commitment fees and things, but those are typically for a three, five plus year period.

Fredrik Stensved
Analyst | ABG Sundal Collier

Understood. Very good. Jumping to central costs. They were down year-over-year. I do believe it's partly related to bonuses. I would, however, have expected it up given the size of the company today. You have Dalata, et cetera. Is the Q2 number normalized in your view, or is there anything funny going on in that figure?

Anneli Lindblom
CFO | Pandox

To be honest, we are usually running around SEK 60 million per quarter, so that would be like a normal rate. Of course, it depends on if we are driving big projects and also some of the holiday season if it was due effect. The run rate is basically around SEK 60 million per quarter. For your forecasting, I would say that that's a good number. Around SEK 200 million in the full year.

Fredrik Stensved
Analyst | ABG Sundal Collier

Very good. Thanks. Finally, RevPAR growth in the leased operations was 6% in Q1, 4% in Q2. Quite high, strong figures. Would you dare to put out your best guesses for the remainder of the year?

Liia Nõu
CEO | Pandox

Well, we of course are also meeting strong quarters, and we are in 11 countries, 19 destinations, but I think the expected increase in RevPAR when you look at the other sources is between 2% and 3% blended over our markets. That's everything from, of course, including Germany, Finland, Norway to Sweden, Denmark, and Ireland, which have performed even better. 2%, 3% as a quarter, I think is the official forecast going forward. Of course, we are a hotel, and there are renovation effects in the fact that we have renovated some. It doesn't mean that our hotels will hopefully do slightly better, but still 2%, 3%.

Fredrik Stensved
Analyst | ABG Sundal Collier

Yeah. On that theme, is there anything that indicates that this outperformance, if you will, is related to Q2 alone? It sounds like based on the wording that we outperformed the markets based on renovations, et cetera, that those year-over-year effects should be able to lap also in the coming quarters.

Liia Nõu
CEO | Pandox

Well, of course, as I mentioned in the presentation, we have a sort of active investment portfolio. There are parts coming out all the time basically, which is the outcome of our investment. We do expect to perform as good as we can in these markets. There are variations, but slightly more.

Fredrik Stensved
Analyst | ABG Sundal Collier

Yeah. Understood. Thank you very much.

Liia Nõu
CEO | Pandox

Thank you.

Operator

As a reminder, if you wish to ask a question, please dial pound key five on your telephone keypad. The next question comes from Artem Prokopets from UBS. Please go ahead.

Artem Prokopets
Analyst | UBS

Good morning. Thank you for taking my questions. I have three.

Artem Prokopets
Analyst | UBS

Firstly, I think you mentioned robust demand in both corporate and leisure segments. I guess given the weakness in Brussels, how do you assess the relative performance of corporate and leisure demand? Is leisure tracking stronger than corporate?

Liia Nõu
CEO | Pandox

Leisure is tracking stronger than corporate, even though corporate is picking up pace. We do see that patterns are very much event-driven. In Brussels especially, you see that there's a lot of comparable events. It's very much conference, meeting, event-driven. Also there are some calendar effects pending on when the corporates put their big events. Underlying, leisure is driving, even though business is performing also pretty well.

Artem Prokopets
Analyst | UBS

Understood. Thank you. Secondly, on outlook, could you please elaborate by market where you see stronger market and where you expect to see perhaps some weakness going forward?

Liia Nõu
CEO | Pandox

The Nordic, we are very proud of being in the Nordic, especially Sweden and Denmark. We have been very strong in the first half, in the second quarter, and we do see that going forward as well. U.K., we also see positively on Ireland as well, despite a lot of new capacity coming in in Dublin. We are actually positive also on Germany, but it's coming from low levels. It's of course a question mark, but it's always been slightly slower coming out from the recession, et cetera. We are positive on the German outlook. When it comes to Finland, which of course, it's taken a lot longer time than expected. It's pretty volatile. Norway also being an interesting market before, it has been coming from higher levels. It's more stable or unchanged for the time being.

Artem Prokopets
Analyst | UBS

Thank you. Just to follow up, what do you think about Brussels going forward?

Liia Nõu
CEO | Pandox

Brussels going forward, you do see that there's a quite strong booking calendar when it comes to the summer. I would say it's more stable.

Artem Prokopets
Analyst | UBS

Okay. Thank you. Lastly, do you still expect the revenue from Dalata in 2026 at the same level as before? I think it was SEK 1,130 million.

Liia Nõu
CEO | Pandox

It's in line with that. That's of course with the currency effects. We are in line with the expansion we had at the beginning of the year, and that's proven again with the quarter that we had 4% increase in U.K. and 3% in Ireland. It's well in line with our full-year expectations.

Artem Prokopets
Analyst | UBS

Perfect. Thanks a lot.

Liia Nõu
CEO | Pandox

Thank you.

Operator

There are no more phone questions at this time. I hand the conference back to the speakers for any written questions.

Anders Berg
Head of IR and Communication | Pandox

Well, we have one question from Staffan Bülow from SB1 Markets. It is: Have your view on RevPAR growth for 2026 changed in Q2 compared to the last quarter?

Liia Nõu
CEO | Pandox

I think the view hasn't really changed. It's actually been confirmed. It's stable. And/or it's even more stable despite the fact that the geopolitical uncertainty continues. It tends, unfortunately, to be a normalized state with more and more uncertainty, and people do travel still.

Anders Berg
Head of IR and Communication | Pandox

Those were the questions, written ones. Now we turn over to the market presentations, and we will start with Aoife Roche from STR.

Aoife Roche
VP | STR

Good morning. Thank you very much. I'm going to provide a high level or a macro overview of European performance, diving into some country level performance too. Thank you for your time. First up, globally, demand has grown by 1.3% year to date, which is slightly down on last year. This growth has been softening month on month, with most of the growth in the APAC region. May was a leisure dominated month, of course. Germany did lose its top five position. It was replaced by Spain after an excellent performance in Spain during the month of May. Year to date, demand growth for Europe is showing at just 0.1%, like I said, softening a little in May itself. However, U.K. picked back up with demand growing by 0.8% year to date. With demand softening, it is abated somewhat by softer growth in supply.

Aoife Roche
VP | STR

Supply growth has been sitting below the 2% mark through 2025 and 2026, and that actually dropped to 1% growth in May. This results in positive occupancy growth for most regions with, of course, the exception of the Middle East, which is down 19% on prior year. If we look to the Middle East, because it does give some context for future European performance. In April, RevPAR was down by 64% on prior year, whereas May has shown great resilience with just a marginal decline of 7.6%. As you can see from this slide, ADR has actually grown year-on-year. Occupancy has been the primary issue for the GCC countries, with ADR holding for the most part. Of course, luxury has taken the biggest hit, understandably, as international demand was negative. In terms of luxury, RevPAR is down by 25%.

Aoife Roche
VP | STR

Most of that is occupancy driven, with ADR only declining by 1.3%. On the flip side, the economy class is the least impacted, with an 18% lift in RevPAR. Again, this is due to a strong domestic demand. This is where the turning point has been, where domestic demand has grown across all classes, but in particular, the economy and mid-scale segments. Looking forward to the Middle East, we do expect those declines to continue through 2026. Going into 2027, that positivity returns. Like I said, we're already starting to see some of that. With occupancy gains for most of the world, ADR does have a platform to expand, albeit, as you can see, very muted growth for most regions, with Europe growing by 3%. In Europe itself, we have seen RevPAR grow in six out of 10 sub-markets that we report on.

Aoife Roche
VP | STR

We do report on 550 sub-markets across the region. 60% of those have seen positive growth. As you have seen and will see in future slides, that most of that is due to ADR growth. Despite that softer demand, it is still outstripped supply growth overall in Europe, which has resulted in positive gains. As you can see, every month up until the month of May, occupancy has grown and rate has grown substantially. May probably felt that impact of a very soft demand growth. I mentioned earlier, 0.1% growth in demand. This, as you can see, is quickly reflected in the occupancy change. Year to date, occupancy 0.5% up for Europe and ADR growing by 1.7% year-on-year. Going back to occupancy at a more macro level, most countries are seeing some growth, albeit limited.

Aoife Roche
VP | STR

The Nordics lead, as it is a late recovery market, but it's really Sweden and Denmark that are driving that, as Liia mentioned too. For our sample, Sweden has grown by 7% and Denmark growing by 6.5% respectively. Growth does tend to be reserved for countries with lower occupancy levels or emerging markets, and you can see that here across the board, particularly for Nordics and Germany, which is still a recovery market. On the other side, as you can see, the U.K. with a very high occupancy, 73%, so little occupancy growth available to that region. In terms of ADR, so leisure destinations and resorts are really underpinning this performance, and they continue to benefit from international leisure demand, which supports that strong rate growth.

Aoife Roche
VP | STR

Of course, we still have Italy right up there with a 12.4% growth on ADR due to the Olympics, but closely followed by Greece, Spain, and Ireland, again, attracting that international demand. Germany and Austria on the other side, are sacrificing some rate in return for occupancy, whereas the Netherlands is seeing a combination of occupancy and rate declines owed primarily to the recent changes in VAT and tourism levies, some of which are being passed on to the customer, but also to the property itself. The U.K., like I said, had a tough start to the year when compared to the average European performance. A stronger May has pushed year-to-date performance to growing rather than stable, which I would have reported last month. Year-to-date occupancy up 0.2% and year-to-date ADR up 1.6%. Regional hotels have fared far better than London itself.

Aoife Roche
VP | STR

RevPAR is flat at 0.1% growth year-on-year. The weaker dollar is definitely impacting this for the London market, and it's particularly noticeable in the luxury class, as you can see on the left-hand side of this graph. This, of course, is compounded by reduced travel from the Middle East. We know that the Middle East is a relatively small source market, but it can have a huge impact on luxury and premium properties, particularly in markets like London, Paris, the Côte d'Azur. Of course, we have a more value-driven consumer as well, whether that is for leisure or business, and that has influenced shoulder night occupancies, which is noticeable particularly in the select service hotels, and which may point to shorter city breaks or a reduction in city breaks from the international and domestic traveler. London, 0.2% up on occupancy and no change on ADR overall.

Aoife Roche
VP | STR

Going back to the regions, although they had a slower start than we initially expected, it has changed our occupancy forecast. Our full year forecast for 2026 for the regions was 0.5%, but we reforecasted just at the end of May there, and we expect occupancy to grow by just 0.1%, so a slight reduction there. That relatively low supply growth of 1.5%, coupled with the demand growth of 1.7%, is allowing for that positive yet muted occupancy growth. However, in the regions, rates are generally very good, unlike London. It was positive up until the end of April, I'm showing here. Like I said, a lower growth in supply coupled with some markets showing a very strong performance, and those markets, I can name three, would be Cardiff, Glasgow, and Edinburgh. You will see this in the next slide when we look at our forecast.

Aoife Roche
VP | STR

These are our forecasted markets for full year 2026 as at the end of May 2026. RevPAR forecasts for 2026 are low with the exception of Glasgow, which is expecting to grow RevPAR by 7.7%. Demand expanded in Glasgow by 9% in Q1. In 2026 overall, it will grow by 4.5%, whereas supply is only growing by 1.4%. That magic demand outstripping supply is what is generating that overall forecast. In addition, there are major events, major concerts, and sporting events, including the Commonwealth Games, which is supporting Glasgow's booming year. Edinburgh, on the other hand, will see flat to negative occupancy growth alongside a 0.7% rate change due to significant supply changes there too. Looking ahead, this is a slide from Tourism Economics, our partner for our forecast. Tourism Economics expect the Mediterranean to benefit from displacement caused by the conflict.

Aoife Roche
VP | STR

That is why I presented the Middle East numbers. This is based on their experience and data from prior destination substitution during similar conflicts, and we are seeing that in business on the books already. It is certainly a tale of two halves in 2026, yet again, not so different to 2025. On the left-hand side, Milan tops the charts with the Olympics driving that strong growth in the first quarter. I mentioned Glasgow, which is a story of demand outweighing supply growth, which is driving those occupancy gains and subsequent rate gains. In the middle, you've got Dublin, which posted a fantastic first half to the year, continuing to attract strong international demand and of course, underpinned by domestic strength. The market success will be somewhat diluted in September due to the non-repeat NFL games, but overall, there is a positive sentiment for Dublin.

Aoife Roche
VP | STR

At the bottom of the pile, I mentioned Amsterdam, with taxes rising to 21% from 9%. It does mean that many hotels are absorbing this VAT on behalf of the consumer. Overall for Europe, Q3 will see a positive return with potential demand substitution for Europe, leisure demand for the most part. Despite the strong start to the year, however, in occupancy and ADR terms, we have a Q4 forecast that is a little bit softer due to the economic volatility, the unknowns, of course, that consumer caution that we are seeing filter through the numbers. Overall, I would say that demand momentum is decelerating, not necessarily declining. Demand remains positive, with cautious consumer sentiment driving shorter booking windows and uneven performance, as you have seen in the previous slides.

Aoife Roche
VP | STR

Supply discipline is sustaining occupancy, while ADR, particularly in luxury and Southern European leisure markets, is carrying much of the growth. Occupancy gains were front-loaded in H1, we do remain cautiously optimistic for the remainder of the year, but we do expect a slightly softer, more demand-sensitive second half to the year. Thank you very much, and I will pass back to the team there.

Anders Berg
Head of IR and Communication | Pandox

Thank you, Aoife. Henrik, the floor is yours, as we say in Swedish.

Henrik Karlsson
Business Development Manager | Benchmarking Alliance

Thank you very much and good morning. My name is Henrik, and at Benchmarking Alliance, we provide benchmarking for hotels and other companies in the hospitality industry. We focus at the moment in the Nordics and the Baltics, and over the next few minutes, I will walk you through the latest market data from that region. Let's start with the big picture, how the first two quarters of 2026 have played out. All the data that I will show now include June numbers as well, so it's full Q2 year-to-date numbers. Looking at the countrywide averages, the positive trend from Q1 carries straight into Q2 2026. The RevPAR increasing across nearly every country in the region. The blue boxes show Q2 year-to-date RevPAR development versus last year, and the orange boxes show Q1.

Henrik Karlsson
Business Development Manager | Benchmarking Alliance

Finland stands out as one of the exceptions, where growth has been slower, mainly due to weaker demand in Helsinki. Meanwhile, the recovery story in the Baltics continues. After years of lost Russian demand and the broader impact of the war in Ukraine, travelers are generally returning to the region. Then keep an eye on Iceland as well. After many consecutive years of growth, year to date shows a drop in both rates and occupancy. It's a notable shift in the trend. What's behind these movements? Let's look at the capitals. In Helsinki, it comes down to fewer congresses compared to May and June last year. Oslo's RevPAR growth in the first half of 2026 is notably more modest. Remember, 2025 was an exceptionally strong year, driven by major events like the Nor-Shipping Conference, which is simply difficult to replace. Stockholm is a different story.

Henrik Karlsson
Business Development Manager | Benchmarking Alliance

The Echo Congress in February, the EHA Congress now in June, and generally stronger demand in May and June are all lifting the city's year-to-date RevPAR. In Copenhagen, underlying demand has been high for years. In Q1, several major medical congresses shaped both demand and pricing. Q2 was somewhat slower, but the year-to-date development still looks very healthy. Let's zoom in on the capitals a little bit and see the development in demand and rates. The RevPAR increase of around 10% in both Stockholm and Copenhagen, as you can see, is evenly balanced between demand and rates. Even though slightly higher supply in both cities eats a little into the occupancy gains, it still looks really good in both Stockholm and Copenhagen. In Helsinki, the lost congress demand appears to have been replaced in volume, but at a much lower rate, which drags RevPAR down.

Henrik Karlsson
Business Development Manager | Benchmarking Alliance

The decline in Reykjavik shows up in both occupancy and rates. In Tallinn, new rooms entering the market have been absorbed well, with only small deviations in rates versus last year. In Riga, new supply doesn't seem to be holding rates back at all. They're up more than 5%. Looking at TRevPAR as well, Total Revenue Per Available Room. If we broaden the lens a little bit here and look at Stockholm and Copenhagen, they follow the same trend as RevPAR. In Oslo, that's more interesting. Other revenue sources have compensated so that TRevPAR is actually increasing even though RevPAR isn't. We see the same kind of compensation in Helsinki and Reykjavik, although both are still down versus last year. Tallinn and Riga sit slightly above last year. The takeaway here is that it's worth looking beyond the rooms department.

Henrik Karlsson
Business Development Manager | Benchmarking Alliance

Total revenue, including food and beverage, meeting and events, and other outlets, doesn't always move in step with rooms performance. That's exactly why we capture this data as well, to give you the full picture of the hotel performance. Let's now go one level deeper and look at how the different segments are performing. Starting with Stockholm, new supply in the luxury segment is being absorbed well, and rates continue to climb at the same time. In fact, the growth in Stockholm can be seen across all segments, though rates are rising a bit faster in mid-scale and budget segment. Copenhagen, the luxury segment has slowed down somewhat, but across the board, both occupancy and rates are up in every segment, with upscale and mid-scale showing the strongest growth.

Henrik Karlsson
Business Development Manager | Benchmarking Alliance

Moving on to Oslo, the luxury segment has seen stronger demand and higher occupancy, but rates are holding at last year's level. Upscale saw less demand in Q1 compared to last year, while mid-scale is up across the board. Budget hotels in Oslo, however, are struggling to keep their rates up. Helsinki segments. The lost congress demand is mainly hitting rates in the upscale and mid-scale segment. Luxury is the only segment showing a RevPAR increase, actually, and notably, its rates have remained stable versus last year. Moving on to weekday weekend patterns for our Scandinavian capitals. We see that weekends are growing in all Scandinavian capitals. Weekdays are also up in Stockholm and Copenhagen. In Oslo, the business travel that Nor-Shipping brought last year has hardly been replaced. In the last slides here, let's look at the future and the on-the-book situation in the different capitals.

Henrik Karlsson
Business Development Manager | Benchmarking Alliance

In Stockholm, the EHA Congress in June was already on the books at this time last year. On the positive side, Bad Bunny had two concerts here in Strawberry Arena in Stockholm last weekend. On July 10th and 11th, followed by The Weeknd in August. Beyond that, no major events are driving hotel demand in 2026. Looking further ahead, we have an ESCMID Global in April, and it's already visible here in the booking data. In Copenhagen, summer bookings are more or less in line with last year, but then things pick up. The World Athletics Road Running Championships in September, we can see in the numbers, and the IBA Annual Conference in October. Already stronger bookings over the winter months add up to the on-the-books demand that is actually 10% ahead of last year. Looking at Oslo, faces a tougher comparison.

Henrik Karlsson
Business Development Manager | Benchmarking Alliance

At this time last year, the Ed Sheeran concert and the European Handball Championships in January were already on the books, which has been somewhat difficult to replace. This year, there is nothing of that scale actually on the books. As a result, bookings for the next 365 days are down 3.6% compared to last year. Last but not least, Helsinki. The data shows a strong summer and a solid rest of 2026. Looking further out, we also have a CYTO Congress in June next year that we can already see in the numbers. That concludes my presentation for today. If you have any questions about hotel market data in general in the Nordics, feel free to reach out. Thank you very much.

Liia Nõu
CEO | Pandox

Thank you, Aoife and Henrik, for your hotel market updates. Thank you all for participating in this call. We really appreciate your time and interest in Pandox. Our interim report for January-September 2026 will be published on the 22nd of October. Finally, we would like to wish you the best of summers. Enjoy it and ideally in our hotels. Safe travels and goodbye.