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Pandox AB (PNDX.B.SE)

Q4 2025 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Welcome to the Pandox Q4 presentation for 2025. [Operator Instructions]

Now, I will hand the conference over to Head of IR and Communication, Anders Berg. Please go ahead.

Anders Berg

Senior Vice President, Head-Communications & Investor Relations, Pandox AB

Thank you very much and good morning, everyone, and welcome to this presentation of Pandox year-end report 2025. I'm here together with Liia Nõu, our CEO; and Anneli Lindblom, our CFO.

And today we also have the pleasure of having both Aoife Roche, Vice President at STR; and Rasmus Kjellman, CEO at Benchmarking Alliance with us. And they will provide a hotel market update on Europe and Nordics, respectively. And as you know, STR and Benchmarking Alliance are both leading independent research firms totally dedicated to the hotel market. And the views they express are completely separate from Pandox. And we offer this presentation only as a service to Pandox stakeholders. And please note that Aoife and Rasmus' presentations will be held after we have completed our formal earnings presentation, including the Q&A.

And we start with Liia and analyst business update and financial highlights for the quarter and the year, which, in every sense, was a very eventful one. And then, we end up with the Q&A session. So yeah, with that, Liia, please go ahead.

Liia Nõu

Chief Executive Officer, Pandox AB

Thank you, Anders, and good morning and welcome, everyone. I agree that this report summarizes a very busy fourth quarter and also a full year 2025. Starting with our existing portfolio, I am glad to report solid like-for-like growth in both business segments in the fourth quarter. This is explained by broad-based improvements in the hotel market, driven by active business demand and an overall solid event calendar and active leisure travel together with profitable contribution from completed acquisitions in the business segment Leases and improved profitability in Own Operations. This resulted in a tangible increase in group earnings.

In the Leases business segment, demand improved markedly, however, still with variations between markets. The Nordics developed the best with good rent growth in Sweden, Norway and Denmark, while Finland was stable. Growth in Germany was also markedly stronger than earlier in the year, while growth in the UK was slightly positive.

Like-for-like revenues increased by 5% in Own Operations in the fourth quarter, which, together with the positive business mix and good conversion, resulted in a like-for-like increase of 16% in net operating income. To be fair, part of this uplift is explained by one-time cost in the corresponding quarter last year.

For the group, total revenues increased by 9% and net operating income increased by 22% in the quarter. Dalata is included in the numbers from 7th of November. And from the fourth quarter, we report the acquisition as fully completed, including the expected divestment of the hotel operations to Scandic, which is expected to be closed or be done in the second half of 2026.

In the quarter, we recorded rent of SEK 146 million and net operating income of SEK 138 million, i.e., for the 54 days we had Dalata. In the quarter, we also recorded transaction costs of SEK 241 million and preparatory financial costs of SEK 22 million. Adjusted for these one-time costs, cash earnings amounted to SEK 666 million in the fourth quarter. This corresponds to an increase of 23% year on year.

We also report an acquisition result from the Dalata transaction amounting to approximately SEK 1.6 billion. This includes the estimated remaining transaction cost of SEK 340 million, which is expected to be done in 2026. And adding deferred tax of approximately SEK 1.8 billion, this contributes to an increase in the EPRA NRV of SEK 17.70 per share, or a total of SEK 3.4 billion. In the fourth quarter, we also started the work to separate the properties from the hotel operations, which is expected to be finalized in the second half of 2026.

Financially, our financial key ratios now largely reflect all aspects of the transaction. Loan to value, excluding debt of some SEK 504 million related to the expected sale of the hotel operating platform to Scandic and including Eiendomsspar AB's minority holding in Bidco, was 52.7% compared to 50.2% at the end of the third quarter.

On this page, we summarize some basic facts on Pandox. 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 a long-term revenue-based leases with a WAULT of 13.6 years and good guaranteed minimum rent levels with skilled operators. Please note that the reported WAULT is excluding the expected new revenue-based leases to Scandic for the Dalata portfolio and will, thus, increase.

Our property portfolio has an average valuation yield of 6.37% and a strong yield spread of close to 250 basis points. We systematically invest in climate change projects in our portfolio with good returns based on the science-based targets – validated science-based targets. And we have strong cash flow and a balanced financial position, which enable us to drive continuous, profitable growth through acquisitions of new properties and investments in our existing portfolio over time.

We have strong and well-diversified hotel property portfolio, now consisting of 193 hotel properties with approximately 43,000 rooms in 11 countries and 90 cities. And with a property market value of approximately SEK 92 billion and a blended average yield of 6.37%. And please note that the yield increase compared with the third quarter is all explained by the Dalata properties going into our portfolio at a higher average yield.

We are divided into two mutually supportive and reinforcing business segments, Leases and Own Operations. Leases, where we own and lease-out our hotel properties, stands for 84% of the property market value. In our Own Operations, we transform and run hotels in properties we own. Own operations make up for 16% of our property market value. And our focus is upper midmarket hotels with mostly domestic demand, which is still the backbone of the hotel market regardless of which phase the hotel market cycle is in. We have also one of the strongest network of brands and partners in the hotel property industry, and this ensures efficient operations and revenue management which maximize cash flow and property values and the continuous flow of business opportunities. And also, relative large part of the investment in Leases is shared with the tenant, which lowers our risk. And later in this presentation, I will share some data on what the portfolio will look like after the acquisition of Dalata.

Here we have a breakdown of the performance for a selection of countries and regions and cities versus 2024, which show average daily rate on the vertical axis and occupancy on the horizontal axis. In the boxes, we indicate how much higher or lower RevPAR is compared with the corresponding period 2024. In 2025, RevPAR growth was mixed across the markets. Occupancy was stable or growing in most markets, while average price was more varied.

In terms of RevPAR, the greatest relative improvements during the year took place in the Nordic markets, with Norway as the leader, Denmark performing consistently well and Sweden ending the year on a positive note. Oslo and Copenhagen were strong city markets throughout the year. Many markets ended the year strongly, with Germany and especially Frankfurt and Hannover as good examples. And Aoife Roche from STR and Rasmus Kjellman from Benchmark Alliance will talk more about this, the underlying trends in the hotel market later in this call.

At every point in time, we have our projects rolling, big and small. The projects vary from high-yielding investments, like adding more rooms in an existing hotel; converting non-yielding spaces into guestrooms, for instance, cabin rooms; or adding more beds into existing rooms, to more bread-and-butter investments like product uplifts and rooms/bathroom renovations.

In the Leases business segment, we share the investment with our tenants, and both parties enjoy the upside potential and share the risk. In Own Operations business segment, we take the whole investment in our own books, but also have more control and can enjoy the full cash flow.

And on this slide you can see some examples of our bigger ongoing projects. Every year we invest approximately SEK 1 billion into our existing portfolio. And now, with the acquisition of Dalata completed, this figure is growing a bit, mainly during the next two years due to especially two large projects from the Dalata portfolio: one conversion from an office into hotel in City Centre Edinburgh, and one large extension of 115 rooms in Clayton Cardiff Lane in Dublin. Both are exciting, high-yielding investments that we expect to be finalized in 2026 and 2027.

Here we have a selection of some of the upgraded products that were done during 2025. Many of these already giving impact in 2025, but more so for the full year of 2026. Add to that our pipeline of approved investments for ongoing and future projects of around SEK 2.6 billion, out of which SEK 1.6 billion, as I said, is expected to be

completed during 2026. So, a good pipeline of both upgrades of products, as well as expected to add more than 550 new rooms during 2026 and 2027.

Here we have summarized key financial effects from the Dalata transaction. And yes, it is a nightmare slide, but still useful to explain the complexity of this transaction. This acquisition was closed 7th November 2025, and we report the transaction as fully completed, including the expected divestment to Scandic. I will not go through all these lines, but the effects in Q4 2025 are ensured.

31 plus 1 investment properties of some SEK 16.9 billion was added. The properties were externally appraised in the fourth quarter. Rent and NOI of SEK 146 million and SEK 138 million, respectively, for 54 days in business area Leases. Transaction cost of SEK 241 million was expensed. Preparatory financial cost of SEK 22 million, i.e., for the period before the 7th of November. And an acquisition result of SEK 1.6 billion, which includes SEK 340 million in expected sales cost for expected sale of the hotel operating platform to Scandic.

This means, in principle, that we do not expect any additional transaction costs on top of what had already been recorded, unless we identify new areas of consideration.

The deferred tax liability of SEK 1.8 billion arising from temporary differences between fair value and taxable value for investment properties. Loan to value, where we exclude the debt of approximately SEK 500 million for the expected sale of our hotel operating platform to Scandic and include Eiendomsspar AB's minority holding in Bidco. We are currently working full speed with the separation of properties and hotel operations, which we expect to be completed in the second half of 2026.

As we have said previously, there are several ways to think about this transaction from a value perspective. The main value driver is, of course, that we add 31 plus 1 investment properties of high quality, in high-RevPAR markets, with solid profitability and cash flow generation capacity, together with a strong operating partner. We also unlock value from acquiring Dalata at an attractive price, and in turn, an implied value of the properties, which is lower than their worth, according to Pandox business model.

Our tentative estimate of this value uplift, or expressed slightly different, embedded value was some SEK 3 billion, or actually SEK 3.4 billion, as the increase in EPRA NRV of SEK 17.7 per share. Accounting wise, this is expressed as an acquisition result of approximately SEK 1.6 billion and, together with the deferred tax of SEK 1.8 billion, amount to this EPRA NRV uplift. And please note again this also includes the estimated remaining transaction cost of some SEK 340 million.

Here we have mapped out the 31 investment properties from Dalata that we already added to the leases in the fourth quarter. And apologies in advance if some of the cities have been marked out wrongly. 21 of the properties are located in Ireland and 10 in the UK. Dublin and London are the biggest cities, markets with 11 and 5 hotel properties, respectively. All hotels are well established with leading commercial positions in the markets.

This is what our portfolio in the UK and Ireland looks like, including Dalata. In total, we now have 63 hotels, of which 12 in Dublin and 11 in London. In number of rooms in our total portfolio, UK now accounts for 20% and Ireland 12%. We thus increase our exposure to Ireland in particular, but also to the UK market. And in terms of destinations, our exposure will increase towards international destination and decrease towards regional destinations, relatively speaking.

Here we have mapped out our now 12 properties in Dublin with a total of some 3,200 rooms, including some [audio gap] (00:23:44) prime assets like our 608-room Clayton [audio gap] (00:23:50) 357-rooms Clayton Hotel

Leopardstown, 334-rooms Clayton Hotel Ballsbridge, and not the least, 304-rooms Clayton Hotel Cardiff Lane, where we also have an extension project for 115 new rooms expected to be completed in the end of 2027.

Here on this page we have three out of our five new London hotels, 227-room Clayton Hotel Chiswick, 212-room Clayton Hotel City of London, and 191-room Maldron Hotel Finsbury Park. And on this page, the remaining two properties added Maldron Hotel Shoreditch and Clayton Hotel London Wall. In total, we now have 11 properties in London for a total of some 2,400 rooms.

Here we have a quick summary of the main changes in the portfolio, measured in number of rooms. Primarily, in relative terms set, our international exposure increases as a consequence of more rooms in the international cities, notably Dublin, London and Edinburgh. The share of revenue-based leases with minimum guaranteed rent also increases, which adds to the earnings quality of our portfolio.

And with that, I hand over to Anneli Lindblom, our CFO.

Anneli Elisabet Lindblom

Chief Financial Officer, Pandox AB

Thank you Liia. So, good morning. In the fourth quarter, revenue and group net operating income increased by 9% and 22%, respectively, driven by the acquisition and overall strong like-for-like growth. Like-for-like Leases reported growth of 5% in both revenue and net operating income, while Own Operations reported revenue and net operating income growth of 5% and 24% (sic) [16%] (00:25:50) respectively.

Adjusted for non-recurring items of SEK 263 million, where SEK 241 million is transaction cost and SEK 22 million is financial cost related to the acquisition of Dalata. Adjusted for those, cash earnings and profit before changes in value increased by 23% and 35%, respectively.

When it comes to currency, please note that to reduce the currency exposure in foreign investment, our aim is to finance the investment in local currency. Equity is normally not hedged, as Pandox strategy is to have a long investment perspective. Currency exposure are largely in form of currency translation effects. In the fourth quarter, currency had a negative impact on both earnings and property values. And as you know, we have the main part of our hotel properties outside Sweden and denominated in foreign currencies and now even a larger part due to the acquisition of Dalata.

On this slide, we show the change in the main valuation parameters for the total property portfolio year to date. And please remember that investment properties are recognized at fair value. According to IFRS, unrealized changes in value for operating properties are only reported for information purpose, but it is included in the EPRA NRV.

For the year, the total unrealized changes in value were a positive SEK 117 million, driven by lower yields. As I said earlier, changes in currency had a negative impact on the balance sheet items for the period, the decline in property value of minus SEK 4.6 billion in the period. And as you know, on the 7th of November, we closed acquisition of Dalata Hotel Group with the purchase value corresponding to SEK 15 billion, on which some SEK 16.9 billion in property value is added here.

End of period, the average valuation yield for investment properties increased by [ph] 19 (00:28:20) basis points to 6.28%, reflecting the higher yields on the Dalata portfolio. For operating properties, it's increased by 1 basis point to 6.85%. So, the blended yield for the group increased 13 basis points to 6.37%.

So, here we have the average yield. The average interest on debt and EPRA NRV per share quarterly. And the yield spread is intact. And in the period, growth in EPRA NRV was a positive 7.7% measured on an annual basis and adjusted for paid dividends.

Our LTV at the end of the quarter amounted to 52.7%, and the debt related to the expected divestment of Dalata's hotel operation to Scandic is included. And that item is reported as liability held for sale. The minority interest on Eiendomsspar's ownership in our bidding company is included, however. As you can see, we are still well with this range. The ICR on a rolling 12-month basis was 2.6 times. Adjusted for preparatory financial cost of SEK 57 million, the ICR was 2.7 times. Cash and credit facilities amounted to SEK 1.7 billion.

Including credit approval of new financing of SEK 1.5 million in the first quarter 2026, the liquidity result amounted to SEK 3.2 billion. And on top of that, we still have unencumbered assets with a value of some SEK 900 million as untapped reserve.

So, during the quarter, [ph] reconstructed terms (00:30:43) in our financing market continued. In the fourth quarter, we took up new and refinanced existing loans of SEK 13.8 billion, which make it close to SEK 21 billion for the full year.

Looking ahead, we have SEK 5.8 billion of debt maturing within one year. And our bank relations are strong and expanding across our markets. We have ongoing and positive discussions on future financing and refinancing. And there is really a strong appetite not only the Nordics banks to finance our hotels. So, we have like a wider group of banks that are very interested. At the moment, 51% of the net debt is hedged. This is the lowest level since the end of 2022.

And with that, I hand over back to Liia.

Liia Nõu*Chief Executive Officer, Pandox AB*

Thank you, Anneli. We have said it before, the hotel market remains resilient, supported by strong underlying structural growth drivers. We expect that gradually strengthened macroeconomic data should support the hotel market as well; and hotel demand to increase in 2026, driven by multiple segments.

The supply outlook is more benign, which should support ADR, but are mixed, depending on market. In Q1, which is the smallest quarter, we expect a normal seasonal pattern. Business on the books looks promising for Q1 compared with the same quarter last year. But please remember, the first quarter is small and always difficult to draw any major conclusions from when it comes to full year performance. We currently have a relatively strong appreciation of the Swedish krona, which has a negative translation effect on earnings and asset values, as Anneli described. Finally, we expect the properties from Dalata to contribute substantially to both NOI and cash earnings.

And now, we move over to Q&A. Operator, we are now ready for questions.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] The next question comes from Artem Prokopets from UBS. Please go ahead.

Artem Prokopets

Analyst, UBS AG (London Branch)



Good morning and thank you for taking my questions. So, first question for me. I will ask them individually, if it's okay. So first one, following the Dalata acquisition, when do you expect to be in a position to pursue additional large-scale acquisitions? And specifically, given the PPHE is now in a formal sales process as part of its strategic review, is this an opportunity you would evaluate, or is PPHE outside of your current acquisition focus?

Liia Nõu

Chief Executive Officer, Pandox AB



Well, overall, of course, having done and in the process of finalizing our biggest-ever transaction, we of course have a lot of focus on this. But you can still see from our strong financials, we have still some gun powder to also pursue some investments, as well as we are also always looking to some divestments. I won't specifically comment on individual transactions, but you can expect us to put some effort and some strength into sort of completing the ongoing acquisitions. But we are also on the hunt for continued new ones, whether they are single assets, smaller portfolios or even a bigger chunk.

Artem Prokopets

Analyst, UBS AG (London Branch)



Understood. Thank you. Second question, how do you assess the impact of rising UK business rates on Pandox Own Operations segment, and particularly with regard to net operating margin?

Liia Nõu

Chief Executive Officer, Pandox AB



Yes. I mean, as you know, it affects the Own Operations, and this is a smaller part of our exposure in the UK. We do expect to have around the expected effect, which is of course in our numbers for next year in our budget is around £1 million for our own properties in the UK, which are affected. And we have also taken, of course, some impact on that when it comes to the valuations. So, a minor effect, but it's mostly affecting to some extent the City London hotels.

Artem Prokopets

Analyst, UBS AG (London Branch)



Okay. Perfect. Thank you. And given these changes in UK business rates, do you expect this to affect the lease agreements you are negotiating with Scandic for the UK hotels, which are due to begin in the second half of the year? And specifically, does the fact that Scandic's UK position has worsened since the time of the Dalata acquisition, does it kind of change how you would price these leases?

Liia Nõu

Chief Executive Officer, Pandox AB



Not at all. The negotiations that – and the agreements and the framework is already put in place. So, that was already agreed and put in place when we bid for this deal back in the summer of 2025. So, that will not change.

Artem Prokopets

Analyst, UBS AG (London Branch)



Great. That's clear. And could you please provide an update on Revo Hospitality, specifically whether you have any new tenants in mind for those assets?

Liia Nõou

Chief Executive Officer, Pandox AB



Well, of course, this is a process, as you know, where the former HR Group and Revo has put themselves in self-administration. It's a process which is in the hand of external. I shall not say that we have foreseen this, but of course, this has been on the radar for some time. And we are constantly sort of in both in dialogue and also guarding our interest. We do think we have good possibilities to either rent it out, continue the – if it would continue their operations to some part, or whether we will find new [audio gap] (00:37:01) operators with a large network or [audio gap] (00:37:06) as we have our Own Operations, this is something we can sort of, on a shorter term, take it on our own.

So as we said in the press release, which we sent out, it affects 4% of the rooms in our portfolio. So, it's a smaller. But we are confident that there will be, if any, a very small financial impact, if any.

Artem Prokopets

Analyst, UBS AG (London Branch)



Understood. Thank you. And maybe last question for me. Could you, if possible, provide numerically outlook for RevPAR growth in 2026? And given Pandox focus on upper midscale segment, do you think the company is well positioned this year?

Liia Nõou

Chief Executive Officer, Pandox AB



I think we are very well positioned because we are – as we said, we have broad portfolio, 193 hotels in 11 markets. [ph] So, visible, right? Well, I am – (00:38:00) all in all, of course, after this pandemic, we are now at levels which are more single digit. Europe grew with 5% in the fourth quarter, 3% overall. But we are positive, especially Nordic looks strong. We are looking at Germany, which has come out also strong with the new trade fairs, activities ongoing. And there is some new supply coming in some markets, which will momentarily put some, should I say, lid also to make the RevPAR growth more stable. But all in all, I would say around anything between 2% to 4% overall on our portfolio.

Artem Prokopets

Analyst, UBS AG (London Branch)



That's helpful. Thank you very much.

Liia Nõou

Chief Executive Officer, Pandox AB



Thank you.

Operator: The next question comes from Andres Toome from Green Street. Please go ahead.

Q

Andres Toome

Analyst, Green Street Advisors (UK) Ltd.

Hi. Good morning. I had just a couple of questions. And firstly, maybe just hitting on how are you thinking about your financial leverage after this transaction. And how do you see sort of a path to a lower LTV? And maybe you can speak also to some of the disposals you might have in the pipeline already. And I noticed there's a bigger – sort of bigger portfolio on the market in the Nordics and if there's any progress on that. Thank you.

A

Liia Nõou

Chief Executive Officer, Pandox AB

Thank you. Yes. As you know, our policy range for LTV is between 45% and 60%. So, we are typically, as a Nordic company, quite, how should I say, content but fine with an LTV which is close to 50% or slightly south. Being at sort of 52% is somewhere – which is actually what we did expect and which is the area where we are quite confident, so. And also as you've seen, with our strong financial position of close to – after we secure some further financing of close to SEK 3.2 billion in liquidity reserve, then this makes us sort of confident that this is a level that we can sort of pursue.

Of course, with our very strong cash earnings, automatically our LTV will decrease. But also, we have also given out that we will pay out dividend in the second quarter. So all in all, being in these areas, we are confident. There is no plan of reducing the LTV, even though we are always looking to rotate some assets. We are open to sell some assets if we just find a good price, but also of course acquire new value-creating properties.

And when it comes to the ongoing process, I can't comment on it specifically, but it's a normal part of our business model.

Q

Andres Toome

Analyst, Green Street Advisors (UK) Ltd.

Understood. Thank you. And then, my second question was just around your foreign currency exposure. And obviously, this year it's been a year where there's a lot of FX headwind converting back to your home currency. So, just wondering, how are you thinking about your hedging strategy going forward? And are you planning to do any changes on that front, maybe to mitigate some of that exposure as you seem to be also expanding more and more internationally?

A

Liia Nõou

Chief Executive Officer, Pandox AB

Well, as Anneli mentioned earlier, it's a pure translation effect. We have all our properties financed in local currency. So, yes, the translation effect of both earnings result and the value is, of course, when you report it, but it's a pure reporting effect. So, we don't intend to do any changes. But our hedging policy is to fund or to finance the properties in local currency continuing.

Q

Andres Toome

Analyst, Green Street Advisors (UK) Ltd.

Understood. Thank you.

Operator: There are no more questions at this time. So, I hand the conference back to the speakers for any written questions and closing comments.

Anders Berg

Senior Vice President, Head-Communications & Investor Relations, Pandox AB

Okay. With that, we move into the market presentations and we will start with Aoife Roche from STR. Please go ahead.

Aoife Roche

Vice President-Sales EMEA, STR, Inc.

Good morning. So firstly, although a lot of variations at a market-class level have been discussed already and they persist, hotel performance has overcome many, many setbacks through 2025. The economic and geopolitical climate did little to support a positive consumer sentiment. And there was a high level of uncertainty for the consumer and for businesses, which created an environment of indecision.

Despite that, Europe ended the year on a positive note with growth on 2024. And I will explore this now in some detail through this presentation, covering the how and the why behind this varied performance.

So first up, a global perspective. During a turbulent year, it could be easy to lose sight that demand for hotel rooms is actually higher than it ever has been, up 8% on 2019. And the world population has doubled over the last 50 years. Tourism arrivals have increased sevenfold.

The majority of growth in demand was in the Asia Pacific region and the Middle East and Africa in 2025, as you can see on this slide. And for the GCC countries in particular,

which have grown by 34% in terms of demand, this is really reflective of an open economy and – is working hard to build market share in this industry.

The US, however, contends with the deficit in tourism relative to 2019. There were 5.7 million less international travelers arriving into the country, whilst there were 9.7 million more Americans heading abroad, which of course we can see in our European numbers in 2025. We are seeing declines in the US, Mexico and the Caribbean. Whilst at the top of the table here, we can see Africa is leading on growth in demand year on year. And much of this is down to the Red Sea resorts, which have grown by 11%, selling an average of 10,000 more nights a year than last year.

From a European perspective, Germany, Spain and Europe on the whole is pushing ahead of the global average of 1.1% growth year on year. So, good news and positive results for Europe so far.

As demand growth is slowing, albeit from record levels, there is a favorable component for the occupancy equation, and that is that global supply growth is slowing or has slowed over the last 24 months. We are all well aware of the challenges of financing new projects in recent years, and an increasing focus has been on conversion, which has helped shape a more favorable level of supply growth.

So, the combination of growing yet muted demand and a relatively slow pace of new openings has allowed occupancy to grow. We highlighted the challenges in the US and, of course, China, where the three largest markets: Shanghai, Beijing and Guangdong, have all seen declines in occupancy even with limited supply growth, and this has weighed on the national occupancy declining by 3% year on year.

Whilst in the Middle East, Dubai and Abu Dhabi have an occupancy growth of 3% to 4%, and that is really driving that Middle Eastern growth. While Saudi, growing by 2% in occupancy despite the elevated demand growth, they

have had to contend with a substantial supply growth. So Europe, sitting here in the middle with the 1% growth in occupancy versus last year.

Change [audio gap] (00:47:01) average daily rates. The global picture is far more varied. Again, China and the US have little or no growth. ADR in the US has grown slower than inflation for 21 out of 24 months. And Europe also has seen limited growth, 2% up on last year.

And if we ignore Africa and South America, where there are double-digit growth and much of that linked to inflation, so that is somewhat skewed, we can look to the Middle East and Asia, excluding China, of course, that are leading the way. Abu Dhabi, in particular, with stellar growth of 20%, Dubai up 9%. Whilst in Southeast Asia, there's notable performance growth in Thailand and in Vietnam.

So, let's dive into Europe a little bit more. So, even in a year facing tough event comparisons, missing the Olympics, the Euros and, of course, Taylor Swift, Europe was able to deliver growth. Unsurprisingly, the summer faced very tough comparisons, primarily on the rate side. Germany, France and the host cities for the Eras Tour faced sizable comparisons.

However, as we can see to the right of this chart, strong growth in the fourth quarter helped round out a solid year. Strong growth in occupancy in December also permitted a good end to the year. And that was kind of due to an "extra" week of business travel in the month of December. So overall, Europe is up 2.1% in RevPAR terms, and that is aided by ADR growth, up 1.2% for the full year 2025.

Now, we monitored 550-plus submarkets in Europe, and there did appear to be a slight risk in performance and certainly year-on-year performance in the first half, and it followed a similar pattern or trend to 2008. But a very strong summer and a very strong start to the fourth quarter averted any concern that we had.

Occupancy growth has been limited across the continent in 2025, as I highlighted earlier. And nations with the highest occupancies, like UK, like Ireland with 78% occupancy actualized and Spain with 75% occupancy actualized, have witnessed very limited growth year on year. But it is important to remember that these countries, in particular, UK, had recovered far earlier than any other countries across Europe. So, there is less opportunity to grow occupancy.

However, we have seen good growth in countries in the Nordics and Central and Eastern Europe, much higher growth than the rest of Europe.

And here, the data demonstrates country-level performance, proving that demand is attracted to those countries where there is more availability, potentially more affordability. But definitely, much of this is linked to a gap in the full hotel recovery.

Supply also has a role to play here in occupancy performance. We have seen limited supply growth across the continent and thus really has enabled continued occupancy growth, even if that is quite limited.

Turning to ADR, if we frame our narrative around north versus south and even urban versus resort, we acknowledge that there is a perennial appeal for the south, Spain, Portugal and Italy, highlighted here. And we can really better understand the growth that we have seen in the south if we continue to use that narrative. Unsurprisingly, Germany and France have a hangover from an excellent summer in 2025.

Additionally, if we look at the south and resort destinations, not only did they lead in 2025 on year-on-year growth, as we saw on the last slide, they have also achieved the highest rates in Europe. Greece and Italy stand out here, some countries achieving up to €300 in actualized ADR, whereas the northern nations situated more to the right are on the lower end of the spectrum.

So, at a market level, performance variations do persist, and this is no different for Pandox markets performance. There is a theme of Nordic growth with the exception of Helsinki. And here, Rasmus will speak more on that. Germany has shown some positive occupancy change year on year, yet this is not always followed by ADR growth, for example, Berlin and Düsseldorf. The UK, in contrast, does have many markets declining in occupancy. These are markets that have new supply, perhaps non-repeat events. And these show up in those quadrants. Yet, a stronger half has helped compensate with ADR.

So, going to spend a few moments on the UK and Ireland, specifically. So, in the previous slide we acknowledged the quantity of submarkets that are declining in occupancy in the UK, which resulted in a high number of submarkets not being in a position to deliver a positive RevPAR growth. The first half of 2025 mirrored 2008, much like the rest of Europe. Uncertainty postponed decision and ultimately drove many markets to a negative growth.

The second half, however, there was far less caution and there was a peak in September of 73% of all submarkets, showing positive RevPAR growth. And this dropped off, as usual, to a more 56% in December. Now, we can clearly see this in monthly performance also. ADR has steered the ship through the second half of the year, which has enabled for the UK an overall growth in RevPAR of 1% for full year 2025.

And as we can see here, much of the growth comes through the luxury segment, with economy continuing to experience negative growth year on year. But those middle classes, upscale, upper midscale performing positively year on year.

Like many markets across the UK, negative growth occurred in the first half of 2025 in London. Much of this was occupancy driven in the regions, whilst ADR driven for London. London experienced this a little bit differently. ADR declined in the first half, pointing to consumer caution, perhaps a reduced short- and long-haul inbound traveler, and a direct impact from non-repeat summer events. Pricing power is a real problem in the UK, and it was unavailable to five out of the six classes that we monitor. Overall, London's ADR declined by 0.4% and RevPAR was down 0.2%.

So, here is an outlook of supply chains, which really sets the tone for how we expect occupancy to look going forward in 2026. And you can see there are some key markets here that have a very high double-digit growth in supply or active pipeline, I should say, expected to deliver in 2026 and 2027, which of course will impact our forecast.

Now, most markets expect to see new supply. And here is a summary of market-level forecast for 2026. We do expect pricing power to return in 2026. And for the most part, with the balance between supply-and-demand dynamics with the exception, of course, of a few markets, namely Dublin and Belfast here showing some negativity, occupancy does have room to grow, affording the sector some confidence to drive rates.

Moving to Dublin. Looking very different to London or even the UK regions, the Dublin market managed a 3.7% RevPAR growth in 2025. 8 out of 12 months showed positive RevPAR growth and there was a very strong last quarter. Dublin shined again, particularly in the last quarter, with well-attended events offsetting any new supply that came into that market.

At a class level, performance looks very, very different in Dublin compared to the previous slides for the UK and Europe. A wider pool of economy hotel rooms has emerged in Dublin, available to the more cost-conscious traveler, and it has done very well, the segment, something that has been very much missing in this market prior to 2021, I would say.

So, let's look ahead. The forecast for the aggregate of European cities is muted. 2025 closed with a meager growth of 1.2% in RevPAR terms for Europe. 2026 is forecasted to grow by 0.4%, which is quite concerning when you stack this against inflation. In 2026, however, we do expect to see more markets with a positive RevPAR performance than we saw in 2025. And much of that, as you can see from the blue, is still rate driven, save some markets, which will have to absorb some new supply in 2026, which will affect their chances of coming back into positive territory perhaps.

Munich and Cologne, for example, still have a lot of event offset challenges. And Amsterdam, a case on its own, as it embarks on a year of added ADR pressure with the new VAT policy in play from this month.

2026 looks set to grow supply in line with previous year trends, with a particular focus on the luxury segment. As a percentage of existing rooms, Georgia, Ireland and Poland will see the greatest percentage increase in rooms delivered in 2026.

Consumer confidence is expected to strengthen for Europe, likely more so in the second half of the year. However, with interest rates falling, inflation slowing and a high ratio of savings available to households, there is an expectation that consumption will persist. There is some concern around affordability for lower earners, particularly in the UK with the recent budget. However, it appears that higher earners will continue to consume, which of course is great news for the hospitality industry.

From a source market perspective, there is a question mark around the US traveler with the exchange rate. Will the exchange rate deter business, or will the US traveler want to travel internationally, as they have done in 2025? Many markets, and in particular the high-end hotels and resorts, are dependent on this business to drive ADR.

Now, the US traveler chooses differently in 2025 and probably will do so in 2026. And this had a great impact on the UK performance, where we saw a softening of demand coming from the US to the UK when compared to the average in Europe.

So, there is a lot to consider when looking at the outlook. But overall, STR expects Europe to perform very well, particularly in the second half of the year. The global economy suggests a strengthening of consumer confidence. The desire to spend in experiences abate any concern, whether they are geopolitical or economic.

Many thanks, and I'm going to hand this back over to Rasmus.

Rasmus Kjellman

Chief Executive Officer, Benchmarking Alliance

Thank you very much. I'm Rasmus. Let me get my slides here. I'm Rasmus Kjellman, I'm the CEO of Benchmarking Alliance. And for the coming 10 to 15 minutes, I will guide you through the Nordic hotel market. We are the largest supplier of benchmarking and hotel market data in the Nordics, and we strive to have the best possible coverage in the markets we work in. And we are based here in Stockholm.

So, diving into the data, looking into the Nordics. These are the country-wide averages in the Nordics and in the Baltics, and we see a positive trend continued through 2025. Generally, we see an increasing RevPAR in all countries. Blue boxes show the total 2025 RevPAR development compared to last year, and orange boxes show the previous quarter, third quarter, and the RevPAR development for up until Q3. So, the differences is an indication of how the year ended.

In Finland, the increase is a bit slower, a lot of new supply in some of the markets, as well as a slower recovery from the Asian markets, and the proximity to Russia is holding back the recovery. And in the Baltics, we are continuing to recover, especially the basketball European championship in Riga had a clear impact. And after years of lost Russian demand and other negative effects from the war in Ukraine, travelers are finding their way back to the Baltics and to Riga, in particular.

Diving into the capitals. Oslo had the Nor-Shipping large maritime industry conference,

the Ed Sheeran concert, and generally very good summer, as well as several smaller congresses and other events driving demand.

In Copenhagen, we had Endo-ERN, the Wind conference, the Copenhagen rock festival and Robbie Williams all at the same weekend, brought prices up to new record levels in ADR. Stockholm had difficulties to replace the extreme demand on 2024 generated by Taylor Swift and Bruce Springsteen and the ECCO Congress. In Helsinki, May and June were a good congress months. And the Helsinki Metal music festival in August [ph] affected positively. (01:02:25) And Reykjavik, bouncing back again after long periods of volcano eruptions last year. Interesting to see is that the Icelandic is increasing – the general Icelandic markets is increasing more than Reykjavik, as countryside hotels suffered more than Reykjavik hotels earlier.

So, if you go to a bit more of the details. The sold room increased basically demand and sold rooms increased basically everywhere. There are only smaller changes in available room. Largest increase is in Stockholm. However, largest decrease is in Riga, where a couple of hotels in the budget segment were closed during the year. In Stockholm, the increase is from Villa Foresta and Villa Dahlia, now in full-year capacity, as well as Scandic Södra Kajen and Scandic Go Kungsholmen also in full-year capacity. Bob W also opened 2 new properties in Stockholm, 90 rooms in the market. And Reykjavik did not manage to fill the small capacity increase.

In Oslo, Savoy closed and undergoing total renovation by new owners. And P-Hotel and [indiscernible] (01:03:42) Grünerløkka is close. This means occupancy increased in all markets except Reykjavik. Riga, one hotel closed for renovation of rooms in Radisson Daugava. And in RevPAR battle, Riga is the clear leader. However, pretty much boils down to one event, as I mentioned. And in the Nordics, both Oslo and Copenhagen shows remarkable increases.

If we also look at ancillary revenue, we see that we have an increased total revenue per available room in Stockholm and Copenhagen, whereas in Oslo, Helsinki and Reykjavik it has decreased, holding back the RevPAR for development. And it's interesting to look at the total revenue, as well as other revenue in the hotels, such as food, beverages, meetings, events, departments that don't necessarily follow the room development in the same way.

Driving down and diving down into the Scandinavian capitals by segment. If we look into the Stockholm segments, we see new supply in luxury segment holding back to occupancy levels while rates continue to increase. Midscale segment supply is due to capacity reopened after renovations and rebranding. And even

though demand is there, the lack of events and concerts this year can also be seen in loss of average rates in all segments, except in luxury.

Moving to Oslo. Oslo shows a very steady and positive trend in all segments. The midscale and budget hotels previously mentioned can be seen in the loss of supply. Moving to Copenhagen, Copenhagen luxury segment is starting to slow down in demand, but rates are still increasing. But interesting to see that the demand is slowing down. And the [ph] up-going (01:05:55) trend can be seen in all segments, while it's only upscale and midscale hotels that can enjoy higher demand as well.

Looking into the Helsinki market. Waldorf Astoria and more hotel collection is adding more supply to the luxury segments. However, this capacity has been utilized well, maybe at the cost of slightly lower rates. Otherwise, mostly smaller changes in the Helsinki lower segments.

If we look at the weekday-weekend patterns comparing the Nordic capitals, we can see that there is an even spread in Copenhagen and Oslo, and the pattern is somewhat another in Stockholm. So, if we look into more details into the Stockholm market and the distribution between the days or weeks, we can see that shoulder days, Monday and Thursday, is holding back the development through the weekdays. Tuesday and Wednesday are still increasing. However, the demand is stronger in weekends.

If we look into the details in the Swedish market, we cover around 36 markets, including all regional cities within Sweden. And in this graph, each bubble represents the market, and the size of the bubble represents the RevPAR. We have ADR on the left and occupancy on the lower axis. So, we can see Västervik in the top-right corner here. But if we look to the major changes through last year, the majority of the Swedish regional market increased in RevPAR. The highlights are – maybe that's the Swedish defense is investing a lot right now and partly because of the new membership in NATO. And this has positive effect in Skövde and Luleå. In Uppsala, we had the Sweden Live music conference in January having a positive effect. And Skellefteå is suffering very bad from the effect from the Northvolt bankruptcy.

If we in the same way look into the Norwegian market, we have Tromsø as a very strong market, the highest RevPAR. They have the Nordlysturismen and the Midnight Sun. While Oslo is the highest occupancy.

In the same way, looking to the changes through the different markets, Trondheim, very strong last year, especially since they had the Ski World Championship in the end of February and beginning of March. Oslo, as I mentioned earlier, had the Nor-Shipping, a generally good summer with the Ed Sheeran concert. Kristiansund had a very strong summer with an increase in the month of July only with 25%. Bodø, a bit weaker. But the year before, in 2024, they were the cultural capital and have a bit of a trouble in replacing that.

In the same way, looking to the Danish market, Copenhagen is not surprisingly the largest market. And looking to the changes, Vejle had large amount of out-of-order rooms last year and that's – are back on sale. And generally, there is a strong development within all of the Danish markets.

Driving and diving into Finland. Rovaniemi, the outstanding strong market within Finland, the Arctic tourism, the Santa Claus bringing people from all over the world to Rovaniemi. And there are increased direct flights to Rovaniemi driving a very strong market. Helsinki is far behind from Rovaniemi, but of course a much larger market. Otherwise, most of the Finnish markets range on an ADR of €100 to €110 and an occupancy between 55% to 70%.

And looking at the pattern of change through last year, Rovaniemi, together with the largest cities: Helsinki, Espoo and Tampere are the ones increasing. Pori was affected by a slower corporate demand, as well as Vantaa. Vantaa is the Helsinki Airport area, and they have a lot of new supply in the market.

So, if we then look into the pattern of future bookings, starting with Stockholm. And there is a general increase of future bookings with 10.2%. Looking ahead, we see that we in the coming year have the EHA2026 hematology congress in June, we have the Bad Bunny concert in Strawberry Arena in July. And we also have The Weeknd concert in Strawberry Arena in Stockholm driving demand.

Looking to the Oslo market, not that strong as the development as in Stockholm. Last year, there was the Nor-Shipping and the WATOC congress. They are not really replaced yet. There was also the Ed Sheeran concert, and this has all impact on the comparison to this coming year.

Looking into Copenhagen, we see a very stable increase on the books for the remainder of the year. And there is 3daysofdesign festival in June driving demand, but otherwise a very stable increase in the Copenhagen market.

And at last, looking at the future bookings for Helsinki. Start of the year looks positive in Helsinki. However, the congress in July 2025 has no particular replacement yet. But in general, a positive development.

With that, I thank you. And if you have any questions, reach out to the Pandox team or to me and I'll be happy to help. And with that, I leave it back to the Pandox team.

Lia Nõu*Chief Executive Officer, Pandox AB*

Thank you, Aiofe and Rasmus, for your excellent hotel market updates. And thank you, all, for participating in this call. We really appreciate your time and interest in Pandox. And our Interim Report for January to March 2026 will be published on the 29th of April.

We also want to mention that on 5th of May, later this year, we will host a Capital Market Day in London. If you can't join in person, the day will also be possible to follow via webcast.

Now, we wish you a nice winter and spring. And don't forget to stay at our hotels when you're on the road. Goodbye.

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