

# Annual Report 2023



HOTELISM BY PANDOX

# We own and lease out hotel properties

Pandox owns and leases out the properties that hotel operators need to run their hotel business. We work with skilled operators to create attractive and profitable hotel products. Since inception in 1995 we have grown into one of the largest hotel property owners in Europe.

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● The formal audited sections of the annual report can be found on pages 91–93 and 131–175.

For the 2023 financial year the Sustainability Report (pages 94–130) was prepared in accordance with the GRI Standards and was reviewed by an external party. The Sustainability Report is part of the Administration Report and is based on current interpretations of future legal obligations and standards in the CSRD and ESRS. The review that was performed was not based on these requirements.

This Annual report is a non-official translation from the Swedish original report. In the event of discrepancies between the language versions the Swedish wording will prevail.

HOTELISM BY PANDOX

# 1

## Strategy and value creation

Pandox's business concept is to own, develop and lease out hotel properties to skilled hotel operators under long-term, revenue-based leases with guaranteed minimum levels.



Pullman Stuttgart Fontana

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# A property company focused solely on hotels

Pandox is a hotel property company that owns, develops and leases out hotel properties to skilled hotel operators. We are an active and engaged owner that since inception in 1995 has created one of the largest hotel property portfolios in Europe.



## Property management

Property management is at the heart of our business. Our business model is built on revenue-based, long-term leases with guaranteed minimum levels and joint incentives. We also operate hotels ourselves as an important part of our active ownership strategy.



## Property development

Our portfolio offers good opportunities for making value-adding investments together with our tenants. We also make transformative investments in the hotels we operate with the objective of signing new leases.



## Portfolio optimisation

The portfolio is evaluated on an ongoing basis to ensure that each hotel property has attractive return potential. Acquisitions form the foundation for growth, and divestment is important to free up capital for investments with higher return potential.



## Sustainability

We want to contribute to sustainable development by creating resource-efficient properties, operating our own hotels sustainably and providing safe and secure environments for our employees and guests.



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# Hotel property portfolio

Pandox owns 159 hotel properties with around 35,900 rooms in 12 countries. The total market value of the portfolio is just over SEK 69 billion.



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# Success factors

We are an active and engaged owner that aims to maximise the value of each individual hotel property. We do this by creating attractive and sustainable hotel products and hotel properties based on each property’s unique characteristics.

## Only hotel properties

We only invest in hotel properties and create value through active and engaged ownership.

## Revenue-based leases

We have long-term, revenue-based leases with skilled hotel operators with good guaranteed minimum levels.

## Active value creation

We have deep knowledge of the hotel industry and many years’ experience of all operating models in the hotel market. We can create value in a variety of ways.

## Diversification in multiple dimensions

Our hotel property portfolio is diversified in terms of geography, type of demand, brands and hotel products, which reduces our risk.

## Sustainability with a business focus

We work actively and in an integrated way to ensure that our business is sustainable in both our properties and our operations.



The Queens Hotel, Leeds

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# Two business segments working together

## Leases



### About the segment

Leases are the core of our business. Our long-term leases are revenue-based, with good guaranteed minimum levels, shared risk and stable earnings.

### Responsibility for sustainability

In the Leases segment our responsibility is limited to technical sustainability at the hotels. This responsibility is set out in the lease with the hotel operator and is based on market practices in the country in question. In somewhat simplified terms, Pandox's responsibility can be summarised as everything relating to the structure and technical operation of the property. Examples include responsibility for the building's external shell, technical maintenance, property development, more substantial renovations as well as remodelling and extensions. The hotel operator is responsible for the hotel's operation as well as purchasing and consumption of electricity, water, heating and cooling.

## Own Operations



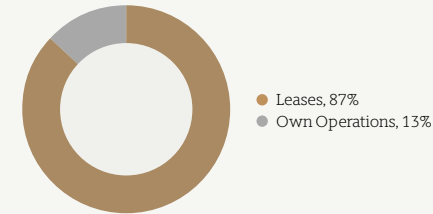
### About the segment

Within the Own Operations segment we operate hotels in properties that we own. This is an important aspect of our active ownership model. It provides us with valuable flexibility for acquiring and repositioning hotel properties with the aim of creating value through new leases or realising value through divestment.

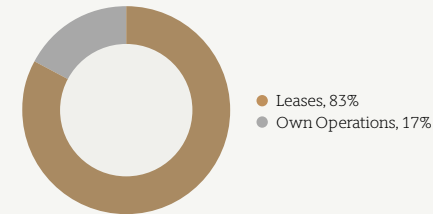
### Responsibility for sustainability

Within this segment we have full responsibility for all sustainability topics relating to both the hotel property and hotel operation. Examples of this responsibility are purchasing and consumption of energy and water, waste management, technical operations and maintenance, technical installations as well as sustainability topics relating to hotel personnel and guests.

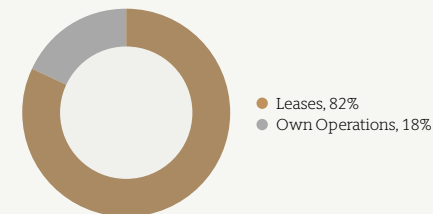
Number of hotels: 159



Market value, properties: MSEK 69,039



Net operating income: MSEK 3,870



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# A fast-paced year

## Acquisitions

### THE QUEENS HOTEL, LEEDS



UK | Iconic, market-leading and well-invested hotel with potential.

### BEST WESTERN HOTEL FRIDHEMSPLAN STOCKHOLM



Sweden | After completed renovation, the hotel will be leased to Scandic Hotels under the Scandic Go brand.

### HILTON BELFAST



UK | Well-invested hotel with a strong location in a fast-growing market.

## Investments

### HOTEL POMANDER



Germany | The hotel was opened in September after extensive renovation and repositioning. New revenue-based lease with Scandic Hotels effective 1 March 2024.

### PULLMAN STUTTGART FONTANA

- Comprehensive renovation of all rooms and public spaces completed.

### RADISSON BLU GLASGOW

- 247 newly renovated rooms are ready as part of a major renovation project. The spa and public spaces will be finished in 2024.

### QUALITY GRAND BORÅS

- 60 new hotel rooms created, and full renovation of existing rooms and public spaces is complete.

### DOUBLETREE BY HILTON BRUSSELS CITY

- Expansion adding around 150 rooms and large conference spaces will create Brussels' biggest hotel with a total of 500 rooms. Completion in late 2025.

### CITYBOX BRUSSELS

- Ongoing total renovation as well as new revenue-based lease and urban lifestyle concept with Citybox. Re-opens in second half of 2024.

## Sustainability

### SCIENCE-BASED TARGETS

Pandox's science-based targets were approved by the SBTi, and the Board of Directors decided on an investment programme for climate transition of around MEUR 29 aimed at reaching the emissions targets for Scope 1 and Scope 2.

### Investment programme for climate transition

# MEUR 29

### DIVERSITY AND INCLUSION

During the year a comprehensive diversity and inclusion programme was implemented. It is based on three goals and will be followed up annually.

### SUSTAINABILITY-LINKED LOANS

Pandox sustainability linked two existing bank loans of around SEK 2.2 billion.

### GREEN SUPPLEMENTARY AGREEMENTS

In the Leases segment, Pandox signed three new supplementary agreements adding green amendments to leases with two hotel operators in the Nordic region.

### Green leases

# Three

### REPORTING BASED ON ESRs

Pandox adapted its reporting to align with the European Sustainability Reporting Standards (ESRS). This reporting is part of the Corporate Sustainability Reporting Directive (CSRD) and is mandatory as of the beginning of 2024.

## Other significant events



### NEW LEASE IN COPENHAGEN

Pandox signed a new lease with hotel operator Strawberry for what is currently Hotel Mayfair Copenhagen. The lease will take effect in the second half of 2024. The hotel is undergoing extensive renovations.



### HOTEL MARKET DAY 2023

The theme for 2023 was "The hotel market in a multisphered world", focusing on how geopolitical changes impact hotel demand, hotel investments and consumer behaviour.

### DIVESTMENTS

Divestment of Intercontinental Montreal, including its operation, was completed at the beginning of 2023. The selling price was around MCAD 80, which was 20 percent higher than the book value at the beginning of 2022.

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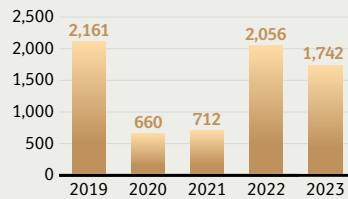


# The year in numbers

## CASH EARNINGS

MSEK **1,742**

Total cash earnings, MSEK

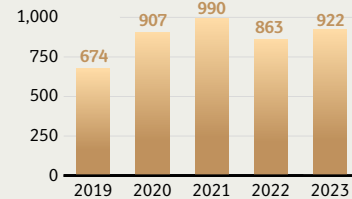


Cash earnings decreased by 15 percent. Adjusted for government assistance of MSEK 260 in the comparative period 2022, cash earnings decreased by 3 percent.

## INVESTMENTS

MSEK **922**

Investments, MSEK

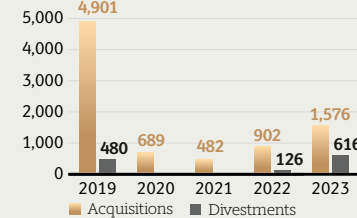


In 2023 Pandox invested MSEK 922 in the existing portfolio to strengthen cash flow and increase property value over time.

## ACQUISITIONS

MSEK **1,576**

Acquisitions/divestments, MSEK



In 2023 Pandox completed acquisitions and divestments for a total equivalent to MSEK 2,192.

## Financial key ratios

MSEK	2023	2022	Change, %
Total revenue	6,849	5,654	21
Revenue Leases	3,690	3,307	12
Revenue Own Operations	3,159	2,347	35
Total net operating income	3,870	3,434	13
Net operating income Leases	3,157	2,868	10
Net operating income Own operations	713	566	26
EBITDA	3,696	3,304	12
Profit for the year	-580	4,204	N/A
Earnings per share, SEK <sup>1)</sup>	-3.18	22.94	N/A
Cash earnings	1,742	2,056	-15
Cash earnings per share, SEK <sup>1)</sup>	9.48	11.18	-15
Dividend per share, SEK	4.00	2.50	60
Loan-to-value ratio, properties, %	46.6	46.7	N/A
Interest coverage ratio, times <sup>2)</sup>	2.7	3.7	N/A
Market value, properties	69,039	69,231	-0
EPRA NRV per share, SEK	201.12	205.03	-

<sup>1)</sup> For information on the number of shares, see page 49.

<sup>2)</sup> For more information, see page 139.

## KPIs, sustainability

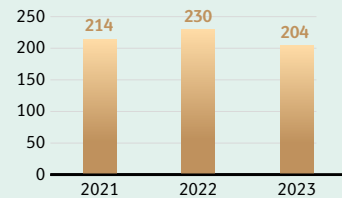
	2023	2022	Change
Total number of BREEAM In Use-certified properties	12	12	0%
Total of renewable energy, %	40	41	-3%
Employee satisfaction, %	77	77	0%
Waste per hotel guest in Own Operations, kg	1.2	1.2	0%
Total water consumption, l/gn	180	189	-5%
Total emissions, CO <sub>2</sub> e/sq m	53	50	6%
Total energy consumption, kWh/sq m	215	217	-1%
Number of audited suppliers	37	48	-23%

## ENERGY INTENSITY

Own Operations and HQ

kWh/sq m **204**

Energy intensity, kWh/sq m



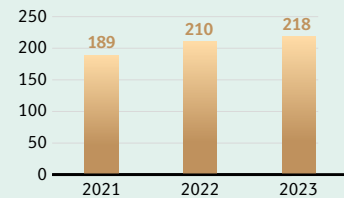
The total energy use in the Own Operations segment, Scope 1 and 2, decreased by 11 percent from the previous year due to the effects of Pandox's two green investment programmes.

## ENERGY INTENSITY

Tenants' energy use

kWh/sq m **218**

Energy intensity, kWh/sq m



The energy use in the Leases segment, Scope 3, increased by 4 percent compared to the previous year.



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# “Our business model is profitable and sustainable”

2023 was a good year for Pandox, with strong net operating income and strong business momentum. We ended the year strong and our outlook is positive.

### How would you summarise 2023?

I'm glad that the hotel market is strong despite headwinds in the world around us. Despite higher interest rates, high inflation and a weaker economy, both companies and individuals are prioritising travel and experiences. Meanwhile, on a human level, my colleagues and I are both saddened and distressed by the current conflicts, wars and geopolitical tensions around the globe.

In 2023 we delivered the highest sales and net operating income in the Company's history, although cash earnings decreased slightly due to rapidly and sharply rising market interest rates and the higher financial expense that ensued.

I'm also proud of our progress in sustainability. We reached an important milestone when our science-based climate targets for GHG emissions were validated and approved by the Science Based Targets initiative (SBTi). This firmly establishes sustainability as a prioritised area for Pandox in the years ahead.

### What conclusions do you draw from 2023?

1. Strong forces are driving the hotel market forward. The world is getting larger and the global middle classes are growing. This increases demand for travel and

experiences. With the pandemic behind us, people are putting a high priority on freedom and experiences.

2. A tougher business climate requires us to be an active owner with deep knowledge of the hotel industry; an owner that understands how to generate cash flows and value through the hotel value chain. Being a specialist in hotel properties is our strength. Our large and diversified portfolio is a unique platform for value creation throughout the hotel value chain.
3. People make the difference. An agile organisation made up of talented people who have great freedom to act is a powerful business tool, particularly when combined with a strong network of companies and individuals who are driven and solutions-oriented.
4. Courage to invest. In order to develop our existing portfolio, we invest on an ongoing basis in projects that drive cash flow. What we invest today lays the foundation for future growth and competitiveness, especially in an environment where fewer new hotels are being built and there is great uncertainty about what normalised interest rates are. →



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5. Fact-based optimism always wins. Reality is seldom as dark as the headlines suggest. During the pandemic the general perception was that it would take many years for the hotel market to recover. In reality it has gone much faster.

**How has Pandox handled the higher interest rates and high inflation?**

Our business model involving variable revenue allows us to take advantage of a growing market and be compensated for increased inflation.

Average room rates for hotel nights in 2023 developed strongly and this resulted in higher variable rents for Pandox. For comparable units, net sales increased by 16 percent with a fixed exchange rate. This good price level has more than compensated for the portion of demand that has not yet returned after the pandemic.

One major advantage is also that most of our leases have downside protection through guaranteed minimum rent levels.

Our balance sheet is stable. We have a reasonable level of debt, with a loan-to-value ratio of 46.6 percent, and a good interest coverage ratio of 2.7. The valuation yield in our property portfolio is relatively high. We have a clearly positive yield gap of just over 2 percentage points, compared with our average interest expense. Our financing consists solely of bank loans through our banking partners and with low refinancing risk. Also, around 75 percent of our loans with a term of more than one year have hedged interest rates, which gives us good visibility into our future interest expense. We also have just over SEK 3 billion in cash in addition to around SEK 3.3 billion in unplugged properties.



**Can you provide a few examples of how Pandox has created value during the year?**

A large portfolio enables us to implement value-increasing initiatives in many different ways.

In 2023 we completed three acquisitions totalling around MSEK 1,576, two of which were in the UK, in Leeds and Belfast, and one in Stockholm, Sweden. All acquisitions have been complex – for example involving Pandox operating the hotel – and were made in highly uncertain times. This reduced the competition and contributed to clearly attractive acquisition prices.

In the first quarter we also concluded the divestment of InterContinental Montreal for a selling price equivalent to around

“We have a large toolbox which includes working actively with our tenants to develop the hotel products and increase the value of the hotel properties.”

20 percent over the book value in 2022. The activity level in our existing portfolio was high during the year. We have a large toolbox which includes working actively with our tenants to develop the hotel products and increase the value of the hotel properties. In 2023 we invested MSEK 922 in projects that increase cash flows for the properties in various ways. Being able to invest at a high rate even in a more uncertain world shows our strength. Going forward, we have a pipeline of projects that will make a positive contribution to our net operating income growth in the years ahead.

In particular, I would like to highlight our major expansion of DoubleTree by Hilton Brussels City. We are adding around 150



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rooms to the hotel, making more than 500 in all. This will make it the largest hotel in Brussels. In addition to the new rooms, we are creating exciting conference, food and beverage spaces. We are also building a new rooftop bar. I am very much looking forward to the day when we can open the doors to a brand new hotel product in late 2025.

An important aspect of our value creation is also signing new leases with skilled operators. I am therefore particularly pleased that we have signed new leases with Strawberry and the Hobo brand for Hotel Mayfair in central Copenhagen, with Scandic and the Scandic Go brand for our hotel at Fridhemsplan in central Stockholm and with hotel operator Frich's for our hotel property in Hamar, Norway. All of the hotels are now undergoing renovations and I'm excited about their relaunch into the market in 2024. I would also like to mention our new lease with Scandic for what is currently Hotel Pomander in central Nuremberg. This lease confirms our ability to create value by acquiring, developing and elevating underperforming hotel properties in an international environment.

**Pandox has been gradually increasing its focus on sustainability and 2023 was no exception. What would you like to highlight in particular?**

Our science-based climate targets were approved by the SBTi in November, which is an important milestone for us. The targets set the course for our continued sustainability efforts and will keep us focused on the areas that cause Pandox's largest CO<sub>2</sub> emissions. We have a clear plan for how to reach our climate targets for Scope 1 and 2 emissions based on phasing out gas

and oil, installing energy-efficient systems and increasing renewable energy at the hotels we operate. To reach the targets we have for our Own Operations segment, we have decided to invest around MEUR 29 over three years and we expect a return in excess of 10 percent.

**An important step in Pandox's sustainability work is to add green agreements to existing leases. What has happened in this area in 2023?**

Increased regulatory requirements and greater demand for sustainable alternatives are putting more pressure on us and our tenants to deliver sustainable hotel products. We have an ongoing dialogue with our tenants about sustainability-related cooperation and we are pleased to report that in 2023 we added three green supplementary agreements to leases with two hotel operators. The agreements are tailored for each property and include, for example, phasing out gas and installing geothermal heating and solar panels.

The aim is to reduce our climate footprint while also finding a commercial agreement that is profitable for both us and our tenants.

**Pandox also entered into sustainability-linked loans with SEB and Swedbank. What does that mean?**

Existing loans of around MSEK 2,200 with SEB and Swedbank have been sustainability-linked. This is a stamp of quality for our sustainability work. The loans are linked to ambitious and material environmental, social and governance targets. We see good potential to convert the majority of our bank loans over time.



THREE FOCUS AREAS  
IN 2024

- Complete several large investment projects
- Selective acquisitions and divestments
- Retain our strong financial position

**Looking ahead, what changes do you see in Pandox's future?**

Pandox is fundamentally very well positioned. Our business model is well tried and tested, and is profitable and sustainable over time. At the same time, we always want to get a little better at what we do every day. This involves paying attention to how we allocate our capital, how we calculate and implement investments, how our portfolio is composed, and how we work as individuals and as an organisation.

One of our trademarks – and something we will continue to put great effort into – is working with our tenants to increase the value of the hotel properties through repositioning, extensions and product improvements. Investments with a high risk-adjusted return. Katsching! Music to my ears!

**What is most important to Pandox in 2024?**

Our basic outlook on the hotel market in 2024 is positive and we expect to create

value for our shareholders. We will pay particular attention to delivering on the substantial investment pipeline we have for existing hotel properties, several of which will re-open in the second half of 2024. We are also open to optimising the portfolio through divestments when the price is right and we can reallocate capital to projects with higher return potential.

All in all we are optimists in a world where geopolitical issues still pose the greatest risk.

Last but not least, I want to thank my fantastic colleagues and our shareholders, tenants and business partners for a great 2023. We are also grateful to our office dogs – our Pandogs – for adding more joy to our days at work.

Stockholm, March 2024

**Liia Nõu**  
CEO

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# Sustainability strategy and focus areas

Pandox’s most important contribution to a sustainable transition is creating resource-efficient properties, sustainable operations, as well as safe and secure environments for our employees and guests. This also allows us to contribute to the UN Sustainable Development Goals.

Pandox’s sustainability strategy is based on our vision and our business goals, and on the impact these have on sustainability and the world around us. It also takes into consideration matters of importance to our stakeholders. We have also taken into account trends, risks and opportunities. We have placed the most material sustainability topics in five focus areas.

Sustainability is integrated into our business model and into our day-to-day work. There are clearly defined activities and targets in each focus area, and an awareness that the way we can work on sustainability differs between our two business areas Leases and Own Operations.

Pandox supports a number of international initiatives and is a member of various associations.





**International conventions and initiatives:**

- UN Global Compact
- UN SDGs and Agenda 2030
- ILO Declaration on Fundamental Principles and Rights at Work
- UK Modern Slavery Act
- International Bill of Human Rights
- UN Guiding Principles on Business and Human Rights
- OECD Due Diligence Guidance for Responsible Business Conduct






**Memberships and participation in associations, organisations and industry initiatives:**

- Energy and Environment Alliance Capital Market Committee (EEA)
- European Public Real Estate Association (EPRA)
- Fastighetsägarnas sustainability council
- Sustainability Hospitality Alliance

**Focus areas**

 <p><b>ENVIRONMENT AND CLIMATE</b></p> <p>We are working in a strategic and targeted way to reduce our climate footprint, both in Leases and Own Operations.</p>	 <p><b>RESPONSIBLE AND FAIR BUSINESS</b></p> <p>We want to see good business ethics and fair conditions throughout our value chain.</p>	 <p><b>GUEST SATISFACTION AND SAFETY</b></p> <p>At the heart of the hotels we operate is providing a positive experience for our hotel guests before, during and after their stay.</p>	 <p><b>ATTRACTIVE AND EQUAL WORKPLACE</b></p> <p>We have a responsibility to our employees to ensure they have a safe work environment with fair employment terms, as well as plenty of opportunities for development.</p>	 <p><b>INCLUSIVE LOCAL COMMUNITIES</b></p> <p>Through our properties we have a presence in local communities. We want to be a positive force in these environments.</p>
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**Contributing to UN SDGs**

 <p><b>Goal 13: Climate Action</b></p> <p>We are also contributing by having clear climate targets and working to improve energy efficiency, while also transitioning to a larger percentage of renewable energy.</p>	 <p><b>Goal 12: Responsible Production</b></p> <p>We are contributing by encouraging resource-saving measures and promoting sustainable production through our partnerships.</p>	 <p><b>Goal 3: Good Health and Well-Being</b></p> <p>We are contributing by taking care of the wellbeing of our employees and guests.</p>	 <p><b>Goal 5: Gender Equality</b></p> <p>We are contributing through various initiatives and targets for diversity and inclusion throughout our organisation.</p>	 <p><b>Goal 10: Reduced Inequality</b></p> <p>We are contributing by offering fair employment with opportunities to develop within an industry that is open to all.</p>
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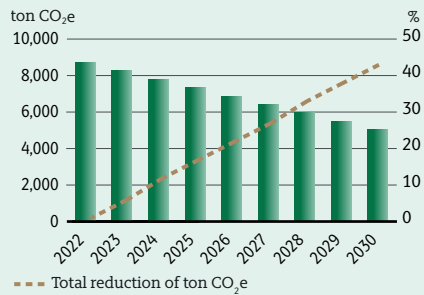




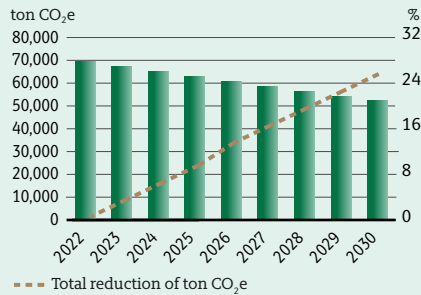
# Sustainability targets

## SCIENCE-BASED TARGETS

### Scope 1 and 2



### Scope 3



### Why is this important?

The approved targets have been set based on the most recent climate science and the path towards 1.5°C. They focus on the areas where Pandox has the largest climate impact. This sets a clear course for Pandox in its continuing sustainability efforts and ensures that the Company will also be able to meet future regulatory requirements created in line with the Paris Agreement.

### How will the targets be reached?

- Phase out oil and gas in selected properties
- Implement actions to improve energy efficiency
- Increase the percentage of renewable energy
- Conscious material choices in renovation for a lower climate footprint and an increased percentage of reused materials

### Outcome 2023

The MEUR 29 road map was approved by the Board of Directors in September. The ambition is for the climate transition programme to contribute to reaching the target of -42 percent for Scope 1 and 2 emissions.

### Approved science-based climate targets

In November Pandox received approval from the Science Based Targets initiative (SBTi) for its science-based targets. The SBTi has concluded that Pandox’s target ambitions for Scope 1 and 2 are consistent with a path in line with the 1.5°C target and the Paris Agreement.

The target is to reduce GHG emissions in our Own Operations segment (Scope 1 and 2) by 42 percent by 2030. The largest emissions are from fuel used (Scope 1) and energy purchased (Scope 2). The target in the Leases segment (Scope 3) is to achieve an emissions reduction of 25 percent. The largest emissions come from the tenants’ total energy use and from building materials used in renovations. The base year is 2022.

The process was carried out in cooperation with IVL Swedish Environmental Research Institute and involved data validation, continual improvement of underlying data, training and process support.

The targets are of strategic importance, ambitious and relevant, and keep Pandox focused on and prioritising the areas where the Company has the greatest climate impact.

### Scope 1 and Scope 2 emissions

For Own Operations (Scope 1 and 2) the Board approved a climate transition programme during the year for around MEUR 29 for eight properties. The programme includes phasing out oil and gas, energy efficiency improvements and increasing the percentage of renewable energy.

Changing behaviour is also an important factor in reaching the targets. Read more about this on page 105. When the project concludes in 2027 Pandox is expecting to be well-positioned to reach its science-based targets for Scope 1 and 2 emissions, and to generate annual savings of around MEUR 3.

### Scope 3 emissions

Measures for Leases (Scope 3) also include phasing out oil and gas, energy efficiency improvement and increasing the percentage of renewable energy. This also includes reducing CO<sub>2</sub> emissions in renovation and remodelling, for example by making sustainable material choices and reducing waste. The target is not set by category but rather is an overall target to allow for flexibility when opportunities are identified.

In 2023 energy investigations and analysis were initiated and these will result in an action plan in 2024. A project has also been launched to upgrade bathrooms – one of most common renovations for Pandox. Between 2023–2026 around 600 bathrooms will be upgraded for Scandic. The purpose of the project is to identify guiding principles that take the climate aspect into account in bathroom renovations, with the standard practice being to upgrade rather than tear out a functioning bathroom. The goal is to reduce emissions and contribute to achieving the science-based target for Scope 3 without compromising on guest comfort, design aesthetics or operating costs. This work will continue in 2024.

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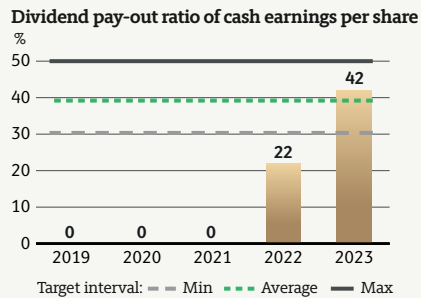


# Financial policy and performance

## Financial policy

### DIVIDEND

Pandox's target is a dividend pay-out ratio of between 30 and 50 percent of cash earnings<sup>1)</sup> per share, with an average pay-out ratio over time of around 40 percent.



#### Why is the policy important?

The dividend is an important part of the share's total return, and proof of an effective business model and a profitable business.

#### How will this be achieved?

- Profitable and sustainable business
- Portfolio with good return potential
- Lasting value-creation

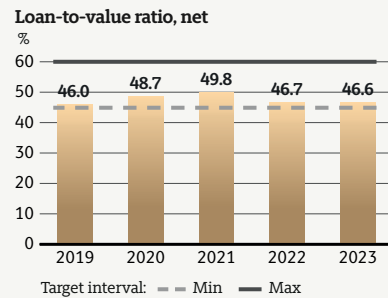
#### Outcome 2023

The Board of Directors is proposing a dividend for 2023 of SEK 4.00 (2.50) per share, totalling around MSEK 735 (460). This is equivalent to a dividend yield, measured on the share price at year-end, of 2.7 (2.2) percent.

<sup>1)</sup> Defined as EBITDA plus financial income less financial expense, less financial expense for right-of-use assets according to IFRS 16, less current tax, adjusted for any unrealised translation effect on bank balances and minority interests.

### CAPITAL STRUCTURE

A net loan-to-value ratio<sup>2)</sup> of between 45 and 60 percent, depending on market development and the opportunities that exist.



The loan-to-value ratio policy determines financial risk-taking and ensures financial stability and flexibility.

- Well-diversified portfolio
- Effective capital allocation
- Balanced acquisition strategy

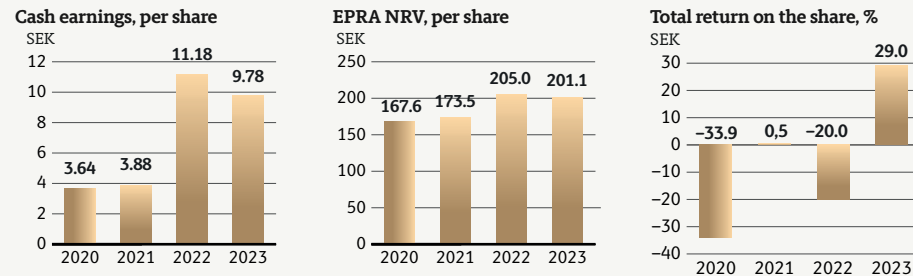
The loan-to-value ratio net was 46.6 (46.7) percent.

<sup>2)</sup> Defined as interest-bearing liabilities less cash and cash equivalents as a percentage of the market value of the properties at the end of the period.

## Financial performance

### PAST PERFORMANCE

Since inception in 1995 Pandox has developed into one of the largest hotel property owners in Europe. Over this time the value of the property portfolio has increased from around MSEK 600 to around SEK 70 billion.



#### Why are these performance measures important?

Pandox's ambition is to increase the cash flow and value of each individual hotel property. On an aggregated level we measure this in cash earnings and EPRA NRV. The total return on the share is the value created for the shareholders.

#### Outcome 2023

Cash earnings decreased by 15 percent. Adjusted for government assistance received in 2022, cash earnings decreased by 3 percent.

EPRA NRV per share amounted to SEK 201.12. Growth in EPRA NRV per share, with the dividend added back, amounted to -0.7 percent.

The total return on Pandox shares was 29 percent.

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# An ecosystem based on partnerships and relationships



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# Value creation through active and engaged ownership

## Our resources

### Hotel properties

- 159 hotel properties with 35,851 rooms.

### Employees

- 1,442 employees (FTEs), of which 1,393 in the Own Operations segment.

### Networks

- Business partners and brands.
- Hotel guests.
- Suppliers and advisors.

### Financing

- Capital from shareholders MSEK 29,573.
- Loans from banks and other lenders MSEK 32,960.

### Structural capital

- The Pandox Method of value creation at hotels.

### Natural resources and materials

- Energy, water, building materials, fixtures, fittings and installations.

## Our business model

- We own, develop and lease out hotel properties to skilled hotel operators.
- Our leases are long-term and revenue-based, and have good minimum rent levels and shared risk.
- We have deep knowledge of the hotel industry and we develop the hotel properties in cooperation with our tenants.
- We are an active and engaged owner with the capacity to operate and reposition hotels to be able to sign new leases.
- Our sustainability work has a long-term perspective and is integrated into our business operations.



## Our value creation

### Tenants & hotel guests

- Rental income MSEK 3,690.
- Revenue from guests at hotels operated by Pandox MSEK 3,159.
- Investments MSEK 922.

### Employees

- Salaries and benefits MSEK 1,205.
- Attractive and equal workplace.
- Social cohesion and personal development.

### Society & environment

- Direct and indirect jobs.
- Environments for meetings and recreation.
- Vibrant local communities.
- Working to reduce energy consumption and GHG emissions.
- Taxes and levies.

### Capital owners

- Interest and fees MSEK 1,498.
- Dividend MSEK 735.

### Suppliers

- Payments MSEK 4,071.

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### SCOPE 3 UPSTREAM

Emissions in the value chain



40%

Purchases of goods and services



2%

Transport

Suppliers

### SCOPE 1



5%

Direct emissions

### SCOPE 2



4%

Indirect emissions, purchased energy

Own Operations

### SCOPE 3 DOWNSTREAM



48%

Energy use in leased properties



0.5%

Waste



0.5%

Business travel

Leases | Tenants



# Responsibility in the value chain

Pandox owns 159 hotel properties in 12 countries. 139 of the properties are leased out to external hotel operators in the Leases business segment. Within the Own Operations business segment we operate hotels ourselves in 20 properties. Pandox's influence in the value chain differs between the two business segments.

Pandox is active in the part of the value chain from acquisition and property development, through leasing, technical maintenance and hotel operation, to refurbishment, renovation and possible divestment of the properties. Our impact therefore exists throughout the hotel industry value chain.

In addition to direct responsibility for sustainability at the hotels we operate, we also have the ability to impact other parts of the value chain through the

standards we set for our suppliers and by working with our tenants. Due to the size of our Leases business segment, Pandox's largest suppliers work within renovation and maintenance of the properties. Here, too, there is scope for cooperation with the tenants to promote sustainable development of the properties.

[Read more about the various types of agreement on page 19.](#)

## SHARED RESPONSIBILITY

ACQUISITION OF PROPERTY WITH (1) LEASES, OR (2) OWN OPERATIONS

Activities	(1) Leases	(2) Own Operations
<b>Property development</b>	●	●
- Renovation	●	●
- Remodelling	●	●
<b>Equipment</b>	●	●
<b>Property maintenance</b>	●	●
<b>Property operation</b>	●	●
<b>Hotel operation</b>	●	●
- Personnel, organisational structure and management	●	●
- Marketing and distribution	●	●
- Purchase of materials and services	●	●
- Heating, energy and water	●	●
- Waste management	●	●

DIVESTMENT OF PROPERTY WITH (1) LEASES, OR (2) OWN OPERATIONS

- Pandox
- Mainly Pandox
- Tenant

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# Leases are the core of our business

Leases create joint incentives for Pandox and tenants to develop profitable hotel products that increase cash flow and thereby also the property value.

LEASES

**SHARE OF ROOMS**

84%

**REVENUE-BASED**

*With minimum rent level*    *No minimum rent level*

61%

19%

**FIXED**

5%

**Function and advantages**  
Revenue-based leases have multiple advantages:

- Long-term perspective
- Joint incentives
- Shared investments and risk
- Focus on productivity and profitability

A revenue-based lease is tied to the development of the hotel's operation, with a percentage of the hotel's sales paid to Pandox in the form of rent. When the hotel's sales increase, so does Pandox's rental income. Hotel property owners and hotel operators thus share the risk and they have joint incentives to increase the hotel's profitability and, over time, also the hotel property's value. In most

of our leases there are also contractual minimum rent levels below which the rental income cannot fall. These cover the cost of capital for financing the properties. We also have a few fixed leases.

**Strong interest in leases**  
The increased specialisation in the hotel market, where the operating model for growing regional hotel operators is to lease, has increased interest in leasing. Experiences from the pandemic have further strengthened the argument for revenue-based leases.

**Adding green supplementary agreements to leases**  
In 2023 Pandox developed a template for adding green supplementary agreements to leases. This

provides the basis for a joint and structured focus on the environment by Pandox and its tenants. During the year three agreements were signed to add green supplementary agreements to leases: two with Scandic and one with Parks & Resorts. These projects will start in 2024. Read more on page 30.

OWN OPERATIONS

**SHARE OF ROOMS**

16%

**FRANCHISE AGREEMENTS**    **MANAGEMENT AGREEMENTS**

9%

3%

**INDEPENDENT BRAND**

4%

**Function and advantages**  
The ability to operate a hotel ourselves is an important aspect of our active and engaged ownership. It allows us to make a wider variety of types of acquisitions and efficiently transform hotels with the aim of signing new leases. Our operation of hotels can be structured in various ways.

**Franchise agreement**  
When we own both the hotel property and the hotel business, a franchise agreement with a brand owner may be appropriate. We can benefit from the franchiser's brand and distribution activities. When

Pandox is the franchisee we pay a royalty charge based on the hotel's sales. A few examples in our portfolio are Hilton Brussels Grand Place, Hotel Indigo Brussels – City and Hilton Garden Inn London Heathrow.

**Independent brand**  
In a market where an international brand has a low recognition factor and the costs related to the brand and distribution are too high, it may be better to build an independent brand that we have created ourselves. One example in our portfolio is Hotel Hubert Brussels.

**Management agreement**  
With a management agreement Pandox assigns a hotel operator to operate and manage the hotel. Pandox pays a management fee for this, which is often performance-based. The management agreement also requires a brand, which is usually franchised. As owner of the hotel property, with this agreement structure we have full financial responsibility for both the hotel's operation and the hotel property. A few examples in our portfolio are DoubleTree by Hilton Bath, Queens Hotel Leeds and Novotel Hannover.

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# Human rights work in the value chain

Pandox is a member of the UN Global Compact and has therefore pledged to work according to the Compact’s Ten Principles for human rights, labour, the environment and anticorruption. These are areas in which we also expect our business partners and suppliers to be active.

Pandox’s largest suppliers are companies in the construction industry and property management, and suppliers of goods and services for hotels operated by Pandox. Both construction and hotels are industries where exploitation of labour can occur. Pandox therefore clearly communicates its zero tolerance for criminal activity, human trafficking, prostitution and sexual exploitation in its codes of conduct for employees and business partners, and in a Modern Slavery Act statement. No cases of prostitution were reported during the year at hotels operated by Pandox. In dealings with the construction industry, where the risk is considered the highest, Pandox also scrutinises new and existing suppliers via a digital self-assessment system. See the next page for details of this process.

In 2023 we worked on reinforcing our governing documents and internal processes to ensure a solid due diligence process. This was based on the impact assessment carried out in 2022 by an independent third party to identify, assess and report human rights risks – both in the supply chain and within Pandox itself – and to determine which steps are needed to manage these risks. The process was limited to the industries and countries relevant to Pandox’s operations and value chain where the human rights risks are considered higher.

## Description of the process for human rights work

1 Identified actions 2022	2 Activities 2023	3 Results 2023
<ul style="list-style-type: none"> <li>• Develop a process to compensate and remedy negative impacts; this may involve paying damages, providing a guarantee that a violation will not be repeated, a public apology etc.</li> <li>• Improve knowledge concerning the complaints process</li> <li>• Raise awareness of discrimination and harassment in the workplace</li> <li>• Strengthen commitment among and dialogue with suppliers to ensure human rights compliance in accordance with the Code of Conduct for Business Partners</li> <li>• Appoint a person to be responsible for the supplier audit system</li> </ul>	<ul style="list-style-type: none"> <li>• The Human Rights Policy was updated during the year to include a description of due diligence regarding human rights and remediation</li> <li>• Questions added to the existing employee survey to identify human rights risks</li> <li>• Annual survey of tenants allowing them to provide feedback on cooperation</li> <li>• Education on discrimination and harassment within the framework of Pandox’s diversity and inclusion programme</li> <li>• Implement an inclusive and equal recruitment process</li> <li>• Present the complaints process on the Pandox website</li> <li>• Monthly support by consultants in the supplier audit process</li> <li>• Arrange site visits with potential high-risk suppliers to ensure compliance with the Code of Conduct for Business Partners</li> </ul>	<ul style="list-style-type: none"> <li>• Increase knowledge internally on an inclusive and equal recruitment process; all recruitment documentation is reviewed and updated to take this into account</li> <li>• Better insight into the value chain and an initial due diligence process</li> <li>• Engage a consultant to analyse and improve the efficiency of the supplier and purchasing process starting in 2024</li> <li>• Site visit in January 2024 to a subcontractor of one of Pandox’s larger building contractors; the subcontractor was randomly selected as no serious non-conformances were identified in 2023</li> </ul>

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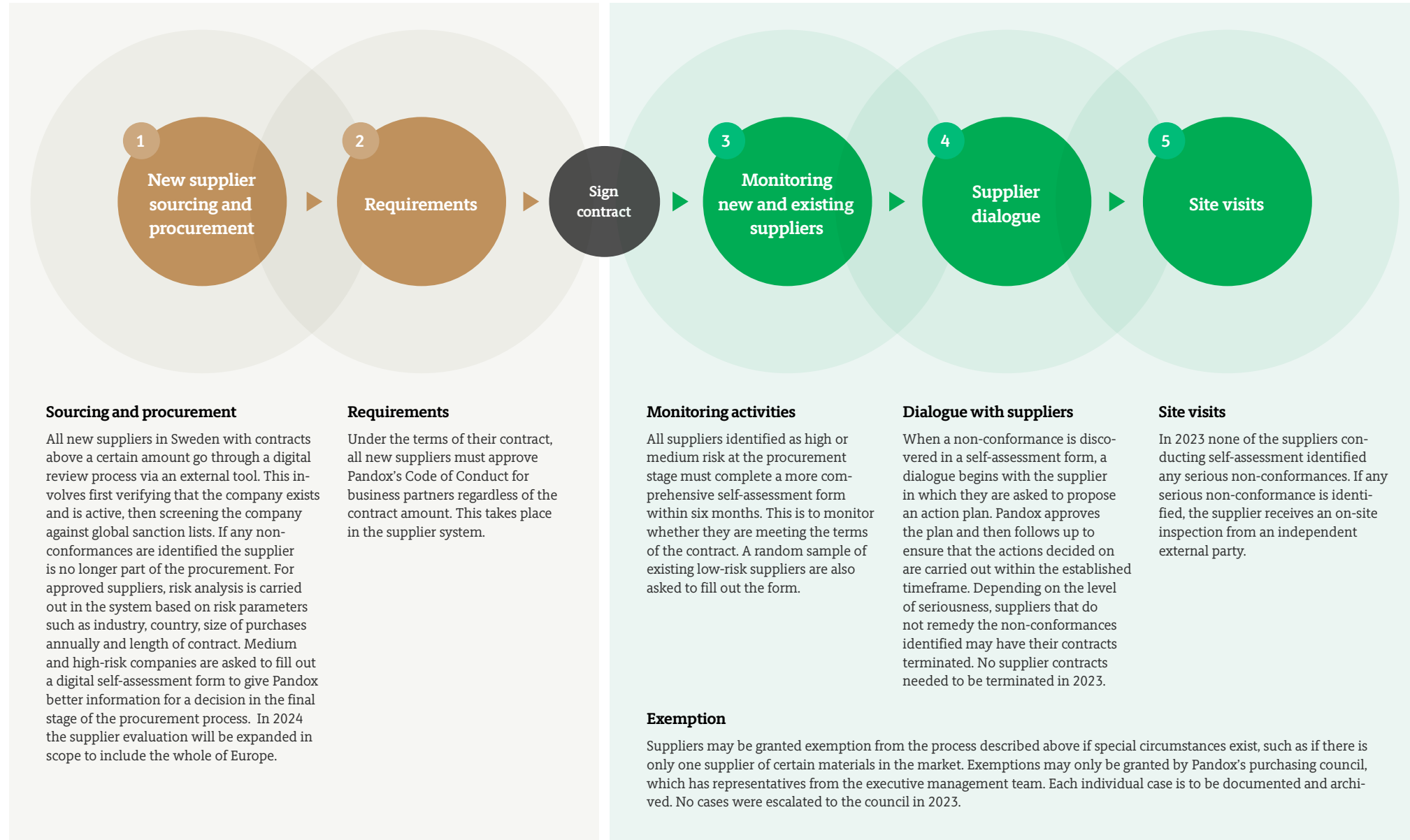
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## Supply chain management process for construction industry suppliers



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# Partnerships and relationships

Pandox works with many companies and our hotels play an important role in local communities.

<p><b>HOTEL OPERATORS</b></p> <div style="display: flex; justify-content: space-around; margin-bottom: 10px;">   </div> <hr/> <div style="display: flex; justify-content: space-around; margin-bottom: 10px;">   </div> <hr/> <div style="display: flex; justify-content: space-around; margin-bottom: 10px;"> <p>ELITE HOTELS OF SWEDEN</p>  </div> <hr/> <div style="display: flex; justify-content: space-around; margin-bottom: 10px;">   </div> <hr/> <div style="display: flex; justify-content: space-around;">   </div>	<p><b>EXTERNAL BRANDS</b></p> <div style="display: flex; justify-content: space-around; margin-bottom: 10px;">   </div> <hr/> <div style="display: flex; justify-content: space-around; margin-bottom: 10px;">   </div> <hr/> <div style="display: flex; justify-content: space-around; margin-bottom: 10px;"> <p>NOVOTEL</p>  </div> <hr/> <div style="display: flex; justify-content: space-around; margin-bottom: 10px;">   </div> <hr/> <div style="display: flex; justify-content: space-around;">   </div>	<p><b>WHITE LABEL OPERATORS</b></p> <div style="display: flex; justify-content: space-around; margin-bottom: 10px;">   </div> <hr/> <div style="display: flex; justify-content: space-around; margin-bottom: 10px;">  </div> <hr/> <p><b>PANDOX'S OWN BRANDS</b></p> <div style="display: flex; justify-content: space-around; margin-bottom: 10px;">   </div> <hr/> <div style="display: flex; justify-content: space-around; margin-bottom: 10px;">   </div> <hr/> <div style="display: flex; justify-content: space-around;">  </div>
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**Deep, broad and long-term partnerships**

Crucial to our success are the partnerships we have with our tenants, consisting of close to 40 hotel operators and hotel brands that vary in nature and geographical reach. These are global brands such as Hilton, regional brands such as Scandic and local independent brands such as Hotel Berlin, Berlin.

We diversify our hotel property portfolio by operating in domestic, regional and international markets, and in terms of hotel type and demand mix. Our large, full-service hotels in good locations attract all types of demand. Pandox's largest demand segment has historically been business travellers and conferences, but the percentage of leisure travellers has steadily increased. Increased leisure travel globally and our development of new hotel products with a more attractive leisure profile are two explanations for this.

Leisure travel also dominated demand during the pandemic. Business travel has, however, experienced a strong recovery and the demand mix in the hotel market is now more similar to the way it was before the pandemic.

**Productivity and profitability always in focus**

It is important to Pandox that tenants have a good commercial understanding and that they focus on productivity and profitability when operating their hotels. Good profitability enables new investments to be made in the hotel product, which boosts the value of the hotel property.

**Different brands, different promises**

While the number of brand owners in the hotel market has decreased, the number of hotel brands has increased. One explanation is strong growth in online travel agencies (OTAs) driving increased diversity on the supply side. The majority of hotel bookings in the world today are made digitally and the percentage continues to rise. Digitalisation is creating significant opportunities for us as a hotel property owner. An increased range of brands and low barriers for us to create and distribute independent hotel products digitally provides the Company with unique opportunities to give newly acquired hotel properties and/or those recently taken over the right identity and position.

The relevance and power of the different brands depends on the submarket. Scandic and Strawberry, which have brands including Clarion, Quality and Hobo, are leading actors in the regional hotel market in the Nordics. Leonardo Hotels is a similar example in the UK and Germany. However, none of these brands holds the same attraction for international business travellers and conferences as Hilton or Radisson. For us as a hotel property owner it is important to understand which brands work where, which type of demand they attract in their respective submarkets and where the hotel should be positioned in order to be as profitable as possible.

**Independent brands are sometimes better**

Sometimes a situation arises in which we choose to create our own independent hotel brand. The reasons may be that the present brand is not sending out the right signals in the market, that it is too expensive or that it is not a good fit for the market or the hotel. Going independent is particularly relevant when a substantial change in the hotel product is necessary, for example when acquiring

an underperforming hotel or taking over after an expired lease. In such situations it is generally simpler and more effective to change both the product and organisational structure under an independent brand. There is a greater degree of freedom and the return is often higher.

**Hotel Mayfair Copenhagen**

Pandox took over operation of First Hotel Mayfair in April 2020. Shortly thereafter we changed the name to Hotel Mayfair Copenhagen and began a comprehensive renovation and repositioning process. The hotel has performed well under our operations, revealing its potential. In October 2023 we signed a new lease with Strawberry and the Hobo brand, which will go into effect in the second half of 2024.

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**Brief facts about some of our business partners**

**Scandic**

Scandic Hotels Group is the largest hotel operator in the Nordics with around 280 hotels and 58,000 rooms in six countries.



Fattal Hotel Group is one of Europe's fastest-growing hotel chains with more than 270 hotels and 48,000 rooms as well as an active pipeline in Europe and Israel.

**Strawberry**



Strawberry Hospitality Group is the second largest hotel operator in the Nordics after Scandic with 230 hotels and around 40,000 rooms and long stay products. Strawberry has a broad portfolio of brands.



HR Group is one of the fastest growing hotel owners in Central Europe and one of the leading hotel operators in Germany. Its portfolio today consists of 145 hotels with more than 25,000 rooms in Germany, Austria, the Netherlands, Switzerland and Spain.



Hilton Worldwide is one of the largest brand owners and distribution companies in the global hotel market, with more than 18 brands spread across nearly 7,400 hotels in 124 countries.



Radisson Hotel Group is one of the world's largest hotel companies with 1,100 hotels and more than 197,000 rooms in 95 countries. Radisson has attractive brands and holds a strong position in the international hotel market.



NH Hotel Group is one of Europe's largest regional hotel operators with 350 hotels and around 60,000 rooms in 28 countries. NH has a clear focus on hotel operation and constructive business development.







## Inclusive local communities

Hotels play a vital role in the community. They create jobs, a place to stay overnight and experiences, but they also make a positive contribution to community development and to safe and secure neighbourhoods. Pandox wants to help create vibrant, inclusive and safe local communities.

Hotels play a significant role in local communities by providing a place to stay for the night, experiences and meetingplaces, and as employers and purchasers of local products and services. Hotels are also a vital part of the tourism industry as they generate revenue both for the government at national and municipal levels, and for the local community. Through close cooperation with the local community and by employing people who live in the area, hotels can also contribute in a positive way to social sustainability. 65 (46) percent of Pandox employees live within a 10 kilometre radius of the hotel where they work, and 15 (3) percent of the employees live in socioeconomically vulnerable areas. We use local and regional companies for technical operation, maintenance services and laundering of linens and towels. Our ambition is to use local food suppliers to the greatest extent possible. The hotel properties also play an important role in creating safe and vibrant city centres. Safety in the vicinity of the hotels can be improved by, for example, lighting up entrances and facades. Of the 20 hotels in our Own Operations segment, 20 (18) have lighting at their entrances and 20 (20) have surveillance cameras.

### Community engagement

Pandox is engaged in and contributes to local communities in areas where our employees have particular expertise, skills and interests. Our goal is for all the hotels that we operate and the head office to support at least one local project each,

which all of them did in 2023. The projects can range from offering internships to young people with functional disabilities to sponsoring activities for children with cancer. We are proud of the many initiatives that hotels and teams have been involved in during the year.

To have a greater impact in projects that support local communities, a more strategic approach has been adopted. The idea is to identify social issues that are relevant for the hotels to focus on in order to have a greater positive impact and be able to monitor results in a more structured way. We therefore held a workshop in 2023 for all hotel general managers and HR managers as part of Pandox's diversity and inclusion programme. At the workshop a goal was set that was adapted for each local context, with the focus on socially marginalised groups. At year-end the majority of the hotels had set a goal and 10 had decided to prioritise focusing on people with functional disabilities. In 2024 relevant activities will be implemented, such as employee training in inclusive leadership and the recruitment process. The head office has set a goal to focus on integrating people with a foreign background into the job market. 20 percent of foreign-born individuals with a post-secondary education in Sweden are either unemployed or have a job that does not match their education. Educational initiatives to improve qualifications, mentoring and inclusive recruitment are some of the planned activities.



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# An integrated and sustainable business model

We are an active and engaged owner. Our value-creation is based on long-term leases with skilled hotel operators, ongoing property development and portfolio optimisation.



## Property management

Property management is at the heart of our business. Our business model is built on revenue-based, long-term leases with good guaranteed minimum rent levels and joint incentives. The tenants are skilled hotel operators who operate the hotels under various brands.

We have individual business plans for each hotel property and we evaluate the hotel's potential on an ongoing basis, as well as its commercial and technical status.

Operating hotels ourselves is an important tool when acquiring and repositioning hotel properties with a view to signing a new lease.

### KEY ISSUES

- How should the hotel be operated?
- Which is the best business partner?
- What type of lease should it be?
- How can we elevate the hotel product?
- What about brand and distribution?



## Property development

Our portfolio offers good opportunities for value-adding investments together with our tenants. We also make transformative investments in the hotels we operate with the objective of signing new leases.

We have a close dialogue with each tenant to discuss joint investment projects to further increase the hotel's revenue and profitability. For example, new beds in existing rooms, new rooms in existing hotel properties or new rooms through extension of existing hotel properties.

Through a combination of knowledge, experience and curiosity, Pandox challenges and inspires its tenants to identify new business and investment opportunities.

- Is the hotel correctly positioned?
- Which investments need to be made?
- What is the return on the investment?
- How should risk and return be shared?



## Portfolio optimisation

We evaluate the property portfolio on an ongoing basis to ensure that each hotel property has attractive return potential. Pandox has an active acquisition strategy based on industry know-how, a long-term perspective and the ability to act freely throughout the hotel value chain.

Pandox's opportunities for value creation through acquisitions increase when the object to be acquired is underperforming or where the transaction is highly complex. Divestment is important to free up capital for investments with higher yield potential.

- Why are we making the acquisition?
- How can we create value?
- Has the hotel reached its full potential?
- Are there other investment options?



## Sustainability

We want to contribute to sustainable development by creating resource-efficient properties that are operated sustainably, as well as safe and secure environments for our employees and guests.

Sustainability is integrated into our business model and into our day-to-day work. We have placed the most material sustainability topics in five focus areas:

1. Environment and climate
2. Responsible and fair business
3. Guest satisfaction and security
4. Attractive and equal workplace
5. Inclusive local communities

- Reduced climate footprint
- Good business ethics
- Positive guest experience
- Secure work environment where people can develop
- Development of the local community

### Strategy and value creation

- This is Pandox
- The year in brief
- CEO comments
- Strategy and goals
- The Pandox ecosystem
- Business model
- Value chain
- Partnerships and relationships
- Value creation

### Our business

### Market and trends

### Properties

### Governance

### Financial





# Value creation in practice



## Significant product improvement at Radisson Blu Glasgow

One of Glasgow's foremost lifestyle hotels, Radisson Blu Glasgow has upgraded all 247 rooms as part of a major renovation project. The hotel has also added several apartment-like rooms with two or three beds, complete with a living room and dining area, and has introduced new family rooms. Investments in the spa and conference offering are under way, with completion expected in 2024.

## Hotel Mayfair in Copenhagen will become Hobo by Strawberry in 2024

During the ongoing renovation and repositioning of Hotel Mayfair in central Copenhagen we signed a long-term, attractive, revenue-based lease with hotel operator Strawberry and the Hobo brand. We took over operation of the hotel in 2020, and through active measures we have generated significant value growth for this hotel property.



## Exciting concept with Citybox in Brussels

In 2022 Pandox and Norwegian operator Citybox signed a lease for a hotel property which Pandox had acquired earlier that year. The hotel is undergoing an extensive renovation and is expected to reopen in the second half of 2024. The Citybox urban lifestyle concept is a perfect fit for this hotel property and will attract a different type of demand than Pandox's other hotels in Brussels.



## Lease with Scandic Go in Stockholm

Pandox signed a lease with Scandic for a hotel property at Fridhemsplan in Stockholm. This long-term lease, which will go into effect in the second half of 2024, is revenue-based with a guaranteed minimum rent level. Pandox acquired the hotel property in February 2023. Scandic Go is Scandic's new brand for the growing budget segment.



## Lease with Scandic in Germany

Pandox signed a new lease with Scandic for Hotel Pomander in Nuremberg. This long-term lease, which goes into effect on 1 March 2024, is revenue-based with a guaranteed minimum rent level. We acquired the hotel property in 2019 with a fixed lease and took over its operation in autumn 2021, when we also closed the hotel for renovation. The hotel reopened in September 2023. The total investment was around MEUR 80, including the acquisition amount.

### Strategy and value creation -

- This is Pandox
- The year in brief
- CEO comments
- Strategy and goals
- The Pandox ecosystem
- Business model
- Value chain
- Partnerships and relationships

### ● Value creation

### Our business +

### Market and trends +

### Properties +

### Governance +

### Financial +



HOTELISM BY PANDOX

# 2

## Our business

Our core business is to own, develop and lease out hotel properties to skilled hotel operators. We may also operate hotels ourselves, which reduces risk, creates new business opportunities and increases return potential.



Hotel Pomander, Nuremberg

- Strategy and value creation +

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- Our business -
  - Business segments
  - Leases
  - Own Operations
  - Attractive and equal workplace

---

- Market and trends +

---

- Properties +

---

- Governance +

---

- Financial +



# Record net operating income

RevPAR increased in all of our markets, mainly driven by a strong average room rate. Earnings development was positive in both business segments and we made some important progress within sustainability. The pace of investment was high and we signed several new leases that will contribute to our growth in the years ahead.



Leases

NUMBER OF PROPERTIES

139

MARKET VALUE, PROPERTIES

MSEK 57,226

VALUATION YIELD

6.09%

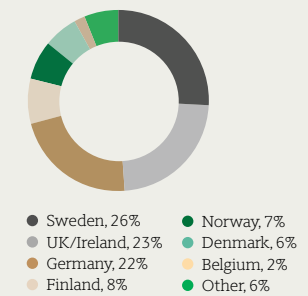
REVENUE

MSEK 3,690

NET OPERATING INCOME

MSEK 3,157

REVENUE BY COUNTRY 2023



Own Operations

NUMBER OF PROPERTIES

20

MARKET VALUE, PROPERTIES

MSEK 11,813

VALUATION YIELD

7.02%

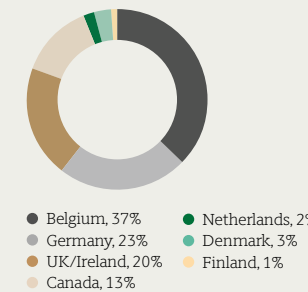
REVENUE

MSEK 3,159

NET OPERATING INCOME

MSEK 713

REVENUE BY COUNTRY 2023



Strategy and value creation +

Our business -

● Business segments

Leases

Own Operations

Attractive and equal workplace

Market and trends +

Properties +

Governance +

Financial +



# Leases

## Strong performance on multiple levels

2023 was a good year with record rental income and net operating income. The pace of investment was high and we signed three new leases that will contribute to our growth in the years ahead. We added green provisions to several leases, which is an important step towards sustainable hotel properties.



### THE YEAR IN BRIEF

#### Good growth in revenue and net operating income

Supported by a strong hotel market and good RevPAR development, rental income increased to MSEK 3,690 (3,307) and net operating income to MSEK 3,157 (2,868). For comparable portfolios in fixed currency, both revenue and net operating income increased by 11 percent. The market value of the properties amounted to MSEK 57,226 (57,563) with an average valuation yield of 6.09 (5.58) percent. The weighted average unexpired lease term (WAULT) was 15.0 (15.0) years.

#### Several new leases

We signed three new competitive, revenue-based leases with guaranteed minimum rent levels, with Scandic Hotels Group (Scandic Go Fridhemsplan and Scandic Nürnberg Central) and with Strawberry Hospitality Group (Hobo Copenhagen). All three leases are for hotel properties that we recently acquired and/or revealed the business potential of through investment and repositioning. In addition, we signed an attractive new lease with Frich's (Frich's Hotel Hamar).

We also added green provisions to three leases in the Nordic region.

#### One acquisition

We acquired Best Western Hotel Fridhemsplan for MSEK 400 and signed a new lease with Scandic for Scandic Go. Renovations are under way and the lease is expected to take effect in the second half of 2024.

#### Investing for growth

We invested MSEK 493 (432) in our existing portfolio during the year. We have a large toolbox for generating value in the hotel properties where, together with our tenants, we develop the hotel products and increase profitability, which raises the value of the hotel properties.

Projects that were completed in 2023 include Quality Grand Borås, Leonardo Royal Birmingham, Leonardo Galway, Leonardo Glasgow and Pullman Stuttgart Fontana.

#### New hotel products in the pipeline

We have several projects that will be completed in 2024, including the urban lifestyle concepts at Citybox Brussels, Scandic Go Fridhemsplan and Hobo Copenhagen, as well as Vienna House Easy by Wyndham Frankfurt Airport, Leonardo Royal Frankfurt and Leonardo Royal Baden-Baden.

### ABOUT OUR BUSINESS MODEL

#### Well-known and skilled tenants

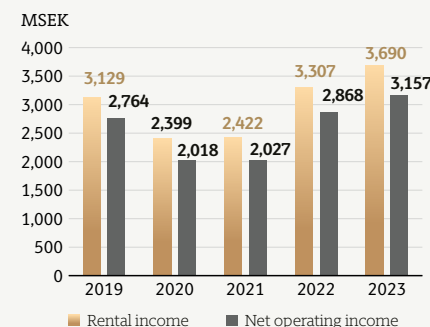
Pandox's tenant base consists of skilled hotel operators with strong hotel brands.

#### Leases with the right incentives

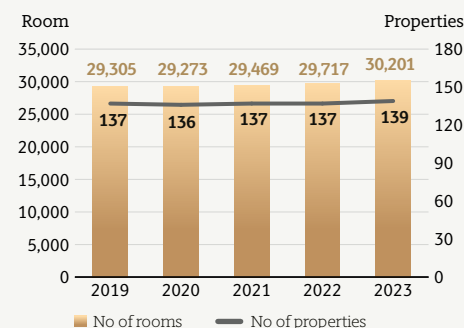
Most of the leases are revenue-based with a contractual minimum rent level. This makes it possible to achieve increased income in an improved market while also having downside protection in a weaker market. Rental income consists of a portion of the hotel's sales: 1) A higher percentage rent based on the operator's revenue from hotel rooms and conference spaces. 2) A lower percentage rent based on other operator revenue, mainly food and beverage, parking and spa services.

Revenue-based leases give us and our tenant a joint incentive to develop the hotel product while also creating good productivity and profitable growth. We work with our tenants to identify suitable cash flow-increasing investments in the properties. Large joint investment projects normally involve an extension of a lease term and a possible adjustment of the percentage rent. New or renegotiated hotel leases usually have a term of 10–25 years.

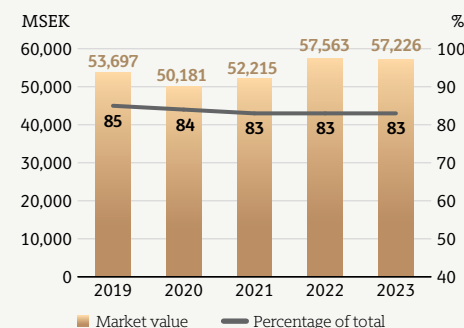
Rental income and net operating income



Number of rooms and properties



Market value and percentage of total portfolio



- Strategy and value creation +
- Our business -
  - Business segments
  - Leases
  - Own Operations
  - Attractive and equal workplace
- Market and trends +
- Properties +
- Governance +
- Financial +



**Shared investment reduces risk**

Sharing maintenance costs and investments in hotel properties is different than for office properties, for example. The division of responsibility is regulated in a checklist. Hotel tenants in the Nordics are normally responsible for maintenance of hotel rooms, restaurants, lobbies and other public spaces, including furniture, fixtures and equipment, while the property owner is normally responsible for technical investments and installations in the property, technical maintenance and usually also reinvestment in bathrooms. In general the tenants' responsibility is greater outside the Nordic region.

Investments raise the standard of the hotel and make it more competitive, which means increased revenues and greater profitability for the hotel operator and thereby higher revenue-based rent for Pandox. Increased cash flows in turn lay the foundation for increased property value. The long-term nature of the leases and the tenants' responsibility for maintenance and cash flow-raising investments also means that Pandox shares a large portion of the investments in the hotel property with the tenant over time.

*The UK and Ireland performed particularly well*

**Performance in line with before the pandemic**

In 2023 essentially all markets performed in line with or better than the pre-pandemic years. The UK and Ireland in particular saw good development, with double-digit growth in RevPAR compared with 2019 before the pandemic, mainly driven by a strong average room rate. The regional German market also recovered very well, while major cities such as Frankfurt, Berlin and Munich have a way to go before occupancy is fully recovered. Altogether the leisure segment did surprisingly well, enjoying stable growth driven by more concerts, sporting events and festivals. This compensated for the slower recovery in the business segment and large conferences with a good margin. Good market development is creating opportunities for further growth-driving investments in our existing portfolio.



Martin Creydt  
SVP, Director of Property Management International

**Opportunities to increase cash flow**

With continued support from a strong hotel market, maintaining a dialogue and cooperation with our tenants on further strengthening the hotel products is even more important, and we see good opportunities for increased cash flow through our active and engaged ownership. It is the continual improvements at each hotel property that create value growth in the portfolio over time.

*A very good year for our Nordic business*

**Another year of recovery**

2023 was a very strong year for Pandox's Nordic portfolio, in which all submarkets, with just a few examples, performed better than in 2019, which was the first full year with no pandemic disruptions. Overall the Nordic market continued to recover well after the pandemic, altogether achieving double-digit growth in RevPAR. Compared with 2019, the average room rate in 2023 was very good in all Nordic countries, while occupancy was slightly lower. Norway has seen the strongest recovery, while Finland had the weakest relative development, where a strong regional hotel market was not fully able to make up for a tough market in Helsinki.

**Continued portfolio development**

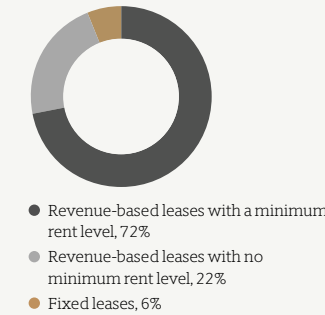
Bookings in the Nordics in 2024 are good and are at a higher level than the previous year. Large conventions and conferences are back, at the same time as concerts and events continue to drive demand. Our focus in 2024 will be to continue working with our tenants to further develop both the hotel products and the properties with the aim of optimally capturing various demand types and segments.



Tobias Ekman  
SVP, Director of Property Management Nordics

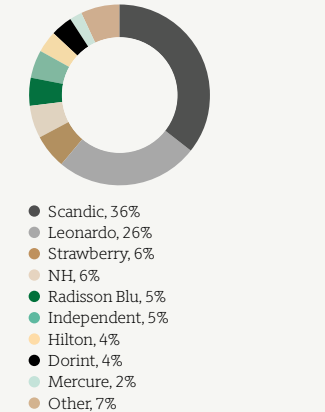
**By lease type**

Number of rooms



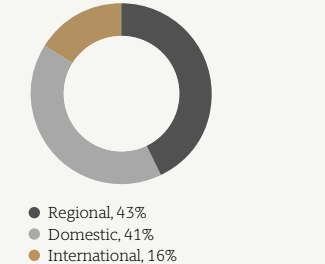
**By partner**

Number of rooms



**By destination**

Number of rooms



Strategy and value creation	+
Our business	-
Business segments	
Leases	
Own Operations	
Attractive and equal workplace	
Market and trends	+
Properties	+
Governance	+
Financial	+





# Environment and climate in Leases

## Renewable energy

In leases with external hotel operators the tenant is responsible for signing electricity contracts. In dialogue with the hotel operators, Pandox can exert some influence when green supplementary agreements are added to leases. In 2023 the share of renewable energy was 40 (39) percent of total energy use within the Leases segment.

## Energy efficiency projects

Pandox has continued to have proactive dialogue with its tenants. Future legal requirements, energy crises and new climate knowledge will drive demand for new solutions and has placed this topic higher up on the agenda. We noticed this in our dialogue with tenants during the year, where a greater understanding for the need of mutual solutions and investments was shown in order to reduce the overall climate footprint of the properties.

Energy audits are needed in order to establish a road map for Scope 3, where the guests' energy use accounts for a significant portion of emissions. In 2023 energy audits were carried out at four hotel properties in England that proved to have relatively lower energy classification. This process resulted in an action plan to improve the energy classifications. This will include upgrading to LED lighting, phasing out gas and installing heat pumps and solar panels. This will lead to better energy efficiency that will improve the hotels' energy classifications and lower operating costs. Energy audits are in progress at three additional hotel properties in Germany.

Pandox has also initiated a project to increase knowledge and explore opportunities to reduce the climate impact associated with bathroom upgrades. These upgrades are the

most common renovations that Pandox carries out on a regular basis in the properties. Between 2023 and 2026 around 600 bathrooms will be renovated in the Nordics on behalf of Scandic. An architect has proposed guiding principles that incorporate sustainability into bathroom upgrades without compromising design and guest comfort. The proposal will be presented to Pandox's larger tenants in order to obtain valuable feedback from their perspective. Pandox hopes to implement the new principles in 2024.

[Read more on page 14.](#)

## Certification of properties

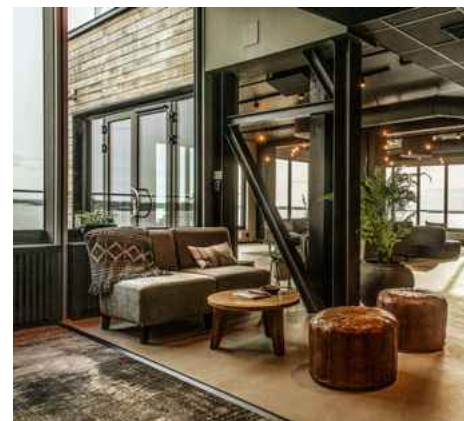
Pandox certifies its properties in accordance with BREEAM In Use – an established standard in Europe for green properties. The certification process involves assessment and a scoring system in the following areas: Energy, Transport, Water, Resources, Pollution, Health & Wellbeing, Land Use & Ecology, Resilience and Management. To obtain certification for leased properties Pandox and the tenant need to be in agreement. Upgrades in areas such as systems and technical installations are also needed, as well as a significant commitment from the tenant's employees in order to obtain the necessary documentation. Various routines must also be integrated into the hotel operator's day-to-day schedules and maintenance plans. With the new template for green supplementary agreements to leases in place, a decision has been reached with Scandic to certify Scandic Nürnberg Central in Nuremberg and Scandic Go Fridhemsplan in Stockholm to BREEAM In Use at the Very Good level. This work is expected to start in 2024. Discussions are also under way with an additional tenant about BREEAM certification of four properties.

## FACILITATING ELECTRIFICATION AND ENERGY EFFICIENCY



### New charging ports in the Nordics

Pandox has contracted the installation of 81 charging ports at 12 hotels in Sweden, Finland, Denmark and Norway. This will give tenants, especially those in ring road hotels, a competitive advantage by enabling them to offer charging ports to their guests. It will also add to the electrification infrastructure for the transport sector. All of the charging ports will be ready for use in 2024.



### Vildmarkshotellet Kolmården, Sweden

Vildmarkshotellet Kolmården is implementing a comprehensive energy savings programme. This includes installation of heat pumps and geothermal heating and cooling. Geothermal heating is expected to cover around 85 percent of the property's needs and save up to 50 percent of total energy use. Project completion is expected in 2024.

- Strategy and value creation +

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- Our business -
  - Business segments
  - Leases
  - Own Operations
  - Attractive and equal workplace

---

- Market and trends +

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- Properties +

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- Governance +

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- Financial +





# Own Operations

## Business travel and conferences increased earnings

Increased business travel and higher demand for conferences contributed to a strong recovery in both revenue and net operating income. The return potential of the portfolio was improved through acquisitions and divestments in Canada and the UK as well as investments in existing properties. Leases were signed for Hotel Pomander Nuremberg and Hotel Mayfair Copenhagen. A climate transition investment programme was also decided on.



### THE YEAR IN BRIEF

#### Good growth in revenue and net operating income

Increased business travel and more conferences contributed to good RevPAR development. Revenue increased to MSEK 3,159 (2,347) and net operating income to MSEK 713 (566). For comparable portfolios in fixed currency, the increase was 24 and 54 percent respectively. The market value of the properties amounted to MSEK 11,813 (11,669) with an average valuation yield of 7.02 (6.50) percent.

#### Two acquisitions and one divestment

We acquired The Queens Hotel in Leeds for MGDP 53 and Hilton Belfast for MGDP 40, both hotels having management agreements with Axiom Hospitality. The hotels are well-invested and in strong locations, and the acquisitions were made at an attractive yield. We also divested InterContinental Montreal in Canada for around MCAD 80, which was above its valuation.

#### Investing for growth

We invested MSEK 429 (431) in our existing portfolio during the year. Projects that were completed in 2023 included Hotel Pomander Nuremberg, which opened in September and as of 1 March 2024 will be leased to Scandic Hotels.

### ABOUT OUR BUSINESS MODEL

#### An important aspect of active ownership

The ability to operate hotels ourselves reduces the risk when leases expire and/or when tenants cannot fulfil their obligations. It is also a valuable strategy in situations when hotels need to be renovated and repositioned and it is not possible to extend an existing lease or sign a new one at an attractive level. With our deep knowledge of hotel operation we are able to evaluate tenants' performance and propose improvements. This also makes it possible to make acquisitions of portfolios that include both hotel properties and hotel operations.

#### Full operating exposure

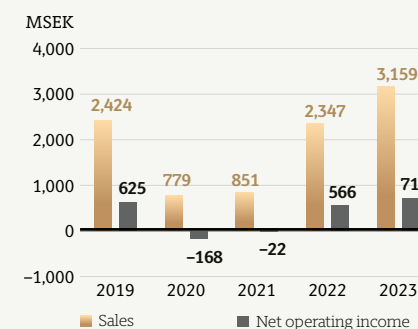
We have full exposure to hotel operations. Revenue comes mainly from hotel rooms, conference spaces and food and beverages, as well as parking and spa services. On the expense side is personnel for reception, cleaning and restaurants, as well as other things needed to operate a hotel, such as energy and heating. Revenue-generation is important and we have revenue and distribution strategies for each hotel. The combination of good revenue forecasts and sound resource planning drives both productivity and profitability.



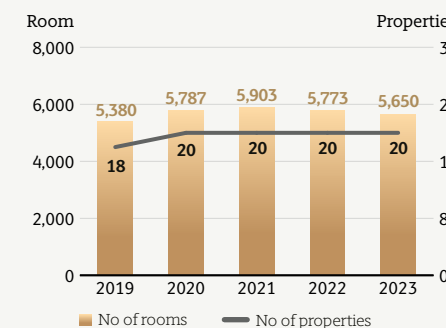
#### Both external and our own brands

The choice of brand depends on the hotel property's unique situation and local market conditions. As of 31 December 2023, 11 hotel properties were being operated under franchise agreements, five under management agreements and four under independent brands owned by Pandox.

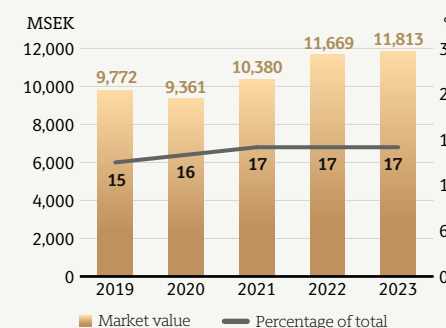
Sales and net operating income



Number of rooms and properties



Market value and percentage of total portfolio



- Strategy and value creation +
- Our business -
  - Business segments
  - Leases
  - Own Operations
  - Attractive and equal workplace
- Market and trends +
- Properties +
- Governance +
- Financial +



## Very strong average room rate

### A strong 2023

2023 was a positive year for the hotels operated by Pandox, with total revenue exceeding both 2022 and 2019 levels. This was above all driven by a very strong average room rate in all markets. Our gross margin was stronger than in 2022 but did not reach the record level of 2019 due to increased costs for personnel, raw material, energy etc.

### Several major events in 2024

Our main focus in 2024 is to increase occupancy, particularly at our international conference hotels. In view of the rapid increase in average room rates in recent years, we are expecting prices to increase at a slower pace in 2024. We are looking forward to several major international conventions and sporting events during the year, including UEFA EURO in Germany, which will drive increased demand. In combination with our focus on increased cost optimisation, this should result in higher productivity and improved profitability.



Aldert Schaaphok  
SVP, Director International Operations



## Building the largest hotel in Brussels

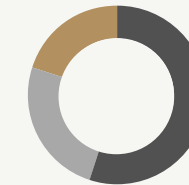
In 2021 we completed a comprehensive renovation of DoubleTree by Hilton Brussels City. Convinced of the hotel's potential, we started an extensive extension in 2022 to add around 150 rooms, making this hotel the largest in Brussels with a total of around 500 rooms.

We are also building a new large convention hall, additional conference rooms and a large roof terrace with a restaurant and bar.

This extension will meet the BREEAM sustainability criteria and is expected to be completed in 2025.

### By agreement type

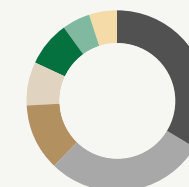
Number of rooms



- Franchise, 55%
- Management agreement, 25%
- Independent brands, 20%

### By partner

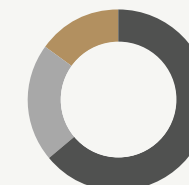
Number of rooms



- Hilton, 34%
- Independent brands, 29%
- Radisson Blu, 12%
- Holiday Inn, 8%
- Novotel, 8%
- Indigo, 5%
- Crowne Plaza, 5%

### By destination

Number of rooms



- International, 64%
- Domestic, 21%
- Regional, 15%

Strategy and value creation +

Our business -

Business segments

Leases

● Own Operations

Attractive and equal workplace

Market and trends +

Properties +

Governance +

Financial +



# Environment and climate in Own Operations

## Renewable energy and solar panels

Pandox's goal is to increase the use of renewable energy sources, particularly at hotels that Pandox operates and where it has a direct influence. In 2023 the share of renewable energy was 41 (50) of total energy use within the Own Operations segment. Renewable energy sources consisted of wind and hydroelectric power and Pandox's own solar panels. Pandox's ambition is to have solar panels installed on at least 50 percent of the hotels no later than 2025. Today five hotels have solar panels and two have solar panels for heat production. In total, Pandox generated around 1,912 (1,575) MWh of electricity itself in 2023.

## A new kind of green investment programme

Between 2019 and 2023 Pandox implemented two green investment programmes focusing on energy efficiency in 16 of the 20 properties Pandox operates. The target was to reduce gas by 21 percent, electricity by 25 percent, water by 23 percent and CO<sub>2</sub>-emissions by 18 percent. The outcome was a reduction of gas by 18 percent, electricity by 19 percent, water by 24 percent and CO<sub>2</sub>-emissions by 20 percent. The reason the full effect was not achieved for gas and electricity relates

to delays in the installation of Building Management Systems (BMS) at two properties and renovation of a boiler room. This work will be completed in 2024.

Now that Pandox's Science-based Targets have been approved, the emissions targets have been replaced by these climate targets. Our environmental efforts will enter a new phase that includes the entire organisation. A decision was also made to phase out the use of natural gas at eight hotels within the Own Operations segment. This is a big step that will involve important investments in infrastructure and property development.

## Changing behaviour: critical for transition

Behavioural changes are needed to reach our climate targets. Pandox has therefore implemented a green module in the system where hotel general managers monitor revenue and guest nights on a daily basis. In the module the sustainability targets are broken down into the six categories that have the greatest impact in the hotels we operate: energy, water, waste, food waste, towels and linens, and chemicals

Activities that are expected to make the most impact have been linked to each category. The categories are weighted according to materiality using an aggregate index of 1–10. The aim is to reach at least level 8 in 2024. On 31 December 2023 the average was 8.4. This will allow general managers to clearly follow up on their targets and any deviations, making it easy to determine which departments and employees will be responsible for the various activities. To assist them the general managers also have Pandox's sustainability manager in the Own Operations segment as well as the support of a sustainability coach for each hotel. 25 percent of the general managers' bonuses are linked to the index. This method has already shown that having a clear focus and monitoring bring immediate results.

## Certification of hotel operations

For Pandox it is important to have good order and structures at its properties, and to focus on relevant environmental, social and governance matters within the area of sustainability. Environmental certification of Pandox-operated hotels to BREEAM

In Use is a global stamp of quality from a third party for the work being done. It also makes it easier to focus on relevant key technical activities to ensure efficiency in the properties, and to increase knowledge about and commitment to environmental work internally. Based on lessons learnt from past processes, Pandox has streamlined the way it is working towards certification.

Pandox's goal is to certify all of the hotel properties in the Own Operations segment to BREEAM In Use no later than 2030, with the aim of achieving a Very Good rating. At the end of 2023, 12 of 20 properties within this segment had been certified at this level. During the year we focused on preparing seven properties for recertification in 2024, and on conducting preliminary studies for six properties that we plan to have certified. The properties are located in Germany, Belgium, Finland and the UK.

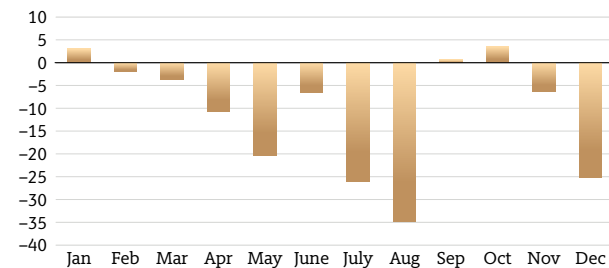
Another objective is to also third-party certify hotel operations. Pandox plans to obtain Green Key environmental certification for the hotel properties in its Own Operations segment within two years of taking over operation of the hotels, unless they already have another relevant environmental certification. Green Key certification is a leading standard for environmental responsibility and sustainable operations in the tourism industry. Certification ensures that environmental measures are implemented and result in reduced energy and water consumption, renewable energy use, waste sorting at source and recycling, as well as the purchase of eco-labelled cleaning products and organic food. The hotels are also to focus on social responsibility as well as communication and cooperation with guests and other stakeholders.

At the end of 2023, 16 (19) of 20 hotel properties in the Own Operations segment had environmental certification. Of the 139 hotels in the Leases segment, 110 (74) had third-party environmental certification of hotel operations.

The reason for the change in the Own Operations segment is that two certified hotel properties were reclassified to the Leases segment and one missed to renew its certification. In addition, Pandox acquired three new hotel properties that have no certification. These are expected to be certified in 2024.

Behavioural change in 2023 compared with the previous year

kWh per sq m



The difference between 2023 and 2022 is due to behavioural change and green investment programmes. The green module was implemented in April 2023.

- Strategy and value creation +

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- Our business -
  - Business segments
  - Leases
  - Own Operations
  - Attractive and equal workplace

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- Market and trends +

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- Properties +

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- Governance +

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- Financial +





# Water and waste

## Water consumption

Pandox uses the municipal water system in all of its hotels. Water use at hotels depends on the hotel's occupancy because this affects the amount of showering and flushing that takes place, as well as the dishwashing, cleaning and laundering required to keep the hotel running. Reducing water use is therefore a very important sustainability topic for Pandox, especially as certain hotels are in areas that are classified as water-stressed such as London and Brussels.

Pandox is working to reduce water use at its hotels by installing water-saving equipment, for example in bathrooms and kitchens, and by changing employee and guest behaviour around water consumption. The majority of the hotels that Pandox operates inform their guests of the hotel's ambition to reduce water use and give them ways to help, such as taking shorter showers and opting out of daily changing of sheets and towels.

Pandox has a metering system for water consumption at the hotels it operates. Sub-meters warn of water leaks so that they can be fixed right away. Water leaks have occurred in, for example, pipes, toilets and washbasins. The system has also detected showers and taps left running by guests. The water leakage system detects and fixes around six to nine leaks a month.

One of the targets in Pandox's two green investment programmes was to reduce water use by 23 percent at 16 hotels from 2019 to 2023. The outcome was 24 percent.

[Read more about water use on page 111.](#)

## Waste and recycling

Pandox wants to encourage a more circular mindset in material choices and waste management. At the hotels operated by Pandox most of the waste generated is in the form of packaging from purchased goods. Hotel kitchens also generate food waste.

In connection with renovations and remodelling, waste is generated both in the form of packaging and when existing structures are demolished. This applies to all types of construction and maintenance projects – whether renovating bathrooms, building extensions or replacing technical installations.



## Measures to reduce waste and increase recycling

Pandox's target for its Own Operations segment is to reduce waste to 1.0 kg per guest night by 2025 and to the EU level of 0.6 kg per guest night by 2030. In 2023 the average was 1.2 (1.2) kg per guest night. There is also a target related to recycling whereby the hotels are to recycle 65 percent by 2025 and reach the EU level of 85 percent by 2030. In 2023 this level was 57 (53) percent. This data includes 15 of 20 hotels where the green module is installed and reliable data is available. See the previous page regarding changing behaviour.

On average, food waste represents 4–12 percent of a hotel's food costs. This is a financial loss and also has a negative impact on GHG emissions. Pandox has been using a foodtech system that categorises and registers all waste that is thrown away. The system makes it possible for hotels to identify which types of food are going to waste, and whether

this is plate waste or waste arising before the food reaches the customer. The aim is to increase awareness of overproduction and to improve purchase planning. There are also various methods used to reduce food waste. Breakfast buffets have, for example, bulk dispensers for jam, butter and honey instead of individually packaged items and yogurt machines instead of plastic cartons.

Pandox's target is to reduce food waste by 30 percent per year at the 15 hotel properties that have installed the system. In 2023 the average outcome was 35 percent. A further three hotels will install the system in 2024. Examples of initiatives that have so far proved successful are the Too Good To Go app which allows hotels to sell their surplus food at a discount, and donation of coffee grounds to local gardeners.

[Read more about waste on page 114.](#)

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# Local sourcing and chemical-free cleaning

## Organic and local products at Pandox-operated hotels

As part of the efforts to reduce its climate footprint, Pandox monitors how much organic food is purchased by the hotels it operates. This includes coffee, eggs and certified fish. The percentage of locally sourced products is also monitored. Pandox is working on actively supporting local suppliers and the local economy, while also maintaining reliable supplier management. This involves all hotels operated by Pandox – regardless of brand – having access to an external supplier platform for food and beverage purchasing. This digital purchasing system guarantees that the suppliers have been audited and minimises situations where bribery may occur. In 2023 around 80 percent of all purchases were made through this platform and around 20 percent were sourced from local suppliers.

Pandox has developed a strategy for sustainable sourcing at the hotels it operates. The strategy is set out in a new purchasing policy. The purpose is to provide clear guidance to the hotels, suppliers and central sourcing part-

ners regarding requirements and objectives within important purchasing categories such as food. All food products are to be purchased locally when possible, and in the meat product category certain countries of origin are prohibited in the purchasing process. It is not permitted to purchase products that come from animals kept in cages. Also, all coffee must be certified to internationally approved standards.

In addition to these minimum requirements, the Sustainable Purchasing Policy includes preferences such as food being seasonal and organic to the extent possible.

Based on a project introduced at the end of 2023, seven hotels now include information on their menus about the climate impact of menu items. This is to help guests make conscious choices with the aim of reducing the climate footprint. A further eight hotels will introduce this in 2024. The hope is to reduce the amount of items purchased that have a higher climate impact.



## Chemicals and refrigerants

The main use of chemicals at hotels is in cleaning and disinfection processes. Refrigerants are used in refrigerators, freezers, air conditioning units and heat pumps. During the year Pandox continued to focus on reducing the amount of chemicals used in hotel cleaning at Pandox-operated hotels in order to reduce negative health effects on employees and negative environmental impacts.

In 2023 the percentage of hotels using a chemical-free cleaning system for hotel rooms and kitchens was 71 (50) percent. Seven hotels have also started to use a chemical-free system in their lobbies, and five in restaurants and kitchens. The most widely used system is Enozo, which involves a reusable spray bottle containing an electrolytic cell that converts tap water into aqueous ozone for use in cleaning and disinfecting. This avoids both chemi-

cal use and plastic bottle waste. The ambition for 2024 is for all hotels to use chemical-free cleaning.

Pandox's new Sustainable Purchasing Policy contains minimum standards for purchases of cleaning products. The aim is for the percentage of certified eco-labelled products and chemical-free cleaning products to constitute 75 percent of all such products by the end of 2024.

Pandox's ambition for the hotels it operates is to switch from synthetic refrigerants to natural ones, such as carbon dioxide or propane, wherever possible. This will reduce environmental and GHG impacts, both from leakage when in use and when old refrigerators, freezers, air conditioning units and heat pumps are discarded.

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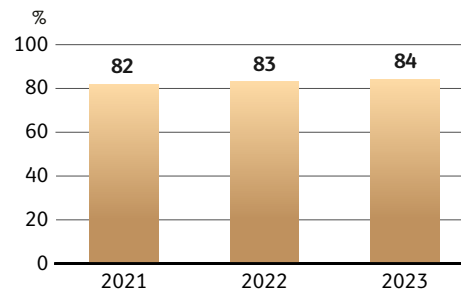


# Guest satisfaction and safety

Having satisfied hotel guests is at the heart of Pandox-operated hotels. Our hotels must also be safe and secure for guests, employees and visitors.

Guest satisfaction is one of the most important indicators in Pandox's Own Operations segment because it shows how well a hotel is living up to guest expectations. Pandox's objective for the hotels it operates is for at least 80 percent of the guests to be willing to recommend the hotel to others. Guest occupancy increased in this segment by an average of 7 percent to reach 65 percent in 2023. Guest satisfaction increased during the same period by 1 percent to 84 (83) percent according to Pandox's annual, externally performed guest survey.

Guest satisfaction, percentage



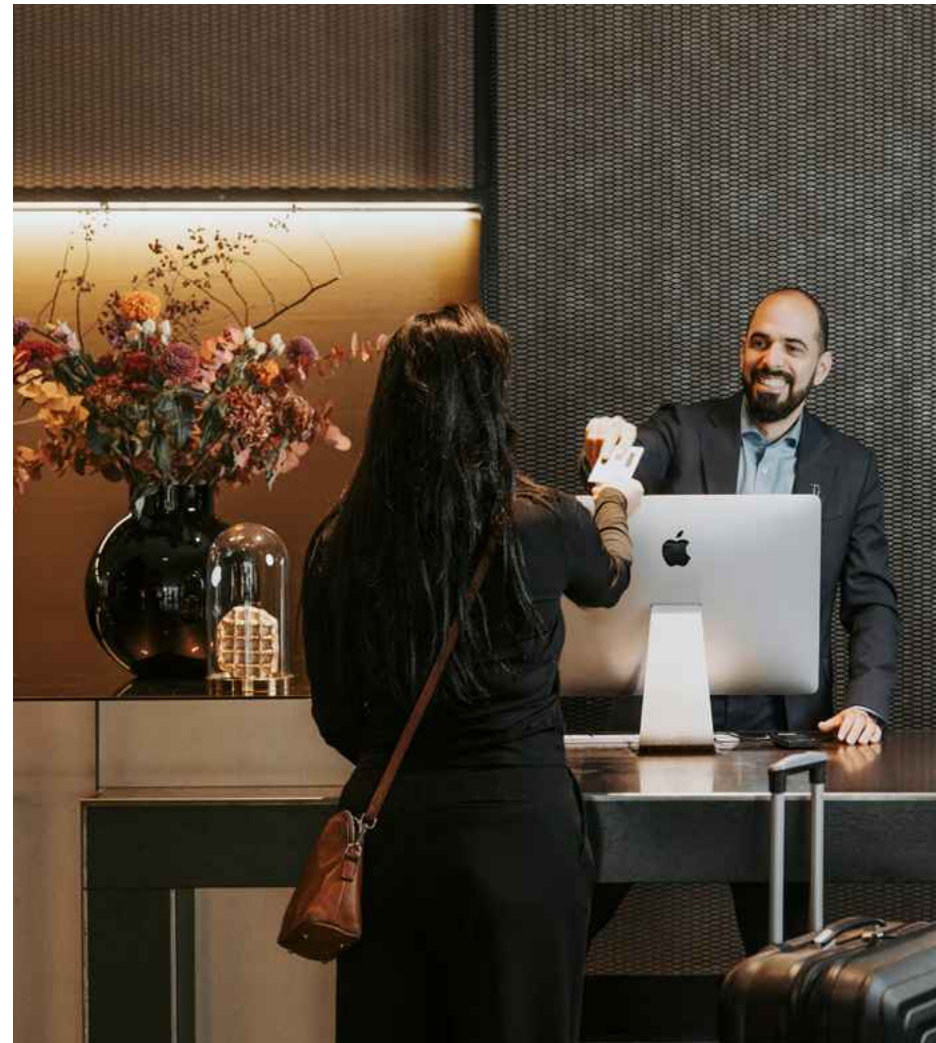
## Guests are the focal point

Drivers of guest satisfaction include personal service, individual attention and a secure environment – all of which permeate all hotels operated by Pandox. While consistently high-quality services and products, as well as value for money are important parameters for our guests, community engagement and environmental efforts are increasingly important to them as well.

More and more, those booking conferences and business travel are expecting hotels to have environmental certification and to be able to report GHG emissions per guest night. Some individual leisure travellers are also showing an interest in this – a clear indication that the climate has become part of the public consciousness.

## Health, safety, guest privacy and data security

Taking care of guest health and safety, and also their privacy and data security, is a natural aspect of Pandox's business – and one we take extremely seriously. Read more about how we work on this on page 123.



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# An inclusive and equal workplace

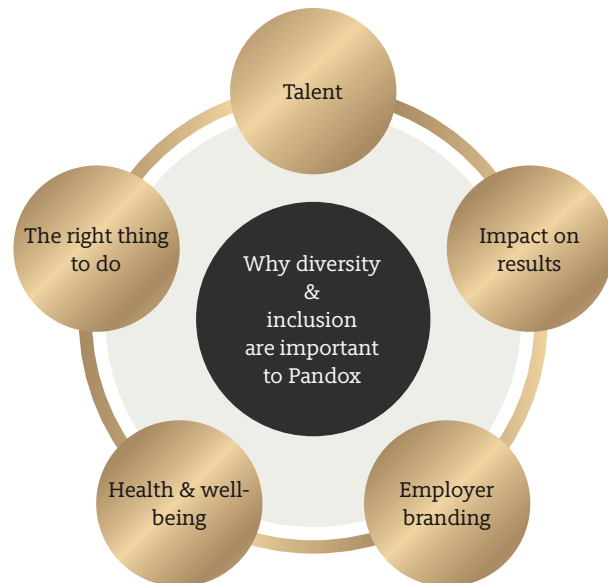
## Equality and inclusion

Today's workforce contains five generations and this requires new knowledge about inclusive leadership – to both attract new and retain existing talent. Our goal is to be a leading company in equality and inclusion.

## A strategy filled with different perspectives

In spring 2023 Pandox conducted an employee survey focused on diversity and inclusion. The results showed that 87 percent of employees feel included in the workplace. The purpose of the survey was to measure Pandox's baseline and it was a key element in producing the Company's diversity and inclusion strategy. The survey will be a reference point for further development and monitoring within this

area. In May Pandox launched its diversity and inclusion strategy which was produced in close cooperation with the Company's external strategic partners. The strategy is based both on expertise and research, and also incorporates internal perspectives. These perspectives were gathered at workshops with three different groups: a topic-specific steering group made up of representatives from executive management, a group consisting of all general managers at Pandox-operated hotels and a group of representatives from different personnel categories at the hotels. The result is a core strategy that has a solid foundation to meet actual needs and provide Pandox's various operations as well as the head office with the right support to reach their targets.



## PANDOX'S DIVERSITY AND INCLUSION STRATEGY HAS THREE CONCRETE TARGETS:

### Maximum 60 percent of one gender identity

The target is to have and maintain a workforce in which no more than 60 percent consists of people with the same gender identity.

**Result 2023: 51 percent of women and 49 percent of men**

### All employees are to feel included

It is our firm conviction that everyone must feel included at work. We will carefully monitor this target through annual employee surveys focusing on diversity and inclusion. No incidents of discrimination were reported in 2023.

**Result 2023: 87 percent**

### One or more locally adapted targets for socially marginalised groups

To meet the needs in different markets we are introducing new, locally adapted targets, which all hotels operated by Pandox as well as the head office will implement. The targets will be focused on socially marginalised groups within the local community, such as ethnic minorities, older individuals or people with functional variations.

**Result 2023: 94% have set targets for socially marginalised groups**

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HOTELISM BY PANDOX

# 3

## Market and trends

Pandox has a broad geographical presence with hotel properties in 90 cities in 12 countries. We are mainly present in locations dominated by domestic and regional demand. Our hotel properties are large and versatile, attracting both business and leisure demand.



Leonardo Glasgow

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# Trends in the hotel market

	A bigger, richer world	Focus on experiences	A smooth guest journey	Guests have multiple roles	Sustainability and values
<b>What is changing</b>	 <ul style="list-style-type: none"> <li>The world is growing economically and the population is increasing.</li> <li>The global middle class is constantly growing.</li> </ul>	 <ul style="list-style-type: none"> <li>Once material needs have been satisfied, experiences become increasingly important.</li> <li>People value their freedom more than before the pandemic.</li> </ul>	 <ul style="list-style-type: none"> <li>Expectations on a smooth guest journey are high.</li> <li>Digitalisation is also shaping the guest experience in new ways.</li> </ul>	 <ul style="list-style-type: none"> <li>Travelling is taking place on new terms.</li> <li>A guest may begin their journey as a business traveller and end it as a leisure traveller, or vice versa.</li> </ul>	 <ul style="list-style-type: none"> <li>As the level of knowledge increases, there is a growing expectation that companies will focus on ESG.</li> <li>New expectations regarding transparency and fulfilment of the Paris Agreement.</li> <li>Change of practice among investors and banks.</li> </ul>
<b>Impact on the industry</b>	Greater prosperity is resulting in increased travel, which in turn increases demand for hotel rooms.	People are travelling for more reasons than previously. This calls for greater understanding of the drivers of different demand segments and how to tailor hotel products to them.	Today's hotel guest wants to maximise their positive experiences, whether travelling for business or leisure. The hotel is no longer just a place to sleep, but part of a lifestyle.	When hotel guests shift between different roles during a trip, they demand more of the hotel product and the guest experience.	<ul style="list-style-type: none"> <li>It is essential to integrate sustainability into the overall business strategy.</li> <li>Biodiversity and transparency in the value chain are becoming increasingly important.</li> </ul>
<b>Pandox's response</b>	We offer hotel properties and hotel products where hotel operators can run their business.	We are constantly developing our hotel products to attract various types of demand based on the specific conditions of the market, the microlocation and the hotel property.	We are constantly exploring and testing new ways to improve the guest experience. Our ecosystem of partnerships and relationships is a strong competitive advantage in this.	We use various strategies to maximise the revenue streams in each individual hotel property; for example, through flexible room concepts and an attractive service offering.	Getting science-based targets approved, conducting a biodiversity assessment and reporting based on ESRS even before this becomes a requirement: sustainability is high on the agenda.

## Geopolitics and deglobalisation

The geopolitical shifts currently taking place in the world bring both threats and opportunities for the hotel sector. Geopolitical tensions are nothing new in themselves, but the conflicts and wars following in their wake are. It was with this in mind that we chose the theme of our Hotel Market Day 2023: "The hotel market in a multisphered world". What do the current geopolitical changes and conflicts mean for hotel demand, hotel guests' expectations and hotel transactions? Find out more on the following pages.

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# The hotel market in a multisphered world

This year's theme at our annual Hotel Market Day was "The hotel market in a multisphered world", focusing on ongoing geopolitical shifts and their effects on hotel demand, hotel guests' requirements of the hotel products and trends in the hotel transaction market.

Watch the event on demand  
at [pandox.se](https://pandox.se)

## Hotels as an investment – four trends

William Duffey, Head of EMEA Hotels & Hospitality Capital Markets at JLL, presented what he is seeing in terms of global cross-border hotel investments. Here are his key takeaways.

- 1 Cross-border hotel investments have contributed 20 percent of annual global hotel liquidity.
- 2 Increased tensions persist, which will likely impact cross-border investments.
- 3 Outbound capital from India is likely to increase at a marginal rate in the near future.
- 4 Europe relies heavily on foreign hotel investment.



## Is Edinburgh more popular than Taylor Swift?

Robin Rossmann, Managing Director of STR International, shared insights about where the hotel industry is currently at. He did this by putting statements to the audience and asking if they were fact, fiction or future.

1. European hotel demand is fully recovered post Covid?
2. Europe's growth in the hotel sector has lagged the US post Covid?
3. Edinburgh is more popular than Taylor Swift?
4. Hotel profits are fully recovered post Covid?
5. Sustainable hotels perform better than others?

Answers: 1. Fact 2. Fiction 3. Fact 4. Fact 5. Future

## Thriving in chaos

Dr. Kjell A. Nordström, economist, author and advisor, and Per Schlingmann, strategist, author and entrepreneur, have explored in several books how humans can turn challenges into opportunities.

"In the mid-2000s we lived our life like there was no tomorrow. In some way we thought that we had reached the end of recessions and crises," Kjell A. Nordström says.

But that world abruptly came to an end at the beginning of 2020 when the pandemic arrived. Two years later Russia invaded Ukraine, and in March 2023 OpenAI launched ChatGPT. At the same time we are getting more and more reports about climate change. So we now live in an era of many crises.

"Humans are lazy apes. But we can also get lots of things done if the pressure is high enough. Just look at what happened in the beginning of the pandemic. We started working from home, went e-shopping and took huge leaps forward. So we can also see these crises as a great opportunity," says Kjell A. Nordström.

In order to tell what will happen in the future, Nordström and Schlingmann point to that the automotive industry. Since it is a brutally competitive industry,



it has for almost 80 years been able to set the standard for the future. One example is LEAN, a production ideology introduced by Toyota in the 1960s that later set the standard for other industries. And personalisation of the product – here, too, the automotive industry was leading the way in the 1980s.

"So if we look at the automotive industry today, the biggest trend is undoubtedly greenification. When even Volkswagen is going green, it means something," says Kjell A. Nordström.

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## Report from the frontline

*During the Russian invasion of Ukraine Tobias Thyberg, Head of Department for UN policy at Sweden's Ministry of Foreign Affairs, was stationed in Kyiv as the Swedish ambassador.*

### Can you tell us about the day of the invasion?

"There was a strange feeling in Kyiv that day. The Americans had been telling us for some time that the invasion would happen, but a lot of European countries did not believe so. That day I was walking back to the embassy from a meeting when my phone rang. It was a representative of Sweden who told us to get out as fast as we could, and if we could not evacuate, to stay indoors that night. So I assembled the team, and since we had prepared for the fact that this could happen, we had also made a lot of plans. We soon realised that plans are useless, but planning is essential. So after some improvisations, we made it out."

### Do you think the world could have done more to prevent what happened?

"Well, what I will say now is not the official Swedish government's policy, but I personally believe that if Ukraine had been offered a credible plan for EU membership, this would not have happened. The hypothesis that Russia's objective has always been to eliminate Ukraine from the map was not the basis of the decisions at the time. But if this hypothesis had been considered true, the decisions of world leaders back then would have been different, I am quite sure."



## "We see that people are spending about the same on travel as before the pandemic"

*David Goodger, Managing Director of Tourism Economics at Oxford Economics, talked about trends and outlooks for the hospitality industry.*

### Where is the market heading from your perspective?

"Two years ago we were very pessimistic. But what has happened since then is actually rather positive. Growth has exceeded expectations by far, and this year we are looking at about 2–3 percent global growth. That is much better than expected. But does that mean that we are more optimistic now looking into the future? No, not necessarily. I would say that we should be cautiously optimistic."

David Goodger foresees growth in 2024 as being lower than expected, however. One of the main challenges in the year to come and beyond is the high interest rates, and he expects these to remain high for some time ahead. But there are also other risks, and one of them is geopolitical developments.

One optimistic factor to consider is that households still have savings left after the pandemic, and this may mitigate the downward trend.

"We see that many people are spending their savings on travel and that there is a strong need to go out and get new experiences. If we look at how people are travelling, we also see that both domestic and international travel are back. So there has been a clear recovery. Today we see that people spend about the same on travel as before the pandemic."



## "The generational transition poses both challenges and opportunities"

*Gilda Perez-Alvarado talked about her new role as Group Chief Strategy Officer at Accor, which has involved her relocating from the US to Europe.*

### What's the biggest difference between working in the US and in Europe?

"I would say that there is a big difference. The US is a commercial machine. It's all about how to make money and how to do business. After many years in the States, I wanted to have a new perspective. I wanted a different context. I wanted to be a part of a business and culture that was more personal, and here in Europe the way of business is just that."

### Do you also see a difference between US and European perspectives on the climate crisis?

"Yes, there is a big difference in the boardrooms. From a regulatory perspective, the EU is miles ahead. But I am certain the US will catch up."

### What is your general view on the hotel market today?

"We have a lot of geopolitical noise at the moment in the advanced markets. And I think many see that they can have better returns on their investments in other parts of the world. But there are also very interesting long-term trends. For example, we have the generational transition that will hugely affect the hotel market. The young generation has a different mindset, they travel differently and use technology differently. This poses both challenges and opportunities."

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# Many different segments

Pandox has a portfolio of hotel properties in 90 cities in 12 countries. More than 80 percent of the portfolio – in terms of the number of rooms – is in markets dominated by regional and domestic demand.



## International cities

### Characteristics

- Strong purchasing power.
- Hubs for international travel.
- All guest segments represented.
- High RevPAR.

### Examples in Pandox's portfolio

London, Amsterdam, Montreal, Brussels, Berlin, Vienna and Dublin.



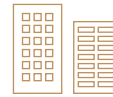
## Regional cities

### Characteristics

- Varying purchasing power.
- Hubs for regional and domestic travel, with elements of international demand.
- Multiple guest segments represented.
- Mid-level RevPAR.

### Examples in Pandox's portfolio

Hamburg, Munich, Cologne, Frankfurt, The Hague, Copenhagen, Stockholm, Oslo, Helsinki, Manchester, Edinburgh, Birmingham and Basel.



## Domestic cities

### Characteristics

- Lower purchasing power.
- Hubs for domestic travel.
- Fewer guest segments represented.
- Low RevPAR.

### Examples in Pandox's portfolio

Leeds, Sheffield, Jönköping, Örebro, Sundsvall, Jyväskylä, Kuopio, Bergen, Bodø, Karlsruhe and Mönchengladbach.



## Total portfolio

### Diversification in various ways

- Type of demand.
- Destinations.
- Locations.
- Brands.
- Hotel products.

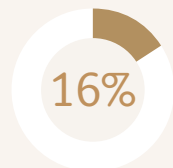
### Portfolio approach reduces risk

By combining different markets, types of demand and brands, we can balance out fluctuations in individual markets.

### Pandox facts

17 hotels  
5,639 rooms

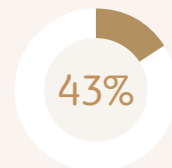
Percentage of total number of rooms



### Pandox facts

64 hotels  
15,468 rooms

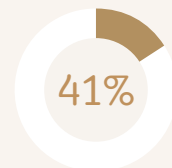
Percentage of total number of rooms



### Pandox facts

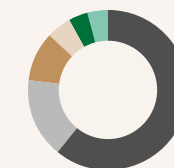
78 hotels  
14,744 rooms

Percentage of total number of rooms



## Rooms by location

31 December 2023



- City centre, 61%
- Ring road, 16%
- Airport, 10%
- Resort, 5%
- Congress centre, 4%
- Business park, 4%

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# High entry barriers

Pandox is one of the largest hotel property owners in Europe. As an owner we are active and engaged, based on deep knowledge of the hotel industry. With a well-diversified portfolio of hotel properties, good access to financing and a large international network of business partners, we are an attractive partner in the hotel market.

## Good opportunities for Pandox ...

<b>Large and fragmented market</b>	The hotel property market in Europe is fragmented. Pandox, which is one of the biggest players, has a combined market share of just under one percent, measured as the number of rooms in the markets where the Company is present. Competing hotel property companies are rarely international specialists, but instead tend to be from the financial sector or are domestic property companies with various property types in their portfolio. Overall, there are a handful of competitors in each market, of which only a few are active in multiple markets.
<b>Difficult to replicate</b>	The entry barriers to the hotel property market are high. Hotel properties have specific characteristics and it requires comprehensive specialist expertise and substantial capital in order to create a portfolio with an attractive risk and return profile. A well-established hotel property in a strategic location has natural competitive advantages that are difficult to replicate. A diversified hotel property portfolio is even harder to copy as this requires significant capital, a long-term perspective and an international presence.
<b>Specialist knowledge is crucial</b>	As large hotel chains become more brand-oriented, the need for specialised hotel property owners and strong operators increases. This is because the brand promise conveyed in digital channels has to be turned into a positive guest experience in the physical environment at the hotel. This calls for knowledge of how to create an attractive hotel product through a combination of efficient operation and value-adding investments. Here, skilful operator companies have gradually advanced their positions.
<b>Diversification creates opportunities</b>	Pandox's international presence and ability to work with all operating models creates clear competitive advantages and growth opportunities. Our core business is to acquire, develop and lease out hotel properties to skilled hotel operators under revenue-based leases, where our rental income grows as the operator's sales increase. We move freely throughout the hotel value chain and can also operate hotels ourselves, in parallel with making transformative investments, with the aim of signing new leases.

## ... in a constantly developing hotel market

<b>Changed business models in the hotel market</b>	The international hotel market has gone through an extensive structural transformation. Large international hotel chains have changed their business models, having sold their hotel properties and outsourced hotel operation to other parties. They have then developed different types of less capital-intensive, asset-light strategies with a focus above all on distribution (bookings), brand development (franchising) and loyalty programmes. The large hotel companies today have relatively little to do with the day-to-day operation of their hotels. This is instead usually handled by specialised independent operating companies through franchise or management agreements.
<b>Asset-light requires large volumes in order to be profitable</b>	Within an asset-light strategy, revenue is mainly derived from franchise fees and commissions on bookings. This business model requires large volumes in order to be profitable. The main aim is to increase the number of franchisees and room bookings – preferably in their own distribution channels. The business model not only requires substantial marketing investments, but also a continuous increase in the number of rooms in the portfolio. This has resulted in a search for new franchisees and, in some cases, in consolidation. One factor contributing to this trend is online travel agencies (OTAs) that aggregate offerings and match demand using efficient technology and extensive marketing.
<b>Fewer operators but more brands</b>	Consolidation has decreased the number of brand owners, while the number of brands has increased. The reason is that many hotel chains invest substantial resources in diversifying their brand portfolios and attracting customer demand in new segments.
<b>The pandemic has reinforced more than changed</b>	The pandemic has reinforced existing trends, especially interest in revenue-based leases that provide a better risk/return balance between property owners and tenants than is the case with fixed leases. This has in turn increased the need for and value of a deeper understanding of hotel operation, which works in Pandox's favour.

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# RevPAR – a key performance indicator

RevPAR (revenue per available room) is a key indicator in the hotel industry and an important measure for Pandox. RevPAR is a measure of a hotel's – or in aggregate form, a market's – earnings capacity and describes how well it has succeeded in occupying its rooms (demand) and at what room rate (willingness to pay). RevPAR varies with economic activity and demand from various subsegments of the travel market as well as structural factors such as country, city, location, transportation, product type and supply in the hotel market. In addition there are multiple strong market trends that support the hotel market, such as people spending more money on experiences and wanting to travel more often.

🔗 See the section on trends on page 40.

## Daily monitoring and analysis

Tracking RevPAR is part of Pandox's business monitoring process. In the Leases business segment RevPAR is tracked on an ongoing basis. In the Own Operations

segment it is tracked daily by the hotels and the Pandox Revenue Management Centre in Brussels. The capacity and performance of the individual operator makes a big difference. Based on systematic business analysis, Pandox discusses various possibilities to support the operator in developing and refining the hotel product, thereby increasing profitability for the operator and rental income for Pandox.

## Markets vary in nature

Pandox is active in hotel markets that vary in nature and circumstances. This is reflected in RevPAR and thus determines what kind of hotel investments can be profitably made. The higher the RevPAR, the more scope there is for Pandox to make investments that add value.

International destinations such as London and Amsterdam have a high proportion of international demand and good demand in all subsegments. Regional cities such as Stockholm,

Copenhagen, Manchester, Cologne and Hamburg have a smaller international element, but generally good demand from all subsegments. Domestic cities such as Leeds, Linköping and Kuopio are more dependent on domestic demand and individual subsegments. However, these generally experience stable development over time and are less dependent on major global events.

Overall, Pandox has a clear demand balance in its portfolio with a good spread of risk between different types of markets, countries and destinations.

🔗 See the section "Pandox in the world" on page 43.

## Strong RevPAR development in 2023

2023 was another year of recovery for the hotel industry, with good demand, high willingness to pay for hotel nights and above all increased international travel. Altogether this has resulted in RevPAR for Pandox exceeding the levels noted in 2019.

ence is due to the fact that profitability, and thus the ability to pay rent, is higher for accommodation than for restaurant operations.

If the rent in the above case is paid at 35 percent of room revenue, then the rental income for Pandox is SEK 17,885,000 (51,100,000 x 0.35). In addition, there will normally be other income that in certain cases may be substantial. This means that Pandox's actual rent growth may be either higher or lower than RevPAR growth in the market.

### RevPAR can be used in various ways:

1. To take the temperature of the hotel sector
2. To measure how well a hotel market is performing
3. As a measure of how a hotel is performing in its market

### How RevPAR works

If the average room rate is SEK 1,000 and the occupancy rate is 70 percent, then RevPAR is SEK 700 (1,000 x 0.70 = 700). A hotel with 200 rooms thus

has annual room revenue of SEK 51,100,000 (700 x 200 x 365). In addition to this is other revenue such as from food, beverages and conferences, which by definition is not included in the term RevPAR.

### From RevPAR to rental income

Pandox's leases are revenue-based, with a certain percentage of the hotel's revenue becoming rent for Pandox. The percentage is normally higher for hotel rooms and conference rooms, and lower for food and beverages and other revenue. The differ-

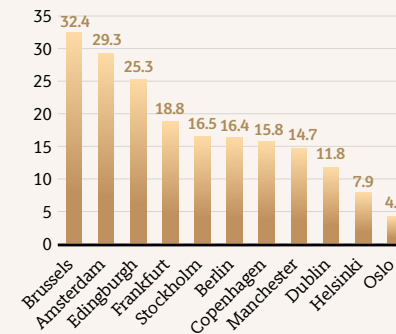
## THE MARKET IN 2023

### A positive year for the European hotel market

2023 was another year of recovery for the hotel industry, with both occupancy and average room rates developing well in Pandox's markets. We noted improved demand in all segments, high willingness to pay for hotel nights and above all increased international travel.

- For the Nordic region as a whole the best development was seen in Norway, as a result of average room rates developing well – particularly in Oslo. In Finland regional markets performed at good levels, while Helsinki was a drag on the country as a whole. This was partly due to new hotel capacity and partly to lower demand, especially from Asia.
- A continued improvement in conference, trade fair and congress-related demand was noted in Germany during the year, which particularly benefitted "trade fair destinations" such as Dusseldorf, Hannover, Frankfurt and Cologne.
- Ireland and UK Regional (excluding London) reported strong figures in 2023, with average room rates the main driver of growth. London and Edinburgh saw the strongest growth in occupancy in 2023.
- Brussels, Amsterdam and Dublin were also typical examples of markets that in 2023 benefitted from an increase in international travel, particularly from North America.

Key markets (RevPAR growth in 2023 compared with 2022)



- Strategy and value creation +
- Our business +
- Market and trends -
  - Trends
  - Hotel Market Day 2023
  - Pandox in the world
  - Market structure
  - Market overview
  - The Pandox share
- Properties +
- Governance +
- Financial +

Comments: Net RevPAR takes into account the costs of procuring customers – e.g. distribution and marketing – and is a more relevant measure for a hotel operator.

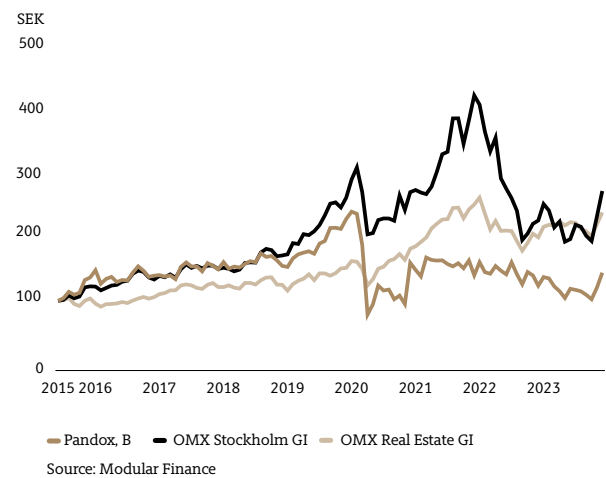




# The share and the capital market

Pandox's class B shares have been listed on Nasdaq Stockholm Large Cap since June 2015. Pandox's goal is to provide the capital market with open, reliable and accurate information on the Company's operations and financial development to enable the share to be valued accurately.

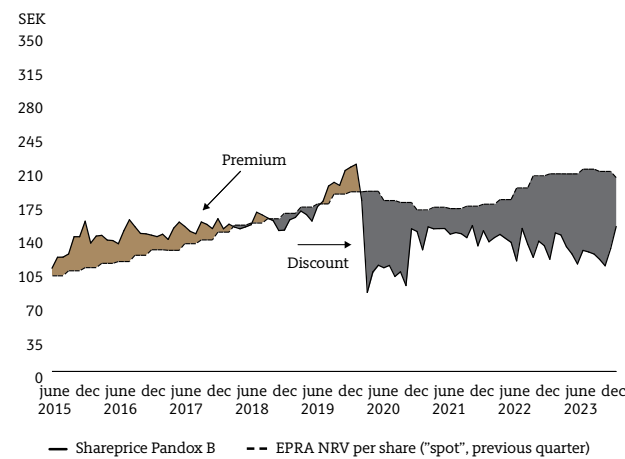
TOTAL RETURN ON PANDOX SHARES  
18 June 2015–31 December 2023



### Pandox's total return over time

The Pandox share's total return in 2023 was 29 percent. Calculated from the share's first trading day on 18 June 2015, the total return at year-end was 60 percent.

THE PANDOX SHARE AND EPRA NRV PER SHARE  
18 June 2015–31 December 2023



### Net asset value important in valuation of property companies

The valuation of a property company is normally based on its net asset value, which in simple terms is the difference between the market value of the property portfolio and net debt. In most property companies there are also derivatives, tax assets and tax liabilities that affect the net asset value. A premium is when market cap is higher than the net asset value and a discount is when market cap is lower than the net asset value.

*ⓘ Pandox generally calculates net asset value as EPRA NRV (net reinstatement value); see page 141 for a definition.*

### ANNUAL GENERAL MEETING

Pandox AB's Annual General Meeting will take place on Wednesday, 10 April 2024. For information about the AGM and how it will be held, visit [pandox.se](http://pandox.se).

### Annual General Meeting calendar

Record date for the	
Annual General Meeting	2 April 2024
Annual General Meeting	10 April 2024

### PROPOSED DIVIDEND

At the 2024 Annual General Meeting the Board of Directors will propose a dividend of SEK 4.00 (2.50) per share, equivalent to around MSEK 735 (460) in total, for the 2023 financial year.

### FINANCIAL CALENDAR

Annual General Meeting 2024	10 April 2024
Interim Report January–March 2024	25 April 2024
Interim Report April–June 2024	12 July 2024
Interim Report July–September 2024	24 October 2024
Year-End Report 2024	6 February 2025

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- Strategy and value creation +
- Our business +
- Market and trends -
  - Trends
  - Hotel Market Day 2023
  - Pandox in the world
  - Market structure
  - Market overview
  - The Pandox share
- Properties +
- Governance +
- Financial +

# Six quick facts – Pandox as an investment

1

## A global & growing market

We operate within travel and tourism – a global and dynamic sector with strong structural growth factors.

2

## Only hotel properties

We only invest in hotel properties and create value through active and engaged ownership. We have deep knowledge of the hotel industry and many years of experience of all operating models in the hotel market, giving us both flexibility and room to manoeuvre.

3

## Revenue-based leases

We have long-term, revenue-based leases with skilled hotel operators with good guaranteed minimum levels. We share with our tenants both the “upside” in a growing hotel market and “downside protection” in a poorer hotel market.

4

## Investments for growth & ambitious sustainability targets

We have a profitable project portfolio that will increase our organic profit and value potential in the years ahead. For the hotel properties, we invest in climate transition projects that provide a good return.

5

## Higher yields & longer leases

Our portfolio has an average valuation yield of 6.24 percent, which is considerably higher than our average interest expense, and our leases have a WAULT of 15 years.

6

## Low refinancing risk

We only have bank financing. We have strong, long-term relationships with our lenders and the refinancing risk is low. A high proportion of interest rate hedging also creates predictability as regards the development of interest expense.



- Strategy and value creation +

---

- Our business +

---

- Market and trends -
  - Trends
  - Hotel Market Day 2023
  - Pandox in the world
  - Market structure
  - Market overview
  - The Pandox share

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- Properties +

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- Governance +

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- Financial +





# Dialogue with analysts

We have ongoing dialogue with analysts that monitor Pandox and with investors who want to know more about Pandox as an investment. Here are some of the questions we have received in the past year.

**Question: What has the demand mix been like in 2023 compared with 2019?**

“Regional and domestic travel are now at higher levels than before the pandemic, but international travel, large conferences and congresses have not yet fully recovered. Overall, the occupancy rate in 2023 was somewhat below 2019 while average room rates have developed very strongly, as a result of which RevPAR exceeded the 2019 levels.”

**Question: Cash earnings decreased somewhat in 2023 despite record revenue and net operating income. How should we view developments in cash earnings going forward?**

“For 2024 we anticipate some RevPAR growth in the hotel market, supported by a strong event calendar in Germany with UEFA EURO in June/July, and stable market conditions in other markets. Lower inflation and hopefully also lower interest rates should have a positive effect on household consumption, and should also be able to lessen the effects of a potentially weakened labour market and lower employment.”

**Question: How do you see capital allocation over the coming year?**

“We have an impressive toolbox for value creation and a clear process for capital allocation based on expected yield. The basis for this is our ongoing joint efforts with our tenants to develop the hotel products and increase the value of the hotel properties. Portfolio optimisation, through acquisitions and divestments

when this is possible, is also an important element. Together these form a basis for growth in cash earnings and create room for a dividend to shareholders in line with our financial policy.”

**Question: Why do you only have bank loans?**

“Given our business model – exposure to the hotel market, variable rents and some seasonal variation – bank loans secured by property have proved to be the most stable and cost-effective financing over time. We have a geographically diversified base of banking partners and our refinancing risk is low. In 2023 we refinanced loans of just over SEK 15 billion, with lengthy terms and stable credit margins.”

**Question: What are you doing in the area of sustainability? What investments are you planning? What return might they provide?**

“We have increased our focus on sustainability in recent years. During the year our science-based climate targets were approved by the SBTi and we have a clear plan for how to achieve the targets for Scope 1 and 2. This year the Board resolved to invest around MEUR 29 in phasing out the use of oil and gas, the installation of energy-efficient systems and more renewable energy in our Own Operations segment. This investment will take place over three years and the expected return is in double digits. For Scope 3, we are continuing our efforts to add green provisions to leases with hotel operators. The aim is to reduce our climate footprint while also finding a commercial agreement that is profitable for both us and our tenants.”

## Sustainability ranking

- CDP ranked A-
- Financial Times Europe’s Climate Leaders
- ESG100 ranked A
- Bronze Award in the 2023 EPRA Sustainability Best Practices Recommendations



- Strategy and value creation +

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- Our business +

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- Market and trends -
  - Trends
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  - Market overview
  - The Pandox share

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- Properties +

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- Governance +

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- Financial +

### Analysts who follow Pandox

ABG Sundal Collier  
Fredrik Stensved  
Markus Henriksson

Carnegie  
Fredric Cyon  
Erik Granström

DNB  
Simen Mortensen  
Niklas Wetterling

Handelsbanken  
Johan Edberg  
Oscar Lindqvist

Kepler Cheuvreux  
Albin Sandberg  
Green Street  
Edoardo Gili



# The share and ownership structure

## Listed on Nasdaq Stockholm

Pandox's class B shares have been listed on Nasdaq Stockholm's large cap since 2015. The class B shares are also traded on several alternative marketplaces. This is the second time that Pandox has been a listed company. The first time was from 1997 to 2004.

## Share price development and market capitalisation

On 31 December 2023 the last price paid for the class B shares was SEK 150.40 (116.40) and the visible market cap was MSEK 16,371 (12,670). With the unlisted class A shares included at the same price as the class B shares, the market cap was MSEK 27,651 (21,358).

In 2023 the change in the value of Pandox shares was +29 (-20) percent, compared with the OMX Stockholm Benchmark PI Index at +13 (-23) percent and the OMX Stockholm Real Estate PI Index at +14 (-45) percent.

Calculated from the date of listing, 18 June 2015, the value of Pandox shares at year-end 2023 had increased by 40 percent compared to 110 percent for the OMX Stockholm Real Estate PI Index and 62 percent for the OMX Stockholm Benchmark PI Index. The total return on Pandox shares over the same period was 60 percent.

## Trading and liquidity

Trading on Nasdaq Stockholm accounted for 37 (35) percent of all trading in Pandox shares in 2023. During the year around 45 (48) million class B shares were traded on Nasdaq Stockholm, corresponding to around 42 (44) percent of outstanding class B shares at year-end, for a value of around MSEK 5,800 (6,300). Average daily trading on Nasdaq Stockholm during the year amounted to 180,890 (188,413) shares, corresponding to around MSEK 23 (25) in value. Trading on marketplaces other than Nasdaq Stockholm amounted to 63 (65) percent.

## SHARE FACTS

**Market:** Nasdaq Stockholm

**Segment:** Large Cap

**Sector:** Real Estate

**Ticker symbol:** PNDX B

**Number of class B shares (listed):** 108,849,999

**Number of class A shares (unlisted):** 75,000,000

**Market cap:** MSEK 27,651 (class A and B shares)

**Share volatility:** 45% (five years, annual basis)

**Share beta value:** 1.26 (five years, OMXSPI)

**Average daily trading volume:** 180,890 shares (2023)

Source: Nasdaq, InFront, Euroclear, Monitor, Pandox.  
As of 31 December 2023.

## Largest shareholders as of 31 December 2023

The 10 largest registered shareholders according to percentage of voting rights

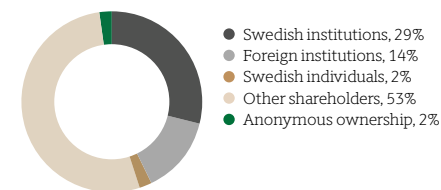
Shareholder	Number of class A shares	Number of class B shares	% of share capital	% of votes
Eiendomsspar AS	37,314,375	10,144,375	25.8	36.6
Helene Sundt AB	18,657,188	4,912,187	12.8	18.2
Christian Sundt AB	18,657,187	4,312,188	12.5	18.1
AMF Försäkring & Fonder		26,768,296	14.6	8.0
Alecta Pensionsförsäkring		7,287,577	4.0	2.2
Länsförsäkringar Fonder		5,613,502	3.1	1.7
Vanguard		3,571,431	1.9	1.1
Fjärde AP-fonden		3,058,943	1.7	0.9
BlackRock		3,010,302	1.6	0.9
Norges Bank		2,215,504	1.2	0.7
Total, top 10 shareholders	74,628,750	70,894,305	79.2	88.3
Other shareholders	371,250	37,955,694	20.8	11.7
<b>Total</b>	<b>75,000,000</b>	<b>108,849,999</b>	<b>100</b>	<b>100</b>

Information compiled by Monitor as of 31 December 2023.

Sources: Euroclear Sweden, Morningstar, Finansinspektionen (FI), Nasdaq and Millstream.

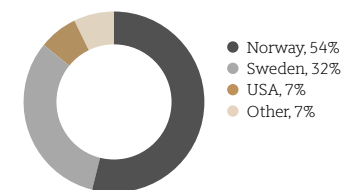
## Shareholders by category as percentage of capital

31 December 2023



## Shareholders by country as percentage of capital

31 December 2023



Information compiled by Monitor as of 31 December 2023.

Sources: Euroclear Sweden, Morningstar, Finansinspektionen (FI), Nasdaq and Millstream.

## Key ratios

	2023	2022
<b>Key ratios per share, after dilution effects <sup>1)</sup></b>		
Total net operating income, SEK	21.05	18.68
Profit for the year, SEK	-3.18	22.94
Cash earnings, SEK <sup>3)</sup>	9.48	11.18
Equity, SEK <sup>3)</sup>	160.85	167.15
Net reinstatement value (EPRA NRV), SEK	201.12	205.03
Dividend, SEK <sup>2)</sup>	4.00	2.50
Market cap, MSEK	27,651	21,358
Return, Pandox shares, %	29	-20
Return, OMX Stockholm Benchmark Index, %	17	-23
Return, OMX Stockholm Real Estate Index, %	14	-45
Dividend pay-out ratio of cash earnings, %	42.2	22.4
Dividend pay-out ratio of EPRA NRV, %	2.0	1.2
Dividend yield, %	2.7	2.2
Total number of shares at end of period, thousands	183,850	183,850

<sup>1)</sup> For definitions of key ratios see page 139.

<sup>2)</sup> For 2023 the Board's proposed dividend is stated.

<sup>3)</sup> Attributable to the shareholders of the Parent Company.

For more key performance indicators and comparative years visit [www.pandox.se](http://www.pandox.se)

Strategy and value creation +

Our business +

Market and trends -

Trends

Hotel Market Day 2023

Pandox in the world

Market structure

Market overview

● The Pandox share

Properties +

Governance +

Financial +



HOTELISM BY PANDOX

# 4

## Properties

Pandox has a large hotel property portfolio consisting of 159 hotels operated in several different ways and under a large range of brands. We have a geographically diversified presence with hotel properties in more than 90 cities.



Artist's impression of extension to DoubleTree by Hilton Brussels City

- Strategy and value creation +

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- Our business +

---

- Market and trends -

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- Properties +
  - Geographical overview
  - Property portfolio
  - Change in property value
  - Property list

---

- Governance +

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- Financial +



# Belgium

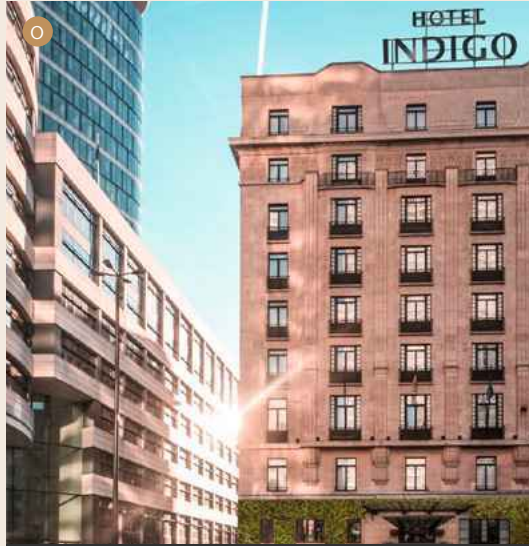
Demand

- International
- Regional
- Domestic

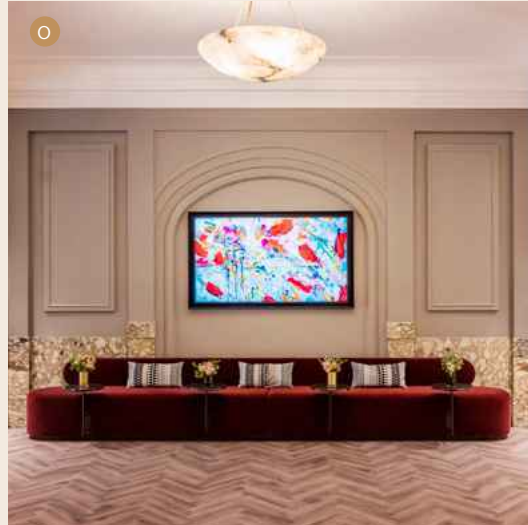
Share of Pandox

- 6% 10 hotels
- 8% 2,733 rooms
- 8% of market value

- L Leases
- O Own Operations



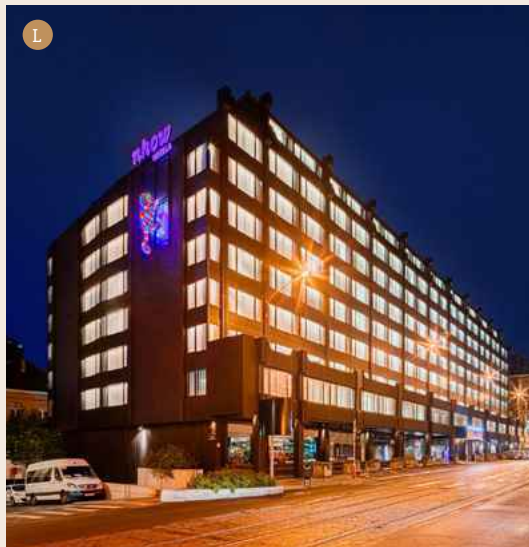
**Hotel Indigo Brussels – City**  
 284 rooms Green Key SafeGuard BREEAM



**DoubleTree by Hilton Brussels City**  
 354 rooms Green Key SafeGuard BREEAM



**Hilton Grand Place Brussels**  
 224 rooms Green Key IHG Green Engage ISO50001



**nhow Brussels Bloom**  
 305 rooms Green Key



**Hotel Hubert Brussels**  
 100 rooms Green Key BREEAM



**The Hotel, Brussels**  
 421 rooms Green Key SafeGuard BREEAM

- Strategy and value creation +
- Our business +
- Market and trends -
- Properties +
  - Geographical overview
  - Property portfolio
  - Change in property value
  - Property list
- Governance +
- Financial +



# Denmark

Demand

- International
- Regional
- Domestic

Share of Pandox

- 5% 8 hotels
- 5% 1,843 rooms
- 6% of market value

- L Leases
- O Own Operations



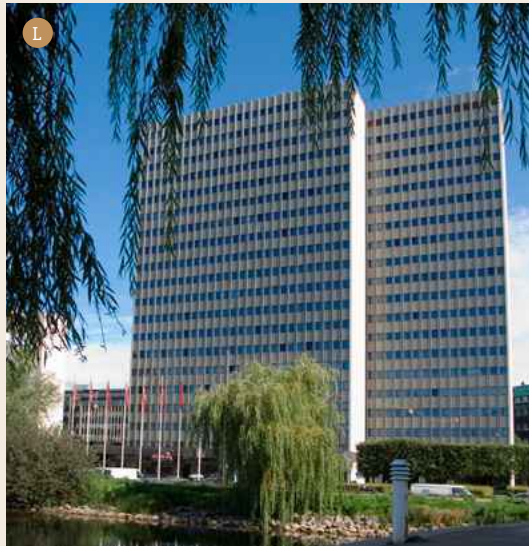
**Urban House Copenhagen by MEININGER**  
228 rooms



**Scandic Hvidovre**  
207 rooms Nordic Swan



**Hotel Mayfair Copenhagen**  
203 rooms Green Key



**Scandic Copenhagen**  
486 rooms Nordic Swan



**Scandic Glostrup**  
120 rooms Nordic Swan



**Motel One Copenhagen**  
200 rooms ISO 14001, ISO 50001 Green Key

- Strategy and value creation +

---

- Our business +

---

- Market and trends -

---

- Properties +

  - Geographical overview
  - Property portfolio
  - Change in property value
  - Property list

---

- Governance +

---

- Financial +



# Finland

## Demand

- International
- Regional
- Domestic

## Share of Pandox

- 8% 13 hotels
- 8% 2,902 rooms
- 6% of market value

- L Leases
- O Own Operations



**Scandic Park Helsinki**  
523 rooms  
Nordic Swan



**Scandic Tampere City**  
263 rooms  
Nordic Swan



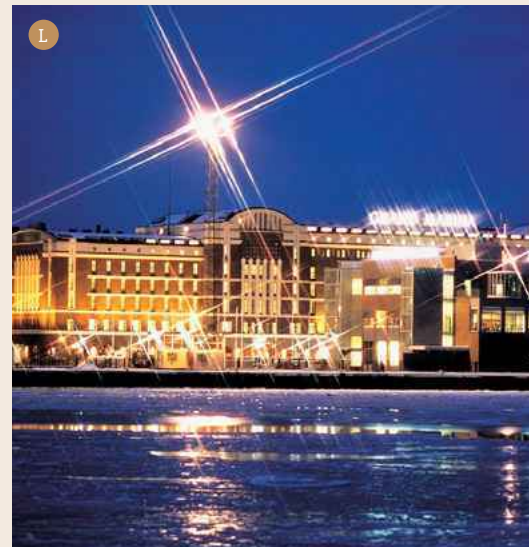
**Scandic Kuopio**  
137 rooms  
Nordic Swan



**Pilot Airport Hotel**  
109 rooms



**Hilton Helsinki Strand**  
190 rooms  
Nordic Swan



**Scandic Grand Marina**  
470 rooms  
Nordic Swan

- Strategy and value creation +
- Our business +
- Market and trends -
- Properties +
  - Geographical overview
  - Property portfolio
  - Change in property value
  - Property list
- Governance +
- Financial +



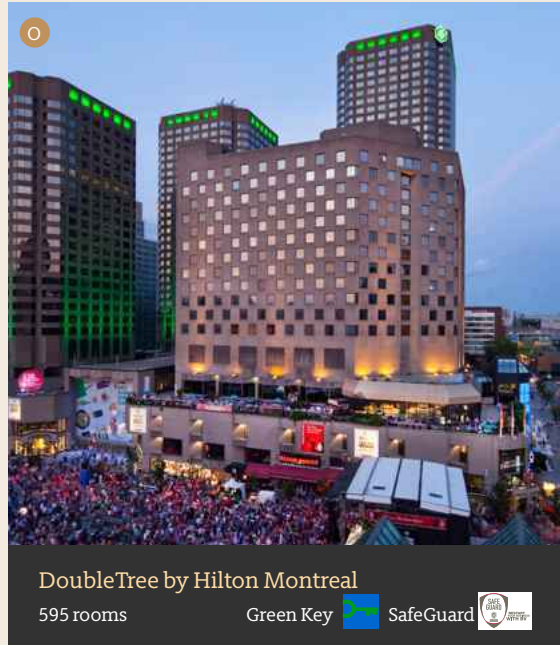
# Canada

## Demand

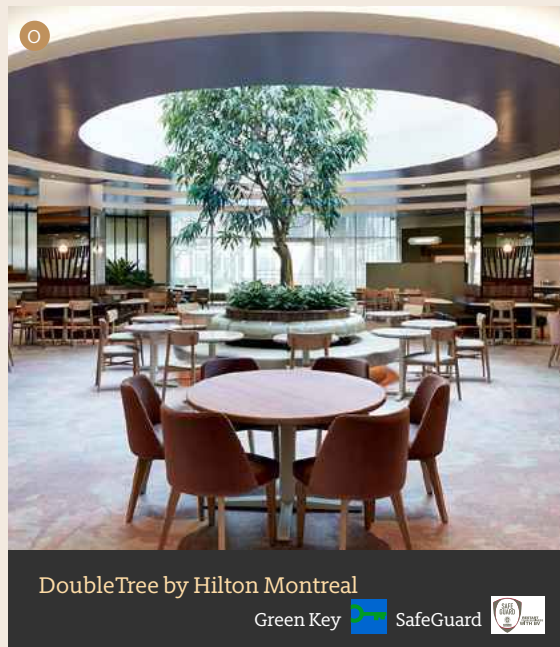
- International
- Regional
- Domestic

## Share of Pandox

- 1% 1 hotel
- 2% 595 rooms
- 1% of market value



**DoubleTree by Hilton Montreal**  
595 rooms  
Green Key SafeGuard



**DoubleTree by Hilton Montreal**  
Green Key SafeGuard

- L Leases
- O Own Operations

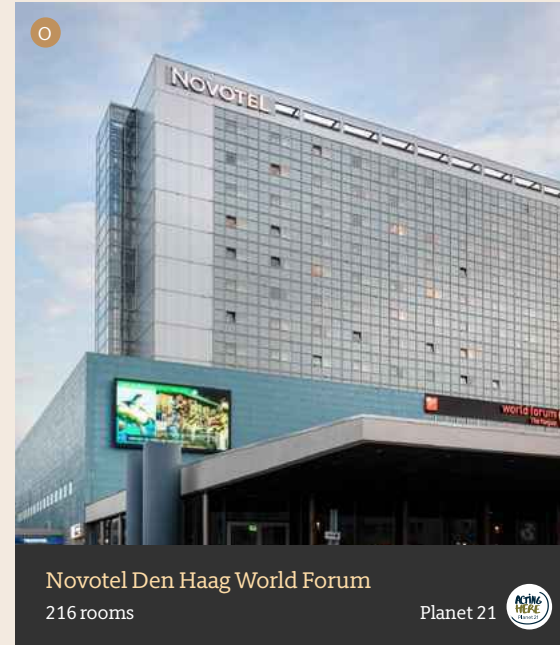
# Netherlands

## Demand

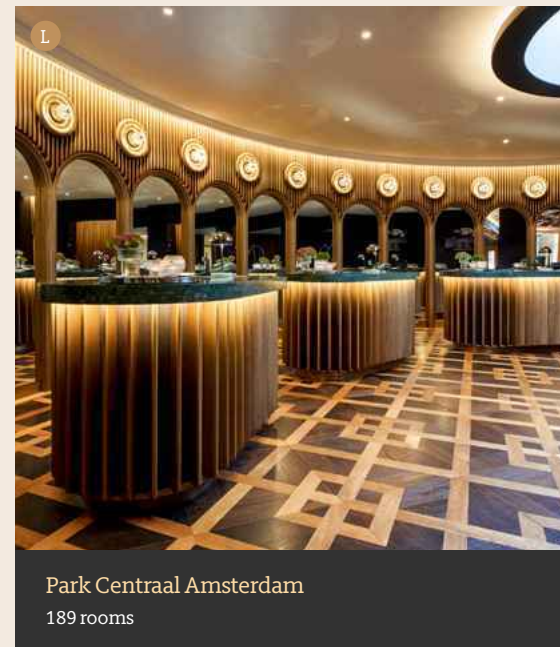
- International
- Regional
- Domestic

## Share of Pandox

- 1% 2 hotels
- 1% 405 rooms
- 2% of market value



**Novotel Den Haag World Forum**  
216 rooms  
Planet 21



**Park Centraal Amsterdam**  
189 rooms

- Strategy and value creation +
- Our business +
- Market and trends -
- Properties +
  - Geographical overview
    - Property portfolio
    - Change in property value
    - Property list
- Governance +
- Financial +

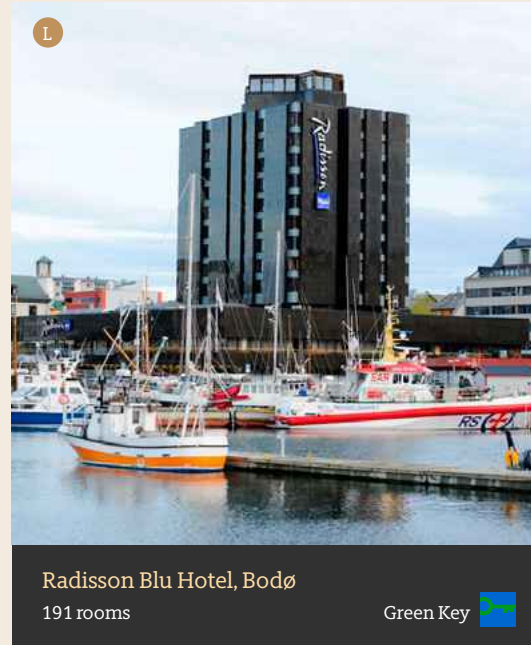


# Norway



Scandic Solli  
226 rooms

Nordic Swan



Radisson Blu Hotel, Bodø  
191 rooms

Green Key



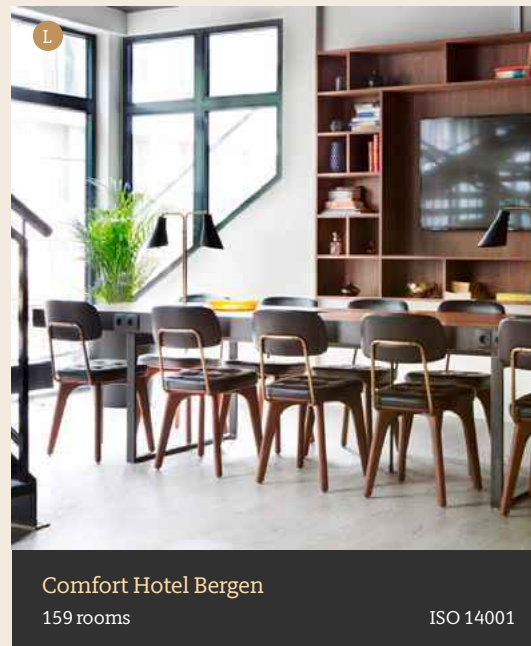
Clarion Collection Bastion  
99 rooms

ISO 14001



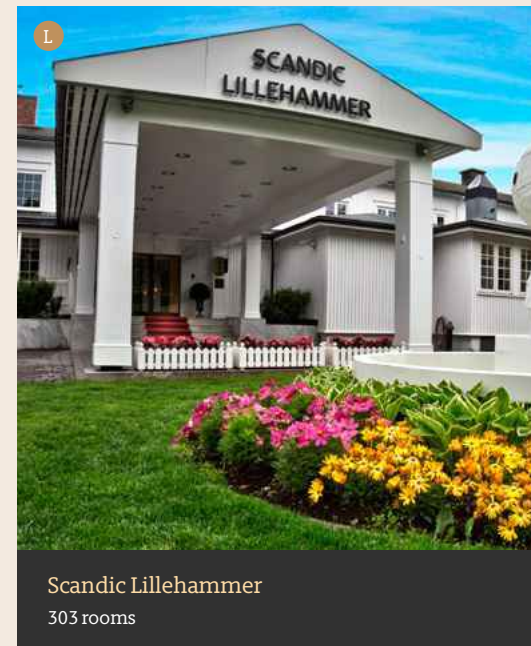
Scandic Sørlandet  
210 rooms

Nordic Swan



Comfort Hotel Bergen  
159 rooms

ISO 14001



Scandic Lillehammer  
303 rooms

Demand

- International
- Regional
- Domestic

Share of Pandox

- 9% 14 hotels
- 7% 2,573 rooms
- 5% of market value

- L Leases
- O Own Operations

- Strategy and value creation +

---

- Our business +

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- Market and trends -

---

- Properties +
  - Geographical overview
  - Property portfolio
  - Change in property value
  - Property list

---

- Governance +


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- Financial +






# Sweden



**Scandic Grand Örebro**  
224 rooms

Nordic Swan 




**Elite Stora Hotellet Jönköping**  
167 rooms

Green Key 





**Hilton Stockholm Slussen**  
289 rooms

Green Key 





**Vildmarkshotellet Kolmården**  
213 rooms

Nordic Swan 



**Scandic Park Stockholm**  
203 rooms

Nordic Swan 



**Radisson Blu Arlandia**  
342 rooms

Green Key 

Demand

- International
- Regional
- Domestic

Share of Pandox

26% 42 hotels  
25% 9,107 rooms  
22% of market value

- L Leases
- O Own Operations

- Strategy and value creation +
- Our business +
- Market and trends -
- Properties +
  - Geographical overview
  - Property portfolio
  - Change in property value
  - Property list
- Governance +
- Financial +

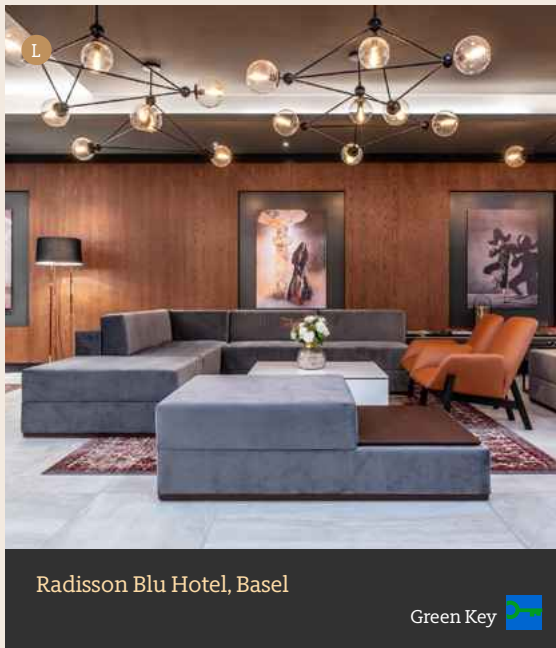
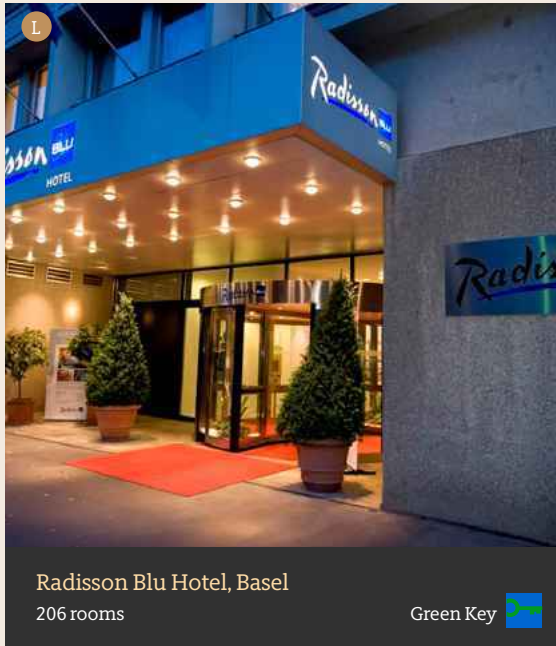
# Switzerland

Demand

- International
- Regional
- Domestic

Share of Pandox

- 1% 1 hotel
- 1% 206 rooms
- 1% of market value



- L Leases
- O Own Operations



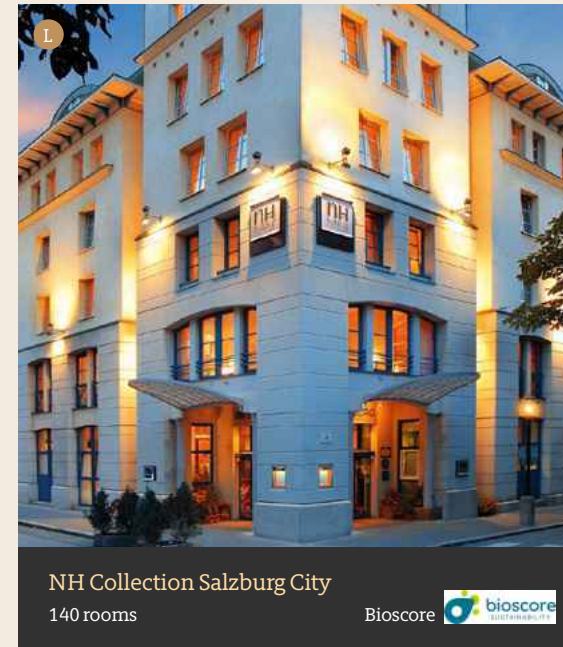
# Austria

Demand

- International
- Regional
- Domestic

Share of Pandox

- 1% 2 hotels
- 2% 639 rooms
- 2% of market value



- Strategy and value creation +
- Our business +
- Market and trends -
- Properties +
  - Geographical overview
  - Property portfolio
  - Change in property value
  - Property list
- Governance +
- Financial +



# Germany


## Demand

- International
- Regional
- Domestic


## Share of Pandox

- 24% 38 hotels
- 23% 8,361 rooms
- 23% of market value

- L Leases
- O Own Operations




**Hotel Pomander, Nuremberg**  
311 rooms ISO 14040



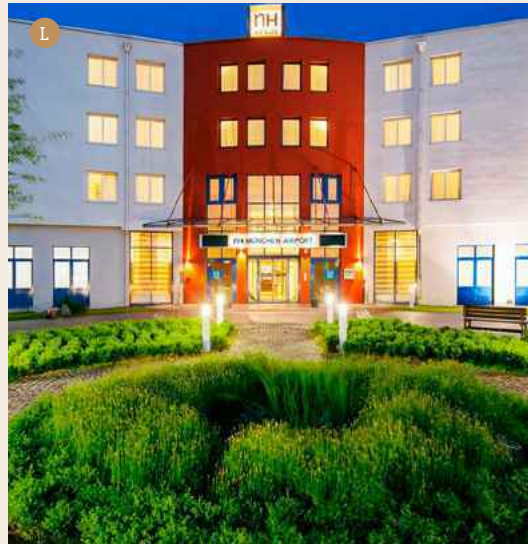
**Dorint Hotel am Dom Erfurt**  
160 rooms Planet 21




**Leonardo Royal Köln am Stadtwald**  
150 rooms



**Holiday Inn Lübeck**  
159 rooms IHG Green Engage SafeGuard



**NH Munich Airport**  
236 rooms ISO 14001

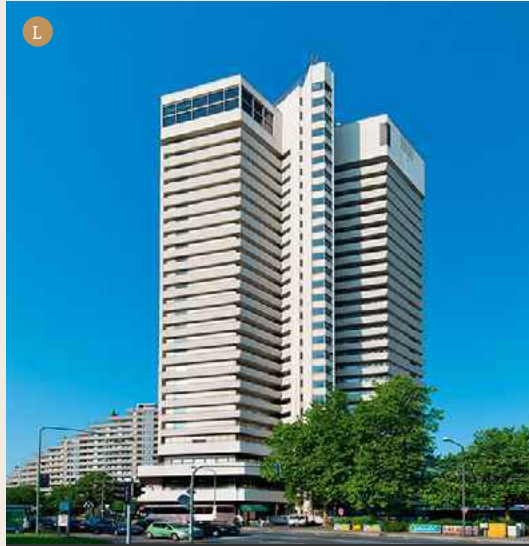


**Mercure Hotel München Neuperlach Süd**  
253 rooms Planet 21

- Strategy and value creation +
- Our business +
- Market and trends -
- Properties +
  - Geographical overview
  - Property portfolio
  - Change in property value
  - Property list
- Governance +
- Financial +




► Germany, cont.




**L**

Leonardo Royal Hotel Frankfurt  
449 rooms



**O**

Hotel Berlin, Berlin  
701 rooms Green Key SafeGuard ISO 14001




**L**

NH Collection Hamburg City  
129 rooms Bioscore



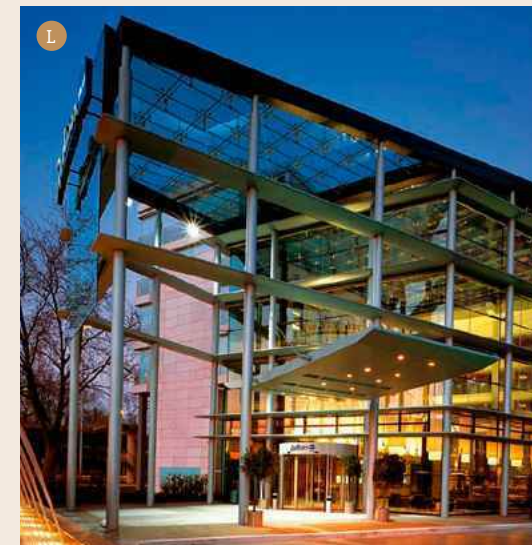
**L**

Leonardo Hotel Hannover Airport  
214 rooms Green Key



**O**

Radisson Blu Hotel, Bremen  
235 rooms Green Key SafeGuard BREEAM



**L**

Radisson Blu Hotel, Cologne  
393 rooms Green Key

**L** Leases  
**O** Own Operations

- Strategy and value creation +

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- Our business +

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- Market and trends -

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- Properties +
  - Geographical overview
  - Property portfolio
  - Change in property value
  - Property list

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- Governance +

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- Financial +



# United Kingdom


**Demand**

- International
- Regional
- Domestic

**Share of Pandox**

- 16% 25 hotels
- 17% 6,042 rooms
- 19% of market value

- L Leases
- O Own Operations




**The Midland Hotel, Manchester**  
312 rooms  
Green Tourism Bronze




**DoubleTree by Hilton Bath**  
176 rooms




**Hilton Garden Inn London Heathrow Airport**  
364 rooms  
BREEAM



**Leonardo Hotel Sheffield**  
259 rooms  
Green Tourism Silver



**Leonardo Royal Hotel Birmingham**  
445 rooms  
Green Tourism Gold



**Aparthotel Adagio Edinburgh Royal Mile**  
146 rooms

- Strategy and value creation +
- Our business +
- Market and trends -
- Properties +
  - Geographical overview
  - Property portfolio
  - Change in property value
  - Property list
- Governance +
- Financial +



# Ireland

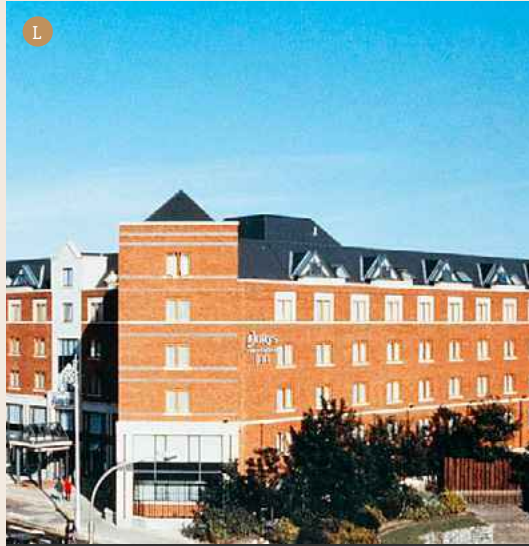
### Demand

- International
- Regional
- Domestic

### Share of Pandox

- 2% 3 hotels
- 1% 445 rooms
- 2% of market value

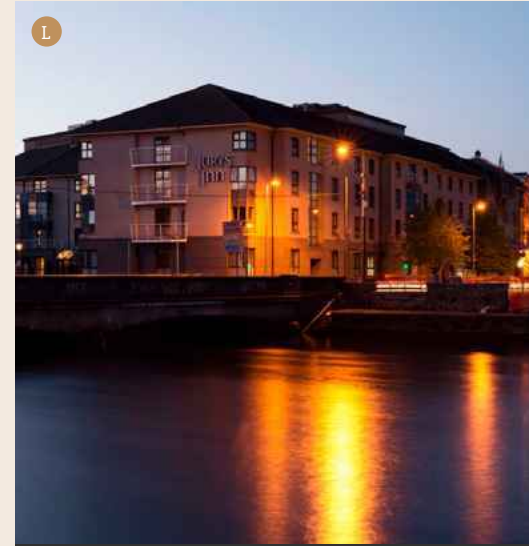
- L Leases
- O Own Operations



Leonardo Hotel Dublin Christchurch  
182 rooms Green Tourism Bronze



Leonardo Hotel Cork  
133 rooms Green Tourism Silver



Leonardo Hotel Galway  
130 rooms Green Tourism Silver



Leonardo Hotel Dublin Christchurch



Leonardo Hotel Cork

- Strategy and value creation +
- Our business +
- Market and trends -
- Properties +
  - Geographical overview
  - Property portfolio
  - Change in property value
  - Property list
- Governance +
- Financial +



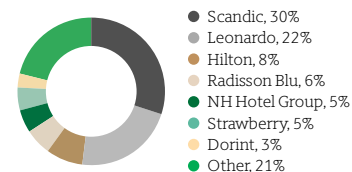
# Property portfolio

At year-end 2023, Pandox's property portfolio consisted of 159 (157) hotel properties with 35,851 (35,490) hotel rooms in 12 (12) countries.

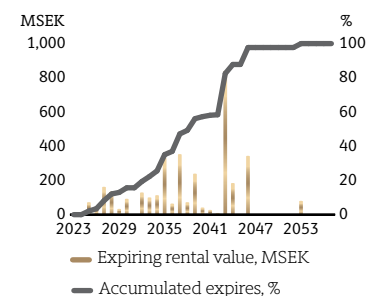
The Leases business segment covers more than 80 percent of the total market value of external leases in the portfolio. The tenants are skilled hotel operators with strong hotel brands in their respective markets.

The remainder consists of the Own Operations business segment, in which Pandox operates hotels itself.

Rooms by operator/brand,  
31 December 2023



Lease maturity profile,  
31 December 2023



PORTFOLIO OVERVIEW BY SEGMENT AND COUNTRY, 31 DECEMBER 2023

Leases	Number		Market value (MSEK)		
	Hotels	Rooms	Per country	As % of total	Per room
Sweden (SE)	42	9,107	15,470	22	1.7
Germany (DE)	33	6,871	12,600	18	1.8
United Kingdom (UK)	20	4,821	10,538	15	2.2
Finland (FI)	12	2,742	4,430	6	1.6
Norway (NO)	14	2,573	3,303	5	1.3
Denmark (DK)	8	1,843	4,063	6	2.2
Belgium (BE)	3	765	1,415	2	1.8
Austria	2	639	1,574	2	2.5
Ireland (IE)	3	445	1,647	2	3.7
Switzerland (CH)	1	206	957	1	4.6
Netherlands (NL)	1	189	1,228	2	6.5
<b>Total – Leases</b>	<b>139</b>	<b>30,201</b>	<b>57,226</b>	<b>83</b>	<b>1.9</b>
<b>Own Operations</b>					
Belgium (BE)	7	1,968	4,286	6	2.2
Germany (DE)	5	1,490	3,774	5	2.5
United Kingdom (UK)	5	1,221	2,681	4	2.2
Canada (CA)	1	595	631	1	1.1
Netherlands (NL)	1	216	414	1	1.9
Finland (FI)	1	160	28	0	0.2
<b>Total – Own Operations</b>	<b>20</b>	<b>5,773</b>	<b>11,813</b>	<b>17</b>	<b>2.1</b>
<b>Total</b>	<b>159</b>	<b>35,851</b>	<b>69,039</b>	<b>100</b>	<b>1.9</b>

PORTFOLIO OVERVIEW BY BRAND, 31 DECEMBER 2023

Brand	Number			Countries
	Hotels	Rooms	As % of total	
Scandic	48	10,677	30	SE, NO, FI, DK
Leonardo	38	7,742	22	UK, IE, DE
Hilton	10	3,042	8	SE, FI, UK, BE, CA
Radisson Blu	8	2,033	6	CH, DE, UK, NO, SE
Strawberry	11	1,949	5	SE, NO
NH Hotels	7	1,681	5	AT, BE, DE
Dorint	5	1,085	3	DE
Mercure	3	610	2	DE
Elite Hotels	2	493	1	SE
Holiday Inn	2	469	1	BE, DE
Novotel	2	421	1	DE, NL
Indigo	1	284	1	BE
Crowne Plaza	1	262	1	BE
Pullman	1	252	1	DE
Citybox	1	246	1	BE
Meininger	1	228	1	DK
Scandic Go	1	221	1	SE
Motel One	1	200	1	DK
Frich's	1	176	0	NO
Vienna House Easy	1	150	0	DE
Adagio	1	146	0	UK
Best Western	1	103	0	SE
Independent brands	12	3,166	9	SE, FI, BE, DE, NL, UK
<b>Total</b>	<b>159</b>	<b>35,851</b>	<b>100</b>	<b>12</b>

Strategy and value creation +

Our business +

Market and trends -

Properties +

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● Property portfolio

Change in property value

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## Change in property value

At year-end 2023 Pandox's property portfolio had a total market value of MSEK 69,039 (69,231), of which MSEK 57,226 (57,563) was for investment properties and MSEK 11,813 (11,669) for operating properties. The market value of operating properties is reported for information purposes only and is included in EPRA NRV. Operating properties are recognised at cost less depreciation and any impairment.

At the end of the period the carrying amount of operating properties was MSEK 8,842 (8,450).

At year-end 2023 the average valuation yield amounted to 6.09 (5.58) percent for investment properties and 7.02 (6.50) percent for operating properties.

[Read more about Pandox's valuation of hotel properties on pages 153–158.](#)

### LOW VOLUME IN THE TRANSACTION MARKET IN 2023

The volume in the global hotel transaction market fell in 2023 to the lowest level since 2012 (excluding the pandemic year 2020) as a result of the new higher interest rates and geopolitical instability in Europe.

### Trends in the hotel market in 2024:

- Continued RevPAR recovery for large cities as a result of increased international travel
- Focus on development and expansion of the hotel brands
- Greater focus on green financing

### INCREASED TRANSACTION ACTIVITY EXPECTED IN 2024

JLL expects the global transaction volume to increase by around 15–25 percent in 2024 against a background of falling inflation and possibly lower interest rates from the world's central banks.

Source: JLL Global Hotel Investment Outlook 2024.

### CHANGES IN VALUE - INVESTMENT PROPERTIES

	MSEK
Investment properties, opening balance (1 January 2023)	57,563
+ Acquisitions	330
+ Investments	493
+/- Reclassifications	467
+/- Changes in value	-1,294
+/- Disposals	-228
+/- Change in exchange rates	-105
<b>Investment properties, closing balance (31 December 2023)</b>	<b>57,226</b>

### CHANGES IN VALUE - OPERATING PROPERTIES (REPORTED FOR INFORMATION PURPOSES ONLY)

	MSEK
Operating properties, opening balance (1 January 2023)	11,669
+ Acquisitions	1,246
+ Investments	429
- Divestments	-616
+/- Reclassifications	-467
+/- Changes in value	-386
+/- Change in exchange rates	-62
<b>Operating properties, closing balance (31 December 2023)</b>	<b>11,813</b>

### Climate risk assessment and climate adaptation

#### Climate risk assessment of buildings in connection with acquisitions

Climate change will lead to increased incidence of extreme weather: heat-waves, drought and torrential rain must soon be taken into account in day-to-day operations. It is therefore important right now to analyse how Pandox may be impacted in the future and to plan ways to manage potential effects.

Pandox uses a climate risk tool that analyses and evaluates the Company's exposure to physical climate risk and natural disaster risk. It also identifies which climate adaptation measures need to be carried out at the property level. All properties underwent a desk-top analysis in 2023. For high-risk properties an individual needs analysis is to be conducted to decide whether an on-site assessment is necessary. In 2023 no on-site assessments were conducted. A new needs analysis will be carried out for 2024.

Going forward, climate risk assessment and climate adaptation measures are to form a natural part of Pandox's investment process.

[Read more about climate risk assessment and climate adaptation on pages 99, 100, 105, 108 and 109.](#)

Strategy and value creation	+
Our business	+
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# Property list

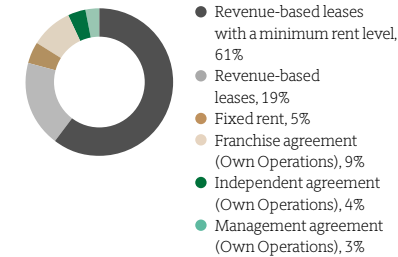
## Leases

Hotel	City	Location	Environmental certification/ environmental management system	Type of agreement	Operator	Brand	Sqm	Number of rooms	Demand
<b>SWEDEN</b>									
Best Western Royal Star, Älvsjö	Stockholm	Congress centre		RM	Private	Best Western	4,900	103	R
Clarion Grand Hotel Helsingborg	Helsingborg	City centre	ISO 14001	RM	Strawberry Hotels	Clarion Hotel	8,555	158	D
Clarion Hotel Grand Östersund	Östersund	City centre	ISO 14001	RM	Strawberry Hotels	Clarion Hotel	8,766	197	D
Elite Park Avenue, Gothenburg	Gothenburg	City centre	Green Key	RM	Elite Hotels	Elite Hotels	21,998	325	R
Elite Stora Hotellet, Jönköping	Jönköping	City centre	Green Key	RM	Elite Hotels	Elite Hotels	11,378	167	D
Hilton Stockholm Slussen	Stockholm	City centre	LightStay, Green Key	R	Hilton	Hilton	18,416	289	R
Quality Hotel Ekoxen	Linköping	City centre	ISO 14001	RM	Strawberry Hotels	Quality Hotel	14,671	208	D
Quality Hotel Grand Borås	Borås	City centre	ISO 14001	RM	Strawberry Hotels	Quality Hotel	9,593	158	D
Quality Hotel Luleå	Luleå	City centre	ISO 14001	RM	Strawberry Hotels	Quality Hotel	12,166	220	D
Quality Hotel Park Södertälje	Södertälje	City centre	ISO 14001	R	Strawberry Hotels	Quality Hotel	10,292	207	D
Quality Hotel Winn Göteborg	Gothenburg	Ring road	ISO 14001	RM	Strawberry Hotels	Quality Hotel	5,800	121	R
Radisson Blu Hotel, Arlandia	Stockholm	Airport	Green Key	RM	Radisson Hospitality	Radisson Blu	15,260	342	R
Radisson Blu Hotel, Malmö	Malmö	City centre	Green Key	RM	Radisson Hospitality	Radisson Blu	18,969	229	D
Scandic Alvik, Stockholm	Stockholm	Ring road	Nordic Swan	RM	Scandic Hotels	Scandic	12,075	324	R
Scandic Backadal, Gothenburg	Gothenburg	Ring road	Nordic Swan	RM	Scandic Hotels	Scandic	9,397	236	R
Scandic Crown, Gothenburg	Gothenburg	City centre	Nordic Swan	R	Scandic Hotels	Scandic	24,380	338	R
Scandic Elmia, Jönköping	Jönköping	Congress centre	Nordic Swan	RM	Scandic Hotels	Scandic	11,230	287	D
Scandic Go Fridhemsplan <sup>1)</sup>	Stockholm	City centre		RM	Scandic Hotels	Scandic Go	6,000	221	R
Scandic Grand, Örebro	Örebro	City centre	Nordic Swan	R	Scandic Hotels	Scandic	12,900	224	D
Scandic Hallandia, Halmstad	Halmstad	City centre	Nordic Swan	R	Scandic Hotels	Scandic	7,617	170	D
Scandic Helsingborg Nord	Helsingborg	Ring road	Nordic Swan	RM	Scandic Hotels	Scandic	9,399	240	D
Scandic Järva Krog, Stockholm	Stockholm	Ring road	Nordic Swan	R	Scandic Hotels	Scandic	11,300	215	R
Scandic Kalmar Väst	Kalmar	Airport	Nordic Swan	RM	Scandic Hotels	Scandic	5,485	150	D
Scandic Kista	Stockholm	City centre	Nordic Swan	R	Scandic Hotels	Scandic	5,517	149	R
Scandic Kramer, Malmö	Malmö	City centre	Nordic Swan	R	Scandic Hotels	Scandic	7,441	113	D
Scandic Kungens Kurva, Stockholm	Stockholm	Ring road	Nordic Swan	RM	Scandic Hotels	Scandic	11,581	260	R
Scandic Linköping Väst	Linköping	Ring road	Nordic Swan	RM	Scandic Hotels	Scandic	6,105	153	D
Scandic Luleå	Luleå	Ring road	Nordic Swan, BREEAM Very Good	RM	Scandic Hotels	Scandic	11,313	273	D
Scandic Malmen, Stockholm	Stockholm	City centre	Nordic Swan	RM	Scandic Hotels	Scandic	15,130	332	R
Scandic Mölndal, Gothenburg	Gothenburg	City centre	Nordic Swan	R	Scandic Hotels	Scandic	11,000	208	R
Scandic Norrköping Nord	Norrköping	Ring road	Nordic Swan	RM	Scandic Hotels	Scandic	6,768	151	D
S <sup>1</sup> candic Park Stockholm	Stockholm	City centre	Nordic Swan	R	Scandic Hotels	Scandic	12,290	203	R
Scandic Plaza, Borås	Borås	City centre	Nordic Swan	R	Scandic Hotels	Scandic	10,592	204	D
Scandic S:t Jörgen, Malmö	Malmö	City centre	Nordic Swan	RM	Scandic Hotels	Scandic	24,401	288	D
Scandic Segeväng, Malmö	Malmö	Ring road	Nordic Swan	RM	Scandic Hotels	Scandic	6,284	169	D
Scandic Skärholmen	Stockholm	City centre	Nordic Swan	R	Scandic Hotels	Scandic	7,400	208	R
Scandic Star Sollentuna	Stockholm	City centre	Nordic Swan	RM	Scandic Hotels	Scandic	18,573	270	R
Scandic Sundsvall Nord	Sundsvall	Ring road	Nordic Swan	RM	Scandic Hotels	Scandic	4,948	169	D
Scandic Södertälje	Södertälje	Ring road	Nordic Swan	RM	Scandic Hotels	Scandic	5,630	131	D
Scandic Winn, Karlstad	Karlstad	City centre	Nordic Swan	R	Scandic Hotels	Scandic	10,580	199	D
Scandic Örebro Väst	Örebro	Ring road	Nordic Swan	RM	Scandic Hotels	Scandic	7,621	212	D
Vildmarkshotellet, Kolmården	Norrköping	Resort	Nordic Swan	RM	Parks & Resorts	Independent	10,300	213	D

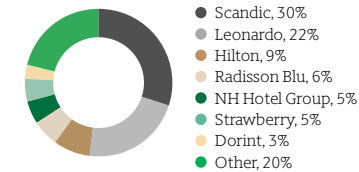
<sup>1)</sup> Lease with Scandic and the Scandic Go brand takes effect in the second half of 2024.

### Facts – total Pandox portfolio

#### Rooms by agreement type, 31 December 2023



#### Rooms by brand, 31 December 2023



Key	
R	Revenue-based
RM	Revenue-based with contractual minimum rent
RP	Revenue-based and profit-based
P	Profit-based
F	Fixed
IP	International profit-based
M	Management agreement
FR	Franchise agreement
AM	Asset management agreement
D	Domestic
R	Regional
I	International

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Hotel	City	Location	Environmental certification/ environmental management system	Type of agreement	Operator	Brand	Number Sq m of rooms	Demand	
<b>NORWAY</b>									
Clarion Collection Hotel Arcticus	Harstad	City centre	ISO 14001	RM	Strawberry Hotels	Clarion Collection Hotel	5,034	112	D
Clarion Collection Hotel Bastion	Oslo	City centre	ISO 14001	R	Strawberry Hotels	Clarion Collection Hotel	4,688	99	R
Comfort Hotel Børsparken	Oslo	City centre	ISO 14001	RM	Strawberry Hotels	Comfort Hotel	9,736	248	R
Comfort Hotel Bergen	Bergen	City centre	ISO 14001	RM	Strawberry Hotels	Comfort Hotel	5,920	159	D
Scandic Alexandra, Molde	Molde	City centre		R	Scandic Hotels	Scandic	18,356	165	D
Radisson Blu Hotel, Bodø	Bodø	City centre	Green Key	RM	Radisson Hospitality	Radisson Blu	15,546	191	D
Scandic Kokstad, Bergen	Bergen	Airport	Nordic Swan	R	Scandic Hotels	Scandic	9,654	199	D
Scandic Bodø	Bodø	City centre	Nordic Swan	R	Scandic Hotels	Scandic	8,750	136	D
Scandic Hafjell	Øyer	Resort		R	Scandic Hotels	Scandic	9,540	210	D
Scandic Lillehammer	Lillehammer	City centre	Nordic Swan	R	Scandic Hotels	Scandic	18,000	303	D
Frich's Hotel Hamar <sup>1)</sup>	Hamar	Ring road	Nordic Swan	RM	Frich's	Frich's	9,250	176	D
Scandic Solli, Oslo	Oslo	City centre	Nordic Swan	RM	Scandic Hotels	Scandic	12,962	226	R
Scandic Sørlandet, Kristiansand	Kristiansand	Resort	Nordic Swan	R	Scandic Hotels	Scandic	9,940	210	D
Scandic Valdres, Fagernes	Fagernes	Resort	Nordic Swan	R	Scandic Hotels	Scandic	10,310	139	D
<b>DENMARK</b>									
Urban House by Meininger Copenhagen	Copenhagen	City centre		RM	MEININGER Hotels	MEININGER	8,158	228	R
Motel One Copenhagen	Copenhagen	City centre	Green Key, ISO 14001, ISO 50001	RM	Motel One	Motel One	7,963	200	R
Hotel Mayfair Copenhagen <sup>2)</sup>	Copenhagen	City centre	BREEAM (certification in progress)	RM	Strawberry Hotels (from 2024)	Hobo (from 2024)	7,465	203	R
Scandic Copenhagen	Copenhagen	City centre	Nordic Swan	R	Scandic Hotels	Scandic	31,500	486	R
Scandic Glostrup	Copenhagen	Ring road	Nordic Swan	R	Scandic Hotels	Scandic	5,767	120	R
Scandic Hvidovre	Copenhagen	Ring road	Nordic Swan	R	Scandic Hotels	Scandic	9,005	207	R
Scandic Kolding	Kolding	Ring road	Nordic Swan	RM	Scandic Hotels	Scandic	10,472	186	D
Scandic Sluseholmen	Copenhagen	Ring road	Nordic Swan	R	Scandic Hotels	Scandic	14,177	215	R
<b>FINLAND</b>									
Skyline Airport Hotel	Vantaa	Airport		RM	Private	Independent	9,717	215	R
Pilot Airport Hotel	Vantaa	Airport		R	Private	Independent	3,570	109	R
Hilton Helsinki Kalastajatorppa	Helsinki	Ring road	ISO 14001, ISO 50001	RM	Scandic Hotels	Hilton	26,171	238	R
Hilton Helsinki Strand	Helsinki	City centre	ISO 14001, ISO 50001	RM	Scandic Hotels	Hilton	18,450	190	R
Scandic Imatran Valtionhotelli	Imatra	City centre	Nordic Swan	RM	Scandic Hotels	Scandic	12,234	137	D
Scandic Espoo	Espoo	Ring road	Nordic Swan	R	Scandic Hotels	Scandic	6,407	96	D
Scandic Grand Marina, Helsinki	Helsinki	City centre	Nordic Swan	RM	Scandic Hotels	Scandic	29,607	470	R
Scandic Jyväskylä	Jyväskylä	City centre	Nordic Swan	RM	Scandic Hotels	Scandic	8,952	150	D
Scandic Kuopio	Kuopio	City centre	Nordic Swan	RM	Scandic Hotels	Scandic	9,538	137	D
Scandic Park, Helsinki	Helsinki	City centre	Nordic Swan	RM	Scandic Hotels	Scandic	32,271	523	R
Scandic Rosendahl, Tampere	Tampere	Resort	Nordic Swan	R	Scandic Hotels	Scandic	18,348	213	D
Scandic Tampere City	Tampere	City centre	Nordic Swan	RM	Scandic Hotels	Scandic	19,012	263	D

**Key**

R	Revenue-based
RM	Revenue-based with contractual minimum rent
RP	Revenue-based and profit-based
P	Profit-based
F	Fixed
IP	International profit-based
M	Management agreement
FR	Franchise agreement
AM	Asset management agreement
D	Domestic
R	Regional
I	International

<sup>1)</sup> New lease takes effect in the second half of 2024.<sup>2)</sup> New lease with Strawberry Hotels and the Hobo brand takes effect no later than 2025.

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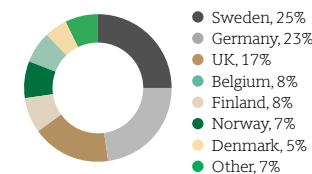


Hotel	City	Location	Environmental certification/ environmental management system	Type of agreement	Operator	Brand	Number Sq.m of rooms	Demand
<b>GERMANY</b>								
Dorint Hotel am Main Taunus Zentrum Frankfurt	Frankfurt	Ring road		F	HR Group	Dorint	13,518	282 R
Dorint Hotel an der Kongresshalle Augsburg	Augsburg	City centre		RM	HR Group	Dorint	9,300	184 D
Dorint Hotel an den Westfalenhalle Dortmund	Dortmund	Congress centre		RM	HR Group	Dorint	14,000	221 D
Dorint Hotel am Dom Erfurt	Erfurt	City centre		RM	HR Group	Dorint	13,100	160 D
Dorint Parkhotel Bad Neuenahr	Bad Neuenahr	Resort		F	HR Group	Dorint	22,496	238 D
Mercure Hotel Frankfurt Airport	Frankfurt	Airport		F	HR Group	Mercure	5,325	150 R
Mercure Hotel Frankfurt Eschborn Ost	Frankfurt	City centre		F	HR Group	Mercure	10,000	224 R
Mercure Hotel München Neuperlach	Munich	City centre		F	HR Group	Mercure	12,172	253 R
Pullman Hotel Stuttgart Fontana	Stuttgart	City centre	Certified Green Hotel	F	HR Group	Pullman	13,666	252 R
Mercure Hotel Schweinfurt Maininsel	Schweinfurt	City centre	Green Key	F	HR Group	Mercure	9,929	133 D
Leonardo Hotel Aachen	Aachen	City centre		RM	Fattal Hotel Group	Leonardo Hotels	5,320	99 D
Leonardo Hotel Düsseldorf Airport Ratingen	Düsseldorf	Airport	Green Key	RM	Fattal Hotel Group	Leonardo Hotels	9,900	199 R
Leonardo Hotel Düsseldorf City Center	Düsseldorf	City centre	Green Key	RM	Fattal Hotel Group	Leonardo Hotels	10,544	134 R
Leonardo Hotel Frankfurt City South	Frankfurt	Airport		RM	Fattal Hotel Group	Leonardo Hotels	15,800	295 R
Leonardo Hotel Hamburg City Nord	Hamburg	City centre	Green Key	RM	Fattal Hotel Group	Leonardo Hotels	9,237	182 R
Leonardo Hotel Hannover	Hannover	City centre	Green Key	RM	Fattal Hotel Group	Leonardo Hotels	10,350	178 D
Leonardo Hotel Hannover Airport	Hannover	Airport	Green Key	RM	Fattal Hotel Group	Leonardo Hotels	11,777	214 D
Leonardo Hotel Heidelberg	Heidelberg	City centre		RM	Fattal Hotel Group	Leonardo Hotels	9,484	169 D
Leonardo Hotel Heidelberg-Walldorf	Heidelberg	City centre	Green Key	RM	Fattal Hotel Group	Leonardo Hotels	7,966	161 D
Leonardo Hotel Karlsruhe	Karlsruhe	City centre	Green Key	RM	Fattal Hotel Group	Leonardo Hotels	8,857	147 D
Leonardo Hotel Köln-Bonn Airport	Cologne	Airport	Green Key	RM	Fattal Hotel Group	Leonardo Hotels	7,900	177 R
Leonardo Hotel Mannheim City Center	Mannheim	City centre		RM	Fattal Hotel Group	Leonardo Hotels	10,300	148 D
Leonardo Hotel Mönchengladbach	Mönchengladbach	City centre		RM	Fattal Hotel Group	Leonardo Hotels	6,018	128 D
Leonardo Royal Hotel Baden-Baden	Baden-Baden	City centre	Green Key	RM	Fattal Hotel Group	Leonardo Royal	8,300	121 D
Leonardo Royal Hotel Düsseldorf Königsallee	Düsseldorf	City centre	Green Key	RM	Fattal Hotel Group	Leonardo Royal	20,771	253 R
Leonardo Royal Hotel Frankfurt	Frankfurt	City centre		RM	Fattal Hotel Group	Leonardo Royal	24,000	449 R
Leonardo Royal Hotel Köln Am Stadtwald	Cologne	City centre	Green Key	RM	Fattal Hotel Group	Leonardo Royal	9,500	150 R
Leonardo Hotel Wolfsburg City Center	Wolfsburg	City centre	Green Key	RM	Fattal Hotel Group	Leonardo Hotels	19,275	343 D
NH Collection Hamburg	Hamburg	City centre	Bioscore	F	NH Hotel Group	NH Collection	11,611	129 R
NH Frankfurt Airport	Frankfurt	Airport	Bioscore	RM	NH Hotel Group	NH	14,564	158 R
NH Munich Airport	Munich	Airport	Bioscore	RM	NH Hotel Group	NH	7,148	236 R
Radisson Blu Hotel, Cologne	Cologne	Congress centre	Green Key	RM	Radisson Hospitality	Radisson Blu	29,600	393 R
Scandic Nürnberg Central <sup>1)</sup>	Nuremberg	City centre	rightandfair, ISO 14040	RM	Scandic Hotels	Scandic	14,795	311 D

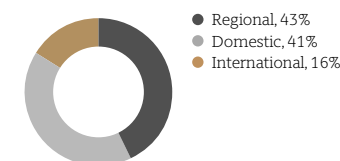
<sup>1)</sup> Formerly Hotel Pomander, Nuremberg

Facts – total Pandox portfolio

Rooms by country,  
31 December 2023



Rooms by demand type,  
31 December 2023



Key	
R	Revenue-based
RM	Revenue-based with guaranteed minimum rent
RP	Revenue-based and profit-based
P	Profit-based
F	Fixed
IP	International profit-based
M	Management agreement
FR	Franchise agreement
AM	Asset management agreement
D	Domestic
R	Regional
I	International

Strategy and value creation +

Our business +

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Properties +

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Property portfolio

Change in property value

● Property list

Governance +

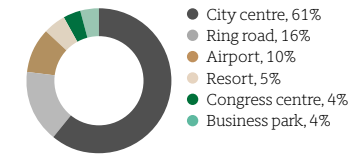
Financial +



Hotel	City	Location	Environmental certification/ environmental management system	Type of agreement	Operator	Brand	Number Sq.m of rooms	Demand	
<b>UNITED KINGDOM</b>									
<b>England</b>									
Hilton London Heathrow Airport	London	Airport	ISO 14001, ISO 50001	R	Hilton	Hilton	25,090	398	I
Leonardo Royal Hotel Birmingham	Birmingham	City centre	Green Tourism Gold	RM	Fattal Hotel Group	Leonardo Royal	27,455	445	R
Leonardo Hotel Bradford	Bradford	City centre	Green Tourism Silver	RM	Fattal Hotel Group	Leonardo Hotels	6,092	198	D
Leonardo Royal Hotel Brighton Waterfront	Brighton	City centre	Green Tourism Silver	RM	Fattal Hotel Group	Leonardo Royal	11,866	210	R
Leonardo Hotel Cheltenham	Cheltenham	City centre	Green Tourism Silver	RM	Fattal Hotel Group	Leonardo Hotels	6,416	122	D
Leonardo Hotel East Midlands Airport	East Midlands	Airport	Green Tourism Silver	RM	Fattal Hotel Group	Leonardo Hotels	7,869	164	D
Leonardo Hotel and Conference Venue Hinckley Island	Hinckley	Ring road	Green Tourism Silver	RM	Fattal Hotel Group	Leonardo Hotels	28,290	362	D
Leonardo Hotel Leeds	Leeds	City centre	Green Tourism Silver	RM	Fattal Hotel Group	Leonardo Hotels	13,615	248	D
Leonardo Hotel London Croydon	London	City centre	Green Tourism Silver	RM	Fattal Hotel Group	Leonardo Hotels	12,749	240	I
Leonardo Hotel Manchester	Manchester	City centre	Green Tourism Gold	RM	Fattal Hotel Group	Leonardo Hotels	10,160	265	R
Leonardo Hotel Middlesbrough	Middlesbrough	City centre	Green Tourism Bronze	RM	Fattal Hotel Group	Leonardo Hotels	8,625	132	D
Leonardo Royal Hotel Oxford	Oxford	Ring road	Green Tourism Silver	RM	Fattal Hotel Group	Leonardo Royal	16,755	240	R
Leonardo Hotel Sheffield	Sheffield	City centre	Green Tourism Silver	RM	Fattal Hotel Group	Leonardo Hotels	11,600	259	D
Leonardo Hotel Swindon	Swindon	City centre	Green Tourism Silver	RM	Fattal Hotel Group	Leonardo Hotels	9,589	229	D
The Midland Hotel, Manchester	Manchester	City centre	Green Tourism Bronze	RM	Fattal Hotel Group	Independent	34,500	312	R
<b>Northern Ireland</b>									
Leonardo Hotel Belfast	Belfast	City centre	Green Tourism Bronze	RM	Fattal Hotel Group	Leonardo Hotels	13,023	270	D
<b>Scotland</b>									
Leonardo Hotel Glasgow	Glasgow	City centre	Green Tourism Silver	RM	Fattal Hotel Group	Leonardo Hotels	14,645	321	R
Leonardo Hotel Inverness	Inverness	City centre	Green Tourism Silver	RM	Fattal Hotel Group	Leonardo Hotels	4,993	118	D
Aparthotel Adagio Edinburgh Royal Mile	Edinburgh	City centre		RM	Adagio	Aparthotel Adagio	8,720	146	R
<b>Wales</b>									
Leonardo Hotel Cardiff	Cardiff	City centre	Green Tourism Silver	RM	Fattal Hotel Group	Leonardo Hotels	10,400	142	D
<b>IRELAND</b>									
Leonardo Hotels Cork	Cork	City centre	Green Tourism Silver	RM	Fattal Hotel Group	Leonardo Hotels	4,708	133	D
Leonardo Hotels Dublin Christchurch	Dublin	City centre	Green Tourism Bronze	RM	Fattal Hotel Group	Leonardo Hotels	6,475	182	I
Leonardo Hotels Galway	Galway	City centre	Green Tourism Silver	RM	Fattal Hotel Group	Leonardo Hotels	5,107	130	R
<b>OTHER</b>									
<b>Belgium</b>									
nhow Brussels Bloom	Brussels	City centre	Bioscore	RM	NH Hotel Group	NH	26,963	305	I
NH Brussels EU Berlaymont	Brussels	City centre	Green Key	RM	NH Hotel Group	NH	10,827	214	I
Citybox Brussels <sup>1)</sup>	Brussels	City centre		RM	Pandox	Citybox (from 2024)	9,248	246	I
<b>Netherlands</b>									
Park Centraal Amsterdam	Amsterdam	City centre		RM	Grand City Hotels	Independent	10,811	189	I
<b>Switzerland</b>									
Radisson Blu Hotel, Basel	Basel	City centre		RM	Radisson Hospitality	Radisson Blu	19,493	206	R
<b>Austria</b>									
NH Collection Salzburg City	Salzburg	City centre	Bioscore	RM	NH Hotel Group	NH Collection	7,301	140	R
NH Vienna Airport	Vienna	Airport	Bioscore	RM	NH Hotel Group	NH	22,208	499	I

Facts – total Pandox portfolio

Rooms by location,  
31 December 2023



Key	
R	Revenue-based
RM	Revenue-based with contractual minimum rent
RP	Revenue-based and profit-based
P	Profit-based
F	Fixed
IP	International profit-based
M	Management agreement
FR	Franchise agreement
AM	Asset management agreement
D	Domestic
R	Regional
I	International

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Our business +

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Properties +

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<sup>1)</sup> Formerly Hotel Pomander, Nuremberg





### Own Operations

Hotel	City	Location	Environmental certification/ environmental management system	Type of agreement	Operator	Brand	Number Sq m of rooms	Demand	
<b>BELGIUM</b>									
Crowne Plaza Antwerp	Antwerp	Ring road	Green Key, IHG Green Engage, SafeGuard, BREEAM In-Use Very Good	FR	Pandox	Crowne Plaza	18,340	262	D
DoubleTree by Hilton Brussels City	Brussels	City centre	Green Key, IHG Green Engage, SafeGuard	FR	Pandox	DoubleTree by Hilton	28,095	354	I
Hilton Grand Place Brussels	Brussels	City centre	Green Key, ISO 14001, ISO 50001, Green Tourism, BREEAM In-Use Very Good	FR	Pandox	Hilton	22,186	224	I
Holiday Inn Brussels Airport	Brussels	Airport	Green Key, IHG Green Engage, BREEAM certification in progress	FR	Pandox	Holiday Inn	21,072	310	I
Hotel Hubert Brussels	Brussels	City centre	Green Key, BREEAM In-Use Very Good	IP	Pandox	Independent	4,650	100	I
Hotel Indigo Brussels City	Brussels	City centre	Green Key, SafeGuard, BREEAM In-Use Very Good	FR	Pandox	Indigo	13,850	284	I
The Hotel Brussels	Brussels	City centre	Green Key, BREEAM In-Use Very Good	IP	Pandox	Independent	35,612	421	I
<b>FINLAND</b>									
Hotel Korpilampi, Espoo	Espoo	Resort	Green Key, BREEAM In-Use Very Good	IP	Pandox	Independent	12,918	160	D
<b>CANADA</b>									
DoubleTree by Hilton Montreal	Montreal	City centre	Green Key, SafeGuard	FR	Pandox	DoubleTree by Hilton	44,148	595	I
<b>NETHERLANDS</b>									
Novotel Den Haag World Forum	The Hague	Congress centre		M	Grape Hospitality	Novotel	10,500	216	R
<b>UNITED KINGDOM</b>									
<b>England</b>									
Hilton Garden Inn London Heathrow Airport	London	Airport	Green Key, BREEAM In-Use Very Good	FR	Pandox	Hilton Garden Inn	14,733	364	I
DoubleTree by Hilton Bath	Bath	City centre	Green Tourism (certification in progress)	M	Axiom Hospitality	DoubleTree by Hilton	7,266	176	R
The Queens Hotel, Leeds	Leeds	City centre	Green Tourism (certification in progress)	M	Axiom Hospitality	Independent	20,159	232	D
<b>Northern Ireland</b>									
Hilton Belfast	Belfast	City centre	Green Tourism (certification in progress)	M	Axiom Hospitality	Hilton	14,870	202	R
<b>Scotland</b>									
Radisson Blu Hotel, Glasgow	Glasgow	City centre	Green Tourism Silver, BREEAM In-Use Very Good	M	Radisson Hospitality	Radisson Blu	20,261	247	R
<b>GERMANY</b>									
Holiday Inn Lübeck	Lübeck	Ring road	IHG Green Engage, BREEAM In-Use Very Good	FR	Pandox	Holiday Inn	7,022	159	D
Hotel Berlin, Berlin	Berlin	City centre	Green Key, BREEAM In-Use Very Good	IP	Pandox	Independent	42,610	701	I
Novotel Hannover	Hannover	City centre	Green Key, SafeGuard	M	Grape Hospitality	Novotel	13,048	205	D
Radisson Blu Hotel, Bremen	Bremen	City centre	Green Key, BREEAM In-Use Very Good	FR	Pandox	Radisson Blu	21,000	235	D
Radisson Blu Hotel, Dortmund	Dortmund	Congress centre	Green Key, BREEAM In-use Very Good, SafeGuard	FR	Pandox	Radisson Blu	9,100	190	D
<b>Total square metres:</b>							2,102,973		

### External management agreements

Hotel	City	Location	Environmental certification/ environmental management system	Type of agreement	Operator	Brand	Number Sq m of rooms	Demand	
<b>BAHAMAS</b>									
Pelican Bay, Grand Bahama Island <sup>1)</sup>	Lucaya	Resort	Clean & Pristine	AM	Sundt AS	Independent	NM	186	

<sup>1)</sup> Owned by Sundt AS, a related party of Helene Sundt AS and CGS Holding AS, a principal shareholder in Pandox. Pandox is paid based on a percentage of the hotel's revenues.

Pandox's own brands,  
31 December 2023

## The Hotel.

BRUSSELS

### Hotel Berlin, Berlin

Hotel Hubert  
Grand Place

HOTEL  
mayfair



HOTELLI  
KORPILAMPI

## Hotel Pomander

#### Key

- R Revenue-based
- RM Revenue-based with contractual minimum rent
- RP Revenue-based and profit-based
- P Profit-based
- F Fixed
- IP International profit-based
- M Management agreement
- FR Franchise agreement
- AM Asset management agreement
- D Domestic
- R Regional
- I International

Strategy and value creation +

Our business +

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HOTELISM BY PANDOX

# 5

## Governance

Pandox is a Swedish public limited company, which means that its corporate governance is based primarily on the rules set out in the Swedish Companies Act and on internal instructions and policies. Pandox follows the Swedish Corporate Governance Code and the Nasdaq Rule Book for Issuers.



The Queens Hotel, Leeds

- Strategy and value creation +

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- Our business +

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- Market and trends -

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- Properties +

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- Governance +
  - From the Chair
  - Corporate Governance Report
  - Board of Directors and auditor
  - Senior executives
  - Risk and risk management

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- Financial +



# A good year for Pandox

Dear shareholders,

2023 was a good year for Pandox. Demand in the hotel market was stable with strong development in average room rates, resulting in good growth in both revenue and net operating income. Our variable revenue model largely compensated for both higher interest expense and higher valuation yields. We reintroduced a dividend of SEK 2.50 per share in April 2023 and the total return on the share was 29 percent, which was higher than the relevant comparison indices on Nasdaq Stockholm.

## An active year for the Board

2023 was a year in which we worked on multiple strategic matters simultaneously. The most important ones are outlined below:

- **Refinancing**, with the Board and Finance Committee supporting executive management in securing refinancing for a total equivalent to around MSEK 15,337 with banking partners in various countries. This increased the average repayment period to 2.3 years. During the year the Board also helped to put in place interest rate hedges for a larger portion of Pandox's loan portfolio than previously.
- **Sustainability**, where fast progress was made driven by business considerations and new regulatory requirements. The Board decided on science-based targets for Scope 1–3, and in November these were approved by the Science Based Targets initiative (SBTi). Even before the

targets were approved, we decided on a transformative investment programme for our Own Operations segment of around MEUR 29, with a good return. Based on the programme, we expect this segment to be well-positioned to reach the SBTi target of a 42 percent emissions reduction by 2030, compared with the base year 2022. Based on our science-based targets we also sustainability linked around MSEK 2,200 of our existing bank loans with SEB and Swedbank. We intend to increase the percentage of sustainability-linked loans over the next few years.

- **Acquisition** of three hotel properties, two of which are in the UK and one in Sweden. The acquisitions are important because they lay the foundation for future growth. The return potential from these acquisitions is good, even in a climate of higher financing costs than in the past. In general the level of activity in the hotel transaction market is low and prices are stable, which means that it is difficult to find acquisition prospects at low valuations.
- **Divestments** are an important source of capital that can be reallocated to investments with a higher return potential. In a transaction market which in 2023 was on the back burner, we completed the divestment of Intercontinental Montreal at around 20 percent above book value.
- **Investments** in the existing portfolio play an important role in Pandox's value-



“Travel, experiences and coming together are strong drivers for an open, inclusive and forward-looking society”

creation. Here, the Board is involved in both decisions and subsequent follow-up. We currently have a strong pipeline with high-yield projects that will make a positive contribution to Pandox's growth as soon as in 2024, with their full effect in 2026.

- **Board recruitment**, the Board having increased its size to seven members through the election at the Annual General Meeting of Ulrika Danielsson (CFO, Atrium Ljungberg). Ulrika brings valuable knowledge and experience from property, financing and sustainability in a listed environment.

## A new normal

The hotel market has largely returned to the 2019 level, which means we can now put the pandemic behind us. A lot has changed – both financially and geopolitically – and comparisons with 2019 are no longer fully relevant. We have reached a

new normal in the hotel market and this is what we are basing our strategic planning on.

Travel, experiences and coming together are strong drivers for an open, inclusive and forward-looking society, and this is also something that Pandox, through its hotel properties, contributes to every day.

Pandox is strong both commercially and financially, and I'm pleased that the Board can propose a dividend of SEK 4.00 per share for the 2023 financial year.

I would like to thank our CEO Liia Nõu and all Pandox employees for all of their valuable efforts during the year. I would also like to extend my gratitude to our shareholders and all other stakeholders for great cooperation.

Oslo, March 2024

**Christian Ringnes**

Strategy and value creation	+
Our business	+
Market and trends	-
Properties	+
Governance	+
<ul style="list-style-type: none"> <li>● From the Chair</li> <li>Corporate Governance Report</li> <li>Board of Directors and auditor</li> <li>Senior executives</li> <li>Risk and risk management</li> </ul>	
Financial	+



# Corporate Governance Report

Pages 71–77 constitute the Company's Corporate Governance Report and have not been audited by the Company's auditor. Good corporate governance is about ensuring that a company is managed as responsibly and efficiently as possible on behalf of the shareholders. Corporate governance determines how rights and responsibilities are distributed among a company's various bodies in accordance with internal processes and the laws and regulations in effect. Pandox AB (publ) is a Swedish public limited company headquartered in Stockholm with shares listed on Nasdaq Stockholm. Corporate governance within Pandox is based on Swedish laws, the Articles of Association, the Nasdaq Rule Book for Issuers and the Swedish Corporate Governance Code ("the Code"). The Code is available at [www.corporate-governanceboard.se](http://www.corporate-governanceboard.se) and describes good practices in the stock market. Pandox complies with the Code with no deviations.

In 2023 no breaches of applicable stock market rules or of good practices in the stock market were reported by Nasdaq Stockholm's Disciplinary Committee or by the Swedish Securities Council in relation to Pandox.

## SHAREHOLDERS AND THE SHARE

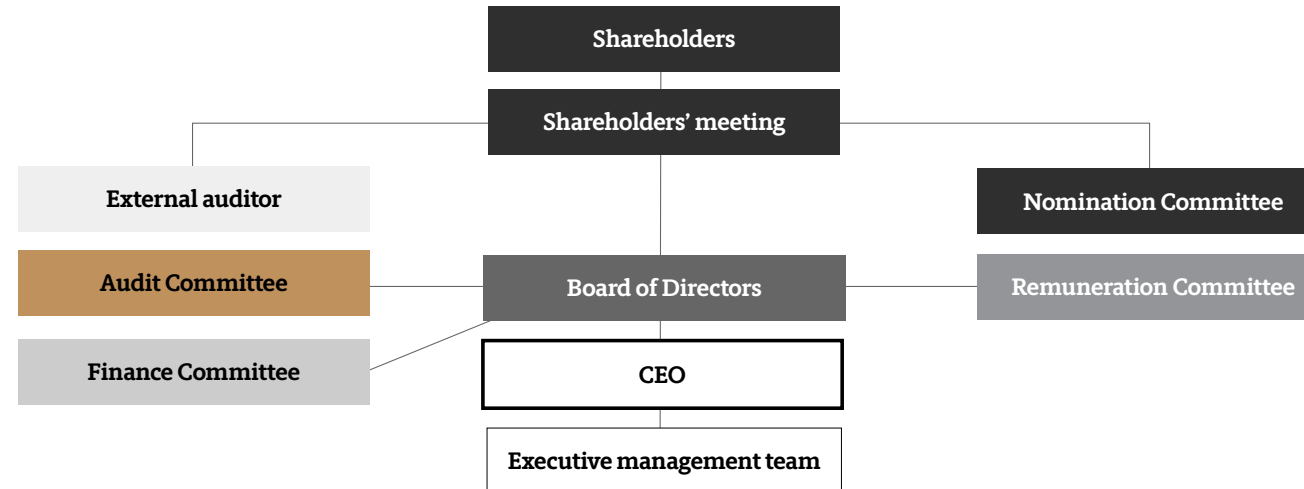
The Pandox class B share was listed on Nasdaq Stockholm on 18 June 2015 in the Large Cap segment. The Company's share capital amounted to SEK 459,624,998 as of 31 December 2023, distributed among 75,000,000 class A shares and 108,849,999 class B shares. Each class A share entitles the holder to three votes at shareholders' meetings, while each class B share entitles the holder to one vote at shareholders' meetings.

Pandox's Articles of Association contain a conversion clause and a pre-emption clause for Pandox's class A shares. All class B shares are transferable without restriction.

At the end of 2023 the following shareholders had direct or indirect ownership representing 10 percent or more of the voting rights for all shares in the Company:

Holding on 31 December 2023	% of votes
Eiendomsspar AS	37
Helene Sundt AB	18
Christian Sundt AB	18

## Overall corporate governance structure



At year-end the Company's market capitalisation, calculated for both class A and class B shares, amounted to MSEK 27,651 (23,976).

## SHAREHOLDERS' MEETING

The shareholders' meeting is Pandox's highest decision-making body, where the shareholders are entitled to make decisions on Pandox's affairs. Decisions at a shareholders' meeting are normally taken by simple majority, i.e. with the support of half of the votes cast at the meeting. In certain matters, however, Sweden's Companies Act requires proposals to be approved by a greater share of the votes. According to the Articles of Association, notice of shareholders' meetings is to be issued through an announcement in Post- och Inrikes Tidningar (Sweden's official gazette) and published on Pandox's website [pandox.se](http://pandox.se). An announcement is also to be placed in the Swedish national daily newspaper Svenska Dagbladet, to inform the public that a notice has been issued.

Once the date and location of the shareholders' meeting has been established, the details are to be published on

Pandox's website no later than in connection with the third quarter interim report. The 2024 AGM will be held in Stockholm on 10 April 2024.

## Annual General Meeting 2023

Pandox's last Annual General Meeting took place on 12 April 2023 in Stockholm. At the 2023 AGM, resolutions passed included the following:

- Adoption of the income statement and balance sheet, and of the consolidated income statement and consolidated balance sheet.
- Appropriation of the Company's profit according to the adopted balance sheet and that no dividend be paid to shareholders.
- Re-election to the Board of Christian Ringnes (Chair), Jakob Iqbal, Jon Rasmus Aurdal, Ann-Sofi Danielsson, Bengt Kjell and Jeanette Dyhre Kvisvik, and election of Ulrika Daniels-son as a new board member.
- Fees for the Board: SEK 865,000 to the Chair, SEK 660,000 to the Vice Chair and SEK 455,000 to each of the other members

Strategy and value creation	+
Our business	+
Market and trends	-
Properties	+
Governance	+
From the Chair	
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Board of Directors and auditor	
Senior executives	
Risk and risk management	
Financial	+





- Fees for the Audit Committee: SEK 160,000 for the chair of the Audit Committee and SEK 80,000 to each of the other members
- Fees for the Remuneration Committee: SEK 51,000 to be paid to the two members of the committee.
- Fees for the Finance Committee: SEK 160,000 to the chair of the committee and SEK 80,000 each to the other two members of the committee.
- Re-election of auditor: accounting firm PwC with Patrik Adolfson as auditor-in-charge.
- Authorisation for the Board of Directors to issue new shares amounting to a maximum of 10 percent of the total number of shares outstanding.
- Approval of remuneration report
- Adoption of principles for appointing the Nomination Committee in advance of the 2024 Annual General Meeting

The full minutes of shareholders' meetings are available on Pandox's website.

#### BOARD OF DIRECTORS

Pandox's Board of Directors is responsible for the Company's administration and organisational structure. This includes the following:

- Establishing Pandox's overall objectives and strategies
- Appointing, evaluating and, if necessary, dismissing the CEO
- Ensuring effective monitoring and control systems for Pandox's business
- Ongoing evaluation of performance and financial position
- Ensuring that the annual reports and interim reports are correct, reliable and relevant.

Board members are elected at the AGM for the period until the conclusion of the following AGM. According to Pandox's Articles of Association, the Board of Directors, to the extent it is elected by the shareholders' meeting, is to consist of at least four and not more than eight members with no deputies.

The Chair of the Board of Pandox is elected by the AGM. The Chair is responsible for ensuring that the Board's work is well-organised and efficient.

The Board works according to written work procedures which are revised annually and adopted at the statutory board meeting. The work procedures regulate, among other things,

types of meetings, functions and the distribution of duties between the board members and the CEO. In conjunction with the statutory meeting the Board also adopts instructions for the CEO as well as instructions for financial reporting.

The Board holds meetings based on a schedule established annually, normally aligned with Pandox's strategy and budget process as well as the Company's financial calendar. Additional board meetings may be convened to manage time-critical issues that require board decisions, such as on acquisitions, divestment and raising capital.

👉 For a presentation of the board members, see pages 78–79.

#### Work of the Board of Directors

The Board held ten meetings during the year, one of which was the statutory meeting. At the statutory board meeting Bengt Kjell was re-elected as Vice Chair of the Board.

The Board regularly conducts an evaluation of its work methods and procedures to ensure that the Board has the requisite expertise and efficient processes for good decisions. The result of the evaluation is reported to the Nomination Committee and provides substantive information on which the Committee can base its work. The Board has determined that the members have appropriate and complementary expertise taking into account Pandox's operations, and this opinion is shared by the Nomination Committee.

The Board has clear guidelines on how to avoid conflicts of interest. These are described in the document containing the work procedures for the Board and cover topics such as the secrecy obligation, the loyalty obligation, disqualification and insider trading. The stakeholders are informed of any conflicts of interest in the Annual Report. No cases of conflicts of interest were discovered in 2023.

In the area of sustainability, feedback is provided to the Board through a six-monthly board report and an annual oral presentation by the SVP, Director of Sustainable Business. From 2024 onwards this will also be a standing agenda item at Audit Committee meetings.

Since the start of 2022 climate adaptation risks have been an important component in the Company's overall risk assessment. The results of the assessment were reported to the Board of Directors during the year and will be reported on annually along with action plans produced.

In 2023 interviews were conducted with all of the Board members and with the CEO. The conclusion was that the Board is working efficiently and that the members complement each other's strengths.

The Nomination Committee applied rule 4.1 of the Code as a diversity policy when preparing its proposal for the Board of Directors, the objective being for the Board to be composed of members of varying ages, genders and geographical origins, and to represent a range of educational and professional backgrounds.

Three of the seven members of Pandox's Board are women. The Nomination Committee has determined that the Board of Directors meets the requirements of the Code concerning independence.

#### Audit Committee

On 12 April 2023 Pandox appointed an Audit Committee consisting of Ann-Sofi Danielsson (chair), Ulrika Danielsson and Jon Rasmus Aurdal. The Audit Committee's duties, without affecting the Board's general responsibilities and duties, include overseeing Pandox's financial reporting and the efficiency of Pandox's internal control and risk management, staying informed about the audit of the annual accounts and consolidated accounts, reviewing and monitoring the auditor's impartiality and independence, and paying particular attention when the auditor provides Pandox with services other than audit services, as well as assisting in drafting proposals for the election of auditors at the AGM. The Audit Committee also examines the Annual Report and interim reports and oversees the audit. The Audit Committee does not perform any auditing tasks.

During the year the Audit Committee examined Pandox's external financial reporting, and also analysed and assessed Pandox's economic, financial and reporting risks on an ongoing basis with a particular focus on revenue, profit, property valuation and the financial position.

The Audit Committee also continued to deal with matters relating to internal control, in terms of structure, tools, organisation and self-assessment. The assessment is that Pandox's work on risk and control was strengthened further through improved procedures, controls and systems, and support provided by the Finance Committee (see below).

In 2023 the Audit Committee held four meetings for which minutes were kept and reported to the Board of Directors.

Strategy and value creation	+
Our business	+
Market and trends	-
Properties	+
Governance	+
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Senior executives	
Risk and risk management	
Financial	+



**Remuneration Committee**

Pandox has a Remuneration Committee consisting of two members: Christian Ringnes (chair) and Jakob Iqbal.

Remuneration Committee duties:

- Preparing for board decisions on remuneration principles and on remuneration and other employment terms for the executive management team.
- Monitoring and evaluating ongoing programmes and programmes concluded during the year for variable remuneration to the executive management team.
- Monitoring and evaluating the application of remuneration guidelines for senior executives that were approved by the AGM, and the applicable remuneration structures and compensation levels within the Company.
- Reviewing and preparing proposals on all share-related incentive schemes to put before the executive management team.

During the year the Remuneration Committee paid special attention to matters relating to salaries and other remuneration for the CEO and executive management team. In addition, any matters concerning incentive schemes for key individuals at Pandox were addressed.

In 2023 the Remuneration Committee held two meetings for which minutes were kept and reported to the Board of Directors.

**Finance Committee**

On 12 April 2023 the Board appointed a Finance Committee consisting of board members Bengt Kjell (chair), Christian Ringnes and Jon Rasmus Aurdal. Pandox’s executive management has the right to participate in discussions but not in decisions and was represented at the Committee’s meetings by the CEO and CFO, among others. The Committee discusses matters of particular significance for Pandox’s financial position, such as refinancing of bank loans, interest rate hedging and the fulfilment of conditions in credit agreements. Experience of the Finance Committee’s work has been good and the Board has again proposed that the Nomination Committee reviews the need for a Finance Committee again in 2024, and that if established the Board members concerned are paid fees at the same level as for the Audit Committee.

In 2023 the Finance Committee held four meetings at which minutes were kept and reported to the Board of Directors.

**Board duties, normal annual cycle**

other than standing items such as status report, investment decisions, liquidity and financing

JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
		<b>1. February</b> <ul style="list-style-type: none"> <li>• Year-end report, Q4</li> <li>• Income statement and balance sheet, full year</li> <li>• Proposed appropriation of profit</li> <li>• Annual Report</li> <li>• Feedback from auditors</li> </ul>	<b>2. March</b> <ul style="list-style-type: none"> <li>• Adoption of Annual Report</li> <li>• Notice of Annual General Meeting</li> </ul>			<b>3. April</b> <ul style="list-style-type: none"> <li>• Interim report, Q1</li> <li>• Audit plan</li> <li>• Review of policies</li> <li>• Forecast/budget outcome</li> </ul> <b>4. April – statutory meeting</b> <ul style="list-style-type: none"> <li>• Board of Directors’ work procedures</li> <li>• CEO instructions</li> <li>• Policies</li> </ul>	<b>5. June</b> <ul style="list-style-type: none"> <li>• Market update</li> </ul>		<b>6. July</b> <ul style="list-style-type: none"> <li>• Interim report, Q2</li> </ul>	<b>7. September</b> <ul style="list-style-type: none"> <li>• Forecast/budget outcome</li> <li>• Strategy</li> </ul>	<b>8. October</b> <ul style="list-style-type: none"> <li>• Interim report, Q3</li> <li>• Feedback from auditors</li> <li>• Forecast/budget outcome</li> </ul>	<b>9. December</b> <ul style="list-style-type: none"> <li>• Investments</li> <li>• Business plan</li> <li>• Budget</li> <li>• Risk assessment</li> </ul>

**Chief Executive Officer and other senior executives**

The Chief Executive Officer (CEO) reports to the Board of Directors and is responsible for Pandox’s day-to-day administration and operations. The allocation of duties between the board members and the CEO is described in Pandox’s work procedures for the Board and instructions for the CEO. Actions that are of an extraordinary nature or that are particularly significant are not considered part of the day-to-day administration and the CEO must prepare information on them and present this to the Board of Directors. The CEO is also responsible for preparing reports and compiling information in advance of board meetings and for reporting at the board meetings. According to the financial reporting instructions, the CEO is responsible for Pandox’s financial reporting and must ensure that the Board receives sufficient information from which to evaluate Pandox’s financial position at all times.

The CEO is to keep the Board continuously informed about Pandox’s performance in terms of revenue and earnings, financial position, liquidity and credit status, important business events, and about every other event, circumstance or situation that may be assumed to be of material importance for Pandox’s shareholders.

**Audit**

Pandox’s auditors are appointed by the shareholders’ meeting and are to examine the Company’s Annual Report and accounting records as well as the administration of the Company by the Board and the CEO. After each financial year, the auditor must submit an audit report for Pandox’s Parent Company and the Pandox Group to the Annual General Meeting. The auditors are appointed by and report to the shareholders’ meeting and are not to allow themselves to be influenced in their work by Pandox’s Board or executive management team.

- Strategy and value creation +
- Our business +
- Market and trends -
- Properties +
- Governance +
  - From the Chair
  - Corporate Governance Report
  - Board of Directors and auditor
  - Senior executives
  - Risk and risk management
- Financial +





The auditors are also responsible for reporting on any instance where a board member or the CEO has been guilty of negligence or has acted in a way that may result in compensation liability.

According to Pandox's Articles of Association, Pandox is to have two auditors and two deputy auditors or one authorised accounting firm as auditor. At the request of the Audit Committee, in 2017 Pandox carried out an auditor procurement process which resulted in the Nomination Committee's proposal to elect the accounting firm of PwC as the Company's new auditor, and this was approved at the 2017 AGM. The 2023 AGM re-elected PwC, with authorised public accountant Patrik Adolfsen as auditor-in-charge.

🔗 *Pandox's auditor is presented in more detail on page 79.*

The Board of Directors meets with Pandox's external auditors, without executive management being present, at least once a year to receive and address the auditors' opinions.

The Audit Committee also meets the auditors on a regular basis to be informed about and address their opinions on the interim reports and the Annual Report, the results of the auditor's scrutiny of internal control over financial reporting and to address other issues.

Pandox has no specific internal audit department. The Board examines the need for such a department on an annual basis. Based on the Audit Committee's assessment, the Board has decided not to establish a specific internal audit department. The Board judges that the established financial processes for monitoring and evaluation of controls that take place within the Group's accounting department ensure that sufficient reliability is achieved in the financial reporting without an independent internal audit department.

### Nomination Committee

The Nomination Committee is a body of the shareholders' meeting and is responsible for submitting proposals for the election of the Chair and other members of the Board, as well as on fees and other remuneration for board assignments for each of the board members. The Nomination Committee is also to provide proposals for the election and compensation of auditors in consultation with the Audit Committee, as well as for the Nomination Committee's composition and how it is convened.

### IMPORTANT POLICIES AND CODES

	Contents
Financial Policy	Principles and rules for financial activity
Insider Policy	Rules and guidelines for managing insider information
Internal and External Privacy Policy	Rules and information on Pandox's processing of personal data
IT and Data Security Policy	Principles and rules for how IT activities are to be conducted and data security ensured
Communication Policy	Principles and rules for internal and external communication
Environmental Policy	Rules and guidelines for Pandox's environmental responsibilities
Code of Conduct for Business Partners	Principles and requirements relating to Pandox's business partners
Code of Conduct for Employees	Principles and requirements relating to Pandox's employees
Anti-Corruption Policy	Principles and requirements relating to Pandox's employees and anti-corruption measures
Human Rights Policy	Pandox's principles and requirements relating to human rights
Guidelines for Whistleblower Service	Describes how employees and external stakeholders can report suspected irregularities
Guidelines for Crisis Communication	Describes how Pandox communicates internally and externally in crisis situations

### PANDOX'S BOARD OF DIRECTORS AND COMMITTEES IN 2023

Name	Fees, SEK 000s	Attendance at meetings			Finance Committee	Independent of the Company <sup>1)</sup>	Independent of owners <sup>2)</sup>
		Board of Directors	Audit Committee	Remuneration Committee			
Christian Ringnes, Chair	996	10 of 10		2 of 2	4 of 4	Yes	No
Jakob Iqbal	506	10 of 10		2 of 2		Yes	No
Jon Rasmus Aurdal	615	10 of 10	4 of 4		4 of 4	Yes	No
Ann-Sofi Danielsson	615	10 of 10	4 of 4			Yes	Yes
Bengt Kjell, Vice Chair	820	9 of 10	1 of 1		3 of 4	Yes	Yes
Jeanette Dyhre Kvisvik	455	10 of 10				Yes	Yes
Ulrika Danielsson <sup>3)</sup>	401	8 of 8	3 of 3			Yes	Yes

<sup>1)</sup> Independent in relation to the Company and the executive management team.

<sup>2)</sup> Independent in relation to the Company's major shareholders.

<sup>3)</sup> Joined the Board at the Annual General Meeting on 12 April 2023.

In accordance with a decision at Pandox's 2023 AGM, the Nomination Committee, in preparation for the 2024 AGM, is to consist of the Chair of the Board and members appointed by the four largest shareholders in terms of voting rights as of 31 July 2023, according to the register of shareholders kept by Euroclear Sweden. The Chair of the Board of Pandox AB is also responsible for convening the first meeting of the Nomination Committee. If a shareholder with the right to appoint a member of the Nomination Committee relinquishes that right, the right to appoint a member is transferred to the largest

shareholder who has not previously had the right to appoint a member of the Nomination Committee. Helene Sundt AB and Christian Sundt AB are represented by the same member of the Nomination Committee. The member appointed by the largest shareholder in terms of voting rights is to be appointed as chair of the Nomination Committee. The composition of the Nomination Committee is to be announced no later than six months before the next AGM. No fees are payable.

Strategy and value creation +

Our business +

Market and trends -

Properties +

Governance +

From the Chair

● Corporate Governance Report

Board of Directors and auditor

Senior executives

Risk and risk management

Financial +

On 12 September 2023 Pandox announced that the Nomination Committee had been appointed in accordance with principles adopted by the AGM and consisted of the following:

- Anders Ryssdal, Eiendomsspar AB (Nomination Committee chair)
- Christian Ringnes, Chair of the Board of Pandox AB
- Leiv Askvig, Helene Sundt AB and Christian Sundt AB jointly
- Dick Bergqvist, AMF
- Camilla Wirth, Alecta

When preparing its proposal for the election of the Board of Directors the Nomination Committee applies what is stated in section 4.1 of the Swedish Corporate Governance Code as a diversity policy and as its objectives in this regard.

Shareholders wishing to submit proposals to the Nomination Committee may do so by email to [valberedningen@pandox.se](mailto:valberedningen@pandox.se) or by post to Pandox AB, Valberedning, PO Box 15, SE-101 20 Stockholm.

The Nomination Committee's proposals to the 2024 AGM are:

- Proposal for election of members of the Board of Directors
- Proposal for election of auditor
- Principles for appointing the Nomination Committee in advance of the 2024 Annual General Meeting

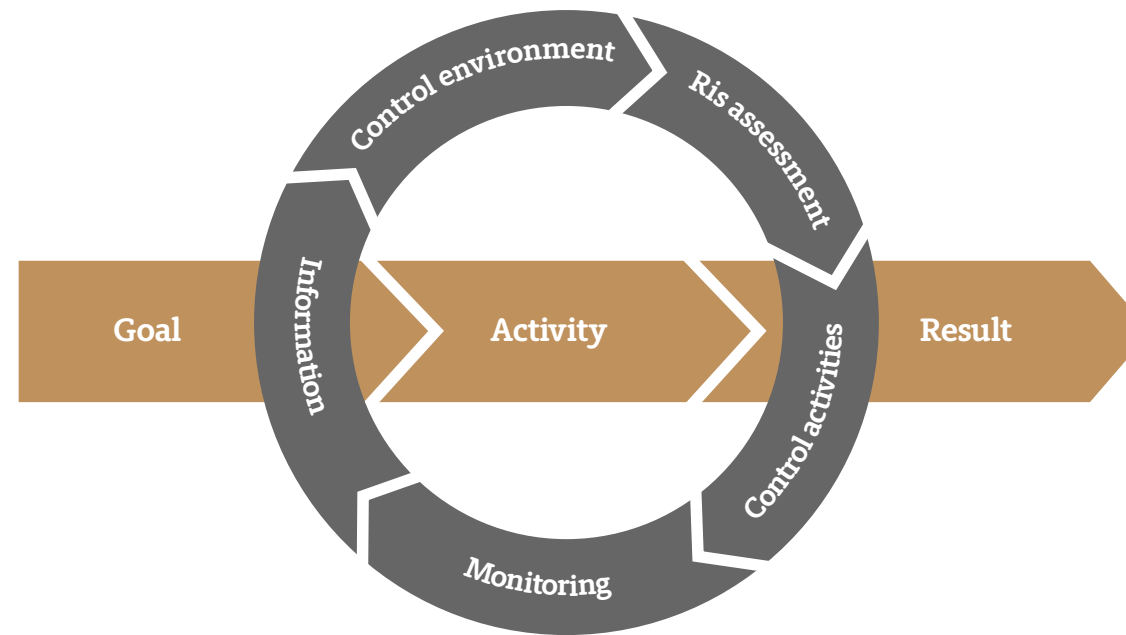
The Nomination Committee's proposals have been published in the notice of the 2024 AGM and on Pandox's website. The AGM will be held on 10 April 2024 in Stockholm.

### INTERNAL CONTROL AND FINANCIAL REPORTING

According to the Swedish Companies Act and the Code, Pandox's Board of Directors is responsible for the Company's internal control. This report has been prepared in accordance with the Annual Accounts Act and the Code and is mainly intended to describe internal control and risk management with respect to financial reporting.

The framework used as a basis for Pandox's work on and description of internal governance and control is COSO, the Committee of Sponsoring Organizations of the Treadway Commission. COSO provides a structure for internal control based on five components: control environment, risk assessment, control activities, monitoring activities, and information and communication.

## Pandox's model for internal control



### Control environment

The Board of Directors has overall responsibility for ensuring good internal control and effective risk management. Every year the Board of Directors adopts work procedures that define the Board's responsibilities and the distribution of duties among the board members. The Board exercises its control primarily by annually adopting policy documents, CEO instructions, delegation rules, instructions for financial reporting, business targets and strategies, as well as business plans and a budget.

The control environment provides a basis for good internal control over financial reporting. Pandox works continually to define, document and adapt an organisational structure, decision paths, responsibilities and powers that strengthen Pandox's corporate culture and control environment.

### Risk assessment

📄 See the section on risk on pages 81–86 and the sustainability statement from page 94.

Risk assessment with respect to financial reporting involves identifying the procedures and income statement and balance sheet items in which there is a risk that errors, incomplete information or irregularities may arise if there is insufficient control built into the routines. Risk assessment includes analysing whether any errors could occur and if so, how they may occur and in which part of the process. Pandox's risk assessment has identified items where the risk of significant errors is the highest. These are items involving substantial transactions or where the processes are highly complex and require strong internal control.

An assessment of the risk of errors in financial reporting is performed annually for each line in the income statement, statement of financial position and cash flow statement. For items that are significant and/or associated with an elevated risk of errors, special procedures are employed to minimise the risks. The three main areas of risk are:

- Property valuation
- Financing activities
- Investment and renovation programmes

Strategy and value creation	+
Our business	+
Market and trends	-
Properties	+
Governance	+
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Financial	+



Pandox has a well-established operational risk model (the Pandox Method). It is used to evaluate and document identified risks associated with the hotel properties and is an important part of Pandox's overall work on risk. Based on an individual business plan for each hotel property, it creates the conditions for increased cash flow and lower risk. The risk model also provides knowledge that can be beneficial when pursuing business opportunities.

The four parts of the Pandox Method are:

- Market analysis
- Market strategy
- Profitability optimisation
- Agreement optimisation

There is an individual business plan for each hotel property. Twice a year a review of all the hotels and properties is performed and the business plan is updated based on the Pandox Method. Recurring operational risk areas are revenue/occupancy, property operation/maintenance, lease issues and investments. The most significant risks are documented in a "Hot Pile" and, where relevant, are followed up at monthly executive management meetings. Topics discussed at the meetings include any impact from macroeconomic forces, the hotel market cycle, geographic exposure and operator/brand exposure, hotel demand, supply of new capacity, competitors etc.

In view of the rapid and sharp increase in market interest rates, property valuation was a focus area for executive management, the board and committees in 2023.

📄 *Further information on property valuation can be found on pages 153–156.*

In its role as an active hotel property owner, Pandox, in cooperation with its lease partners, makes every effort to identify joint investment and renovation programmes to ensure that the hotels are competitive and play a part in increasing cash flow. Pandox takes a long-term perspective and has a structured process for managing, implementing and following up on investments. Pandox normally works according to three- to five-year maintenance plans and also implements specific projects for cash flow-driving investments. For investments exceeding MSEK 10, a memorandum is submitted to the Board for approval. An investment budget is established every year in connection with the preparation of the budget and business plan, which is adopted by the Board of Directors and adjusted

on a quarterly basis. The outcome of the investments is monitored in relation to the budget and reported to the Board.

Interest expense is Pandox's largest expense item. Interest expense is affected by market interest rates and by credit institution margins, as well as by Pandox's strategy with respect to fixed interest rates. With a fairly high proportion of loans in foreign currency, interest expense is also affected by fluctuation in exchange rates.

The majority of Pandox's credit facilities have a variable rate of interest. Interest rate derivatives – mainly interest rate swaps – are used to manage interest rate risk and increase the predictability of Pandox's earnings. Variable interest rates are partially swapped through interest rate swaps, giving Pandox fixed interest rates. Pandox's Board establishes the risk mandate. The risk mandate is reflected in Pandox's Financial Policy and ensures that the Company has access to long-term financing. The Financial Policy is updated annually by the Board of Directors. Pandox works closely with its lenders and external experts to ensure that the Company plans well in advance with respect to its financing requirements.

In connection with Pandox's annual strategy and budgetary work the executive management team presents a chart of the Group's top risks to the Board of Directors.

#### Control activities

To avoid errors, a number of control activities have been implemented to ensure that control objectives are achieved. Pandox's most important financial processes, such as closing the accounts, consolidation, monitoring results and reporting, have been documented in a Financial Handbook. The control measures involve guaranteeing the quality of financial reporting.

All of the key controls implemented by the Group companies in respect of financial reporting are documented in a self-assessment template used to report to the corporate level. The self-assessment template is monitored, adapted and evaluated at the corporate level, thereby strengthening the control environment within the Group.

The CFO and the Business Intelligence and Group Accounting & Control departments are all responsible for creating the environment required to achieve transparent and accurate financial reporting. Pandox's executive management and the Board also fill an important control function with respect to the external financial reporting process.

#### Monitoring activities

Pandox monitors performance in relation to both operational and financial targets on a monthly basis. The performance follow-up meetings are attended by the CEO, CFO, Business Intelligence, Group Accounting & Control and the heads of the business areas. Material differences are investigated immediately by the CFO and significant cases are reported to the Board. At least every quarter the Board follows up on any high risks identified. The Audit Committee always examines the external reports before they are published for the stock market.

These follow-up processes are the basis for guaranteeing the quality of Pandox's financial reporting.

The CFO reports annually to the Board on internal control over financial reporting.

In addition to this, Pandox's external auditors also examine the Company's internal control over financial reporting and annual reporting, and perform a review of the third quarter interim report. Any shortcomings and/or errors identified by the auditors are reported to Pandox's executive management or, in the case of more serious issues, directly to the Board.

#### Information and communication

One prerequisite for good internal control is that its various components and intentions are known throughout the organisation. In other words, clear and well-structured communication on internal control is very important.

To ensure that there is an efficient exchange of knowledge and experience among the financial departments, financial meetings are convened on a regular basis. Governing guidelines, policies and instructions are available on the Group's intranet. Access to the internal information documents on the intranet is regulated by permissions. The documents are updated on a regular basis as needed. Access to financial data for the Group is also controlled at the central level based on permissions.

The corporate department works closely with the reporting subsidiaries, and arranges conferences and training each year for controllers and financial managers.

The Head of Investor Relations works with colleagues to manage all external information and communication, including the external website.

Strategy and value creation	+
Our business	+
Market and trends	-
Properties	+
Governance	+
From the Chair	
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Senior executives	
Risk and risk management	
Financial	+



## Responsible and fair business

Pandox is to be a long-term and reliable partner, and acting responsibly and professionally in all business relationships is a top priority. Through ethical business practices we want to mitigate the risks of corruption and human rights violations that exist in the both the property and the hotel industries.

### No cases of corruption during the year

Pandox works continuously on its internal processes and routines to minimise the risk of corruption. Our Anti-Corruption Policy describes how everyone within Pandox is to focus on this, even though practical application of the policy varies depending on a person's role. If there is the slightest indication or suspicion of corruption, employees are to consult with their manager or manager's manager.

The goal is to have zero cases of corruption within Pandox or in the supply chain. No cases of corruption were reported in 2023.

### Training in the Code of Conduct and business ethics

To ensure that Pandox acts according to proper business ethics and complies with laws and practices, the Company has a Code of Conduct that applies to all employees. The code clearly describes the expectations of how each individual is to behave to create a respectful and positive work environment for everyone.

Pandox also provides digital training in the Code of Conduct, which is completed by new recruits and every third year by all employees or more often if the code has been significantly updated. The training is adapted according to whether the employee works at a hotel operated by Pandox or at the head office, or within the Leases segment. It is available in eight languages. In some parts of Pandox's Own Operations segment there are occasional problems with digital access at the workplace. For this reason the training is also offered in a group setting with a facilitator. Employees in this segment also undergo business ethics and Code of Conduct training provided by their respective hotel brand.

Pandox's goal is for all employees to complete the internal digital Code of Conduct training. In 2023 the rate of completion of the training was 95 (87) percent.

### An important dialogue

If Pandox employees have any questions about how to interpret Pandox's policies or codes of conduct, or how to implement them in practice, they can always contact Pandox's SVP, Director of Sustainable Business. A key factor in preventing unethical behaviour is to have an open dialogue about potential problems and dilemmas.

The Code of Conduct training describes a clear escalation process for complaints and more serious incidents. This is so that every employee can feel comfortable about who to turn to with their observations and experiences. The first step is for employees to turn to their manager, then to their manager's manager and thereafter to HR. Pandox also has a whistleblower system provided by an external party in which employees and external stakeholders can report irregularities, breaches of policies, crimes etc. No cases were reported through this system in 2023.

The whistleblower system also provides an opportunity to report on HR matters anonymously. These are then handled by the respective hotel's head of HR. Two cases (three) were reported during the year.

[Read more on page 95.](#)

Stockholm, 6 March 2024

The Board of Directors of Pandox AB

## Auditors' opinion on the corporate governance statement

To the general meeting of shareholders of Pandox AB, corporate registration number 556030-7885

### Engagement and division of responsibility

The Board of Directors is responsible for the corporate governance statement for the year 2023 on pages 71–77 and for ensuring that it has been prepared in accordance with the Annual Accounts Act.

### Focus and scope of the examination

Our examination was performed in compliance with recommendation RevR 16 *The auditor's examination of the corporate governance statement* issued by FAR (the professional institute for Swedish authorised public accountants). This means that our examination of the corporate governance statement has a different focus and is substantially smaller in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that our examination provides a reasonable basis for our opinion below.

### Opinion

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 second paragraph items 2–6 of the Annual Accounts Act and chapter 7 section 31 second paragraph of that Act are consistent with the annual accounts and consolidated accounts, and are in accordance with the Annual Accounts Act.

Stockholm, 6 March 2024  
PricewaterhouseCoopers AB

**Patrik Adolfson**  
Authorised Public Accountant  
Auditor-in-charge

**Linda Andersson**  
Authorised Public Accountant

Strategy and value creation	+
Our business	+
Market and trends	-
Properties	+
Governance	+
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Financial	+



# Board of Directors and auditor



Standing, from the left: Jeanette Dyhre Kvisvik, Jon Rasmus Aurdal and Ann-Sofi Danielsson. Sitting: Jakob Iqbal, Christian Ringnes, Ulrika Danielsson and Bengt Kjell.



### Christian Ringnes

Born 1954.  
Chair of the Board since 2004, chair of the Remuneration Committee and member of the Finance Committee.

Master of Business Administration from Harvard Business School, Bachelor's degree in Business and Economics from École des Hautes Études Commerciales, degree in philosophy from the University of Oslo.

Chief Executive Officer Eiendomsspar AS and Victoria Eiendom AS (and board appointments for companies in the group).

Chair of the Board Sundt AS (and board appointments for several companies in the group) and Dermanor AS.

Christian Ringnes owns 46.5 percent of the shares in Victoria Eiendom AS, which owns 56.5 percent of the shares in Eiendomsspar AS, which in turn owns 37,314,375 class A shares and 10,144,375 class B shares in Pandox.

Independent in relation to the Company and the executive management team: Yes

Independent in relation to principal shareholders: No



### Jon Rasmus Aurdal

Born 1982.  
Board member since 2018 and member of the Audit Committee and Finance Committee.

Master of Science, Professional Accountancy from BI Norwegian Business School and Master of Business and Administration from NHH Norwegian School of Economics.

Chief Financial Officer Eiendomsspar AS and Victoria Eiendom AS. Board and management positions in several subsidiaries of Eiendomsspar AS and Victoria Eiendom AS. Board member Lillunn AS.

Shareholding: 2,000 class B shares.

Independent in relation to the Company and the executive management team: Yes

Independent in relation to principal shareholders: No

- Strategy and value creation +

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- Our business +

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- Market and trends -

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- Properties +

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- Governance +
  - From the Chair
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  - Board of Directors and auditor
  - Senior executives
  - Risk and risk management

---

- Financial +

**Ann-Sofi Danielsson**

Born 1959.  
Board member since 2015 and chair of the Audit Committee.

MSc Business Administration and Economics from Uppsala University.

Board member Vasakronan AB, Netel AB, Rusta AB, Building Automation Nordic AB, Building Automation Nordic Holding AB and Singö Home Konsult & Friskvård AB.

Shareholding: 1,000 class B shares.

Independent in relation to the Company and the executive management team: Yes

Independent in relation to principal shareholders: Yes

**Ulrika Danielsson**

Born 1972.  
Board member since 2023 and member of the Audit Committee.

MSc Business and Economics from the School of Business, Economics and Law, University of Gothenburg.

CFO Atrium Ljungberg AB and board member, Infranord AB.

Shareholding: 0.

Independent in relation to the Company and the executive management team: Yes

Independent in relation to principal shareholders: Yes

**Jeanette Dyhre Kvisvik**

Born 1972.  
Board member since 2017.

Law degree (honours) from the University of Bergen (Norway).

Chief Executive Officer VILLOID AS.

Board member VILLOID AS.

Shareholding: 470 class B shares.

Independent in relation to the Company and the executive management team: Yes

Independent in relation to principal shareholders: Yes

**Jakob Iqbal**

Born 1972.  
Board member since 2020 and member of the Remuneration Committee.

Master of Business Economics from BI Norwegian Business School. Certified European Financial Analyst (AFA), NHH Norwegian School of Economics. Completed the Advanced Management Program at Harvard Business School. Chief Executive Officer Sundt AS (plus board and management roles at several companies in the group).

Chair of the Board Helene Sundt AB and Christian Sundt AB. Board member Eiendomsspar AS, Victoria Eiendom AS, Pactum AS and Equitile Investments Ltd. Member of nomination committees for Norwegian ASA, Panoro ASA, Ultimovacs ASA and Otello ASA.

Shareholding: 10,000 class B shares.

Independent in relation to the Company and the executive management team: Yes

Independent in relation to principal shareholders: No

**Bengt Kjell**

Born 1954.  
Board member since 1996. Vice Chair of the Board and chair of the Finance Committee.

Graduate of Stockholm School of Economics.

Board member AB Industrivärden, ICA Gruppen AB, Dunkers Stiftelser and others.

Shareholding: 2,000 class B shares.

Independent in relation to the Company and the executive management team: Yes

Independent in relation to principal shareholders: Yes

**Auditor****Patrik Adolfson**

Born 1973.

Auditor-in-charge, authorised public accountant, PricewaterhouseCoopers AB. Auditor-in-charge for Pandox since 2017.

Other audit assignments: AcadeMedia AB (publ), Dometic Group AB (publ), Birger Bostad AB (publ), Bonava AB (publ) and Nordstjernen AB (publ).

Member of FAR (the professional institute for Swedish authorised public accountants).

Strategy and value creation	+
Our business	+
Market and trends	-
Properties	+
Governance	+
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Risk and risk management	
Financial	+



Senior executives<sup>1)</sup>**Liia Nõu**

Born 1965. Joined Pandox in 2007. CEO.

MSc Business and Economics from Stockholm School of Economics.

Board member Modern Times Group AB.

Shareholding: 33,915 class B shares.

**Anneli Lindblom**

Born 1967. Joined Pandox in 2021. CFO.

MSc Business Administration from Frans Schartaus Handelsinstitut, Stockholm.

Board member Logistea AB, Haypp Group AB and Avtalat.

Shareholding: 5,700 class B shares.

**Anders Berg**

Born 1967. Joined Pandox in 2015. SVP, Communications and IR.

MSc Business and Economics from Linköping University, Certified European Financial Analyst (CEFA), Certified Investor Relations Officer (CIRO).

Shareholding: 2,000 class B shares.

**Mattias Bernunger**

Born 1972. Joined Pandox in 2018. SVP, Asset Management.

MSc Engineering from Luleå University.

Shareholding: 2,100 class B shares.

**Martin Creydt**

Born 1965. Joined Pandox in 2017. SVP, Director of Property Management International.

Advanced Management Program, Cornell University, Executive Program, INSEAD, Business Degree Service Management, University of Gothenburg.

Shareholding: 6,100 class B shares.

**Tobias Ekman**

Born 1972. Joined Pandox in 2022. SVP, Director of Property Management Nordics.

Hotel Management degree, Hotel Institute Montreux. Hotel operation studies, HOSTA Hotel School, Switzerland.

Shareholding: 0.

**Lars Hågström**

Born 1954. Joined Pandox in 2000. Executive Senior Advisor.

Naval engineer, graduate of the Sjöbefälsskolan (naval officer college) in Stockholm, and one year of studies at the Royal Institute of Technology (KTH).

Shareholding: 13,000 class B shares.

**Aldert Schaaphok**

Born 1959. Joined Pandox in 2004. SVP, Director International Operations.

Bachelor's degree in Business Administration (hospitality focus), Hotelschool The Hague.

Shareholding: 2,225 class B shares.

**Caroline Tivéus**

Born 1979. Joined Pandox in 2018. SVP, Director of Sustainable Business.

Master's in Accounting from Lund University.

Shareholding: 1,794 class B shares.

**Jonas Törner**

Born 1971. Joined Pandox in 2005. Chief Commercial Officer.

Studies towards MSc in Business Administration and Economics, Stockholm University. Studies towards BSc in Engineering, Royal Institute of Technology (KTH) in Stockholm.

Shareholding: 8,000 class B shares.

Strategy and value creation +

Our business +

Market and trends -

Properties +

Governance +

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Corporate Governance Report

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Risk and risk management

Financial +

<sup>1)</sup> As at 31 December 2023.



# Thorough risk management creates freedom to act

A number of factors affect, or could affect, Pandox’s operations – either directly or indirectly. Pandox works continuously and in a structured way to identify business risks, in order to manage these as consciously and effectively as possible. Good risk management creates the freedom to act and strengthens confidence in the Company among the communities around us.

Pandox’s business activities are associated with risk and the Company works in a structured and proactive way to map, analyse and manage this.

Pandox assesses each risk based on the expected impact if the event triggering the risk occurs and the likelihood of the risk then being realised. This assessment subsequently forms the basis of an evaluation of how the risk should be prioritised, whether it requires

specific action or if it can be managed as part of Pandox’s normal administration. The effectiveness of existing measures to mitigate risk is assessed on a scale ranging from low to high control.

Identified risks are mapped in a risk matrix based on expected impact and likelihood. By taking active steps the potential effects of risks on the business can be reduced.

	PANDOX’S RISK WORK	1 EXTERNAL ENVIRONMENT	2 STRATEGY	3 ACTIVITY	4 FINANCIAL	5 SUSTAINABILITY
WHAT?	Risk is an uncertainty that could prevent Pandox from achieving its business objectives. Risks need to be identified, evaluated and managed on an ongoing basis. Pandox’s risk work is based on a combination of expertise, experience, organisation and responsibility, as well as policies, rules, instructions and controls.	External factors such as the economic cycle, new hotel capacity, changed business models, geopolitical events, terrorist attacks and social restrictions – e.g. due to pandemics – can have an effect on the travel market and thus hotel demand.	Internal factors that directly impact Pandox’s ability to realise its strategy and achieve its business objectives with a predetermined level of risk, such as access to the specialist expertise that allows the Company to run its business competitively.	Internal factors such as Pandox’s organisational structure, efficiency and ability to create profitable growth and value for the Company’s stakeholders with a predetermined level of risk. This includes compliance risk, which relates to external requirements, rules and laws.	External and internal factors such as fluctuating interest rates and exchange rates, inaccurate property valuations, liquidity risk and counterparty risk. This includes refinancing risk associated with the tenants’ financial performance and status.	Strategic and operational risk relating to the environment, human rights, social and personal circumstances as well as corruption which, together with the Company’s financial performance, form the basis for the confidence our communities have in us.
HOW?	Pandox’s Board of Directors has formal responsibility for Pandox’s risk management, but operational responsibility is delegated to executive management which works on risk as part of the Company’s day-to-day operations. Significant areas include valuation, financing and acquisition of hotel properties, as well as leases and other contractual relationships, investments in hotel properties and the running of hotel operations.	Pandox benefits from a significant flow of information about the business climate thanks to its broad geographical presence and large network of business partners and external advisors. As well as having strong internal capacity for analysis, executive management is able to quickly identify, evaluate and act on risks and opportunities arising in the world around us.	Pandox’s Board of Directors and management jointly evaluate key strategic risks and examine the need for adjustments to the Company’s strategy on an ongoing basis. Pandox works actively to ensure that the Company is attractive to existing and new personnel.	Pandox’s value creation and operational risk are continually evaluated by the Company’s executive management and Board of Directors. Risk is managed by combining advanced business expertise with an organisation that has a clear division of responsibility and monitoring activities. Governance and support are also provided by policies adopted by the Company’s Board of Directors as well as supplementary governing documents and instructions.	Financial risk is regulated primarily in Pandox’s Financial Policy. Risks are identified, assessed and managed continuously by Pandox’s executive management supported by the Board of Directors, including in a separate Finance Committee.	Pandox’s first line of defence is the individual employee’s competency and the Company’s basic values. The risks are regulated in various codes and policies adopted by the Board of Directors and are managed through the Company’s active monitoring and control in the Own Operations segment and in partnership with tenants in the Leases segment.

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- Our business +

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# Risk overview

Presented here is a list of identified risks along with their assessed likelihood and consequences in the short term.

📄 In terms of financial reporting of both income and financial position, it is still primarily changes in valuation yields that have the greatest impact. See Note E and Note G for a detailed description of financial risks and a sensitivity analysis. Pandox's risks and risk management are described on the following pages.

Sustainability risks are summarised on page 97 and described under each sustainability standard on pages 105–124 according to the current interpretation of ESRS.

	Likelihood	Consequence
<b>1 EXTERNAL RISKS</b>		
Economic downturn	● ● ●	● ● ●
Disruptive business models	● ● ●	● ● ●
Geopolitical events	● ● ●	● ● ●
Overexpansion of hotel rooms	● ● ●	● ● ●
Pandemics	● ● ●	● ● ●
Terrorist attacks	● ● ●	● ● ●
<b>2 STRATEGIC RISK</b>		
Growth through acquisitions	● ● ●	● ● ●
Investments in existing portfolio	● ● ●	● ● ●
Impact of digitalisation	● ● ●	● ● ●
Major lease renegotiations	● ● ●	● ● ●
Concentration on a few tenants	● ● ●	● ● ●
<b>3 OPERATIONAL RISK</b>		
Dependence on key individuals	● ● ●	● ● ●
Competency of employees	● ● ●	● ● ●
Tenants' business and financial status	● ● ●	● ● ●
Integration of acquisitions	● ● ●	● ● ●
Pandox's operation of hotels	● ● ●	● ● ●
IT security	● ● ●	● ● ●
Tax risk	● ● ●	● ● ●
Disputes	● ● ●	● ● ●
Inflation	● ● ●	● ● ●

	Likelihood	Consequence
<b>4 FINANCIAL RISKS</b>		
Fluctuations in interest rates	● ● ●	● ● ●
Refinancing and liquidity risk	● ● ●	● ● ●
Breach of terms and covenants in credit agreements	● ● ●	● ● ●
Currency risk	● ● ●	● ● ●
Certification and authorisation	● ● ●	● ● ●
Financial reporting	● ● ●	● ● ●
Property valuation	● ● ●	● ● ●
Insurance errors	● ● ●	● ● ●
Counterparty risk related to bank derivatives	● ● ●	● ● ●
Rent reporting	● ● ●	● ● ●

**Likelihood** ● Low ● Medium ● High  
**Impact** ● Low ● Medium ● High

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## PANDOX'S RISKS AND THE COMPANY'S MANAGEMENT OF SUCH RISKS ARE DESCRIBED IN MORE DETAIL BELOW.

Risk	Description	Risk management
<b>1 EXTERNAL RISKS</b>		
Economic downturn	Economic activity is a primary driver of both business and leisure travel, and a weakened economy can therefore have a negative effect on demand.	<ul style="list-style-type: none"> <li>The portfolio consists of a large number of sizeable hotel properties with a good spread as regards geography, location, brand, operating model and type of demand (international, domestic and regional)</li> <li>The hotel properties are predominantly full-service hotels in the upper-mid segment, which has historically been more stable in earnings than, for example, the high price segment</li> </ul>
Disruptive business models	Pandox's business model may be challenged by the emergence of new business models, such as online travel agencies (OTAs) and home sharing services. If Pandox is not able to keep up with the competition, this could have a negative impact on revenues and earnings.	<ul style="list-style-type: none"> <li>Pandox works with around 30 different hotel operators and hotel brands; this gives the Company a unique position as regards information and knowledge of market changes and also helps to diversify commercial risk</li> <li>Pandox's working methods are based on optimising revenues taking into account the distribution landscape and its impact on revenue and costs, including through the support of a Group-wide Revenue Management Centre</li> <li>Long leases with external hotel operators which stipulate a contractual minimum rent; general deductions for commission are not usually permitted</li> </ul>
Geopolitical events	Security and geopolitical events can have significant effects on travel patterns and demand in the hotel market.	<ul style="list-style-type: none"> <li>A well thought-out strategy and business plan exists for each individual hotel property and geographical area;</li> <li>the ability to continually monitor economic conditions for each individual hotel property creates a readiness to make quick business decisions when needed</li> <li>Diversified hotel property portfolio with mainly domestic and regional demand</li> </ul>
Overexpansion of hotel rooms	New capacity in the form of new hotels and hotel rooms could have a significant adverse impact on RevPAR in individual markets.	<ul style="list-style-type: none"> <li>Ongoing market analysis is carried out for each geographical area of operations and hotel property, which means that changes in the market are detected early on and measures can be initiated without delay</li> </ul>
Pandemics	Global spread of infectious diseases resulting in extraordinary social measures in many countries simultaneously, such as travel restrictions, limits on meetings and public gatherings, and restricting the ability to run hotel operations.	<ul style="list-style-type: none"> <li>Geographically diversified hotel property portfolio</li> <li>Exposure to mainly domestic and regional demand</li> <li>Significant proportion of leases have contractual minimum rent and fixed rent</li> </ul>
Terrorist attacks	Disruptive events that affect Pandox-owned hotel properties and hotels directly, or indirectly through a significant impact on travel patterns and on infrastructure that is critical to society.	<ul style="list-style-type: none"> <li>Ongoing security efforts</li> <li>Contingency plans</li> <li>Insurance cover</li> <li>Geographical diversification with hotel properties in 12 countries and around 90 destinations</li> </ul>
<b>2 STRATEGIC RISK</b>		
Growth through acquisitions	Risk attributable to acquisitions is mainly the risk of paying too much for assets, the risk of incorrect assumptions as regards future earnings of the acquired asset/business, the risk of taking over leases or other agreements that are unfavourable, and the risk of management time and other resources being spent on acquisitions that are not completed.	<ul style="list-style-type: none"> <li>Pandox's long-term focus on hotel properties as a class of asset has generated extensive specialist expertise</li> <li>An active Board of Directors and active principal shareholders, experienced management and a sound basis for decisions</li> <li>Pandox has a well thought-out strategy in which the country, city, type of hotel, brand, type of agreement, form of operation and yield are continually and consistently evaluated</li> <li>Tried and tested due diligence processes supported by internal and external specialists reduce the risk of incorrect acquisitions</li> <li>Pandox's way of working (the Pandox Method) increases cash flow and limits risk for the hotel in question</li> </ul>
Major investments in the existing portfolio	There is a risk that the costs of investments may be higher than expected and that the return is therefore lower than expected because of inaccurate costings, unprofessional procurement or inefficient project implementation.	<ul style="list-style-type: none"> <li>Extensive specialist knowledge of the identification, evaluation and implementation of investments in the existing hotel property portfolio</li> <li>Long-term investment management of measures implemented in the property portfolio</li> <li>Monthly review of all investment projects</li> <li>Follow-up and calculation of actual costs and outcomes for completed investment projects</li> </ul>
Impact of digitalisation	Digitalisation is a strong and accelerating factor in changes in society. It also has the ability to change people's behaviour. This requires new approaches or Pandox's organisation and ways of working, and opens up opportunities for new actors with different business models to become established, especially in the home-sharing segment.	<ul style="list-style-type: none"> <li>Pandox works proactively at an operational level to gather know-how on strategic digitalisation matters</li> <li>Work on targeted initiatives is in progress within various parts of the Company and Pandox continually reviews its ways of working and processes in order to increase its digital readiness</li> <li>Increased data collection, analysis and automation of activities at the hotel properties</li> </ul>

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Risk	Description	Risk management
<b>2 STRATEGIC RISK, cont.</b>		
Major lease renegotiations	The risk of disadvantageous changes in rent levels and/or the division of responsibilities when making investments and/or taking over operations.	<ul style="list-style-type: none"> <li>• Attractive hotel products and close dialogue with tenants</li> <li>• Internal project team with good expertise and clear authority</li> <li>• In-house expertise and the ability to take over and operate hotels if needed</li> </ul>
Concentration on a few tenants	Being highly dependent on a small number of tenants could increase operational and financial risk.	<ul style="list-style-type: none"> <li>• Competitive and operationally strong tenants</li> <li>• Clear division of responsibilities and risk in the lease</li> <li>• Various kinds of guarantees as security for rent payments</li> </ul>
<b>3 OPERATIONAL RISK</b>		
Dependence on key individuals	High dependence on individuals in key positions can pose a risk of daily duties not being able to be performed with adequate efficiency and quality.	<ul style="list-style-type: none"> <li>• Ongoing development of structural capital through process- and organisational development</li> <li>• Plan for long-term talent supply</li> <li>• Good knowledge of external individuals in senior roles for recruitment</li> <li>• Strong external network with supporting specialist expertise</li> <li>• Remuneration Committee that ensures competitive levels of remuneration</li> <li>• Clear personal incentives and long contract terms</li> <li>• Procedures and process descriptions for key functions to reduce dependence on individual personnel</li> </ul>
Competency of employees	The risk that Pandox is unable to find the right competencies in new markets or to replace lost competencies in existing markets, or is unable to do so sufficiently quickly.	<ul style="list-style-type: none"> <li>• As part of operational HR work, recruitment needs are reviewed regularly at both the central and local level</li> <li>• Strong external network with supporting specialist expertise</li> <li>• Attractive workplace with great personal freedom in professional roles and good opportunities to develop</li> </ul>
Tenants' business and financial status	The risk that tenants underperform and/or are unable to pay their rent.	<ul style="list-style-type: none"> <li>• Individual business plans for each hotel property</li> <li>• Each tenant's results are followed up monthly, as are ongoing investment projects</li> <li>• Various guarantees that in certain circumstances may be called on to cover unpaid rent</li> </ul>
Integration of acquisitions	Commercial, technical and accounting risks that arise ahead of, during and after an acquisition or business takeover.	<ul style="list-style-type: none"> <li>• Many years of experience of integrating acquisitions in numerous geographical markets</li> <li>• Clear project organisation and allocation of roles</li> <li>• Internal specialist expertise in property, finance, tax, valuation, law and communication</li> <li>• Clear work methods and processes</li> <li>• Extensive external network with specialist expertise</li> </ul>
Pandox's operation of hotels	Pandox is exposed to certain risks that commonly occur when operating hotels, such as increased operating costs that cannot be fully offset by raised room rates or increased prices for other hotel services, the costs of compliance with laws and regulations, the ability to forecast occupancy and average room rates and to plan staffing, the quality and reputation of hotel brands used, an inability to keep pace with technological development, faults in or damage to IT systems, as well as risks and costs associated with protecting the privacy of guests' personal data and providing for their physical safety.	<ul style="list-style-type: none"> <li>• Strategic and operational work to ensure each hotel is optimally positioned in each market</li> <li>• Strong local management and an effective organisation</li> <li>• A Group-wide Revenue Management Centre for distribution of hotel products</li> <li>• Modern systems for revenue forecasts, staffing and productivity</li> <li>• Ongoing benchmarking and analysis of each hotel's performance in relation to its immediate competitors</li> </ul>
IT security	As digitalisation, geopolitical tensions and international organised crime increase, so too does the risk of IT incidents that could result in the loss, manipulation or locking of data and systems.	<ul style="list-style-type: none"> <li>• Each year the Board of Directors adopts an IT Policy</li> <li>• Well-separated system environments with few users at Group level</li> <li>• Regular risk assessment and continual maintenance of IT security supported by external expertise</li> <li>• Ongoing training for employees in cyber and IT security</li> </ul>
Tax risk	Pandox could be affected by changes in tax legislation or practice. Pandox's tax situation may worsen if the Company's past or current management and assessment of tax matters is successfully questioned.	<ul style="list-style-type: none"> <li>• Pandox has internal tax expertise and works with reputable external tax advisors on acquisitions, divestments and ongoing evaluation of changes in tax legislation and its interpretation in each country of operation</li> <li>• Planning of measures based on proposed changes to tax legislation is initiated at an early stage</li> <li>• In the event of inquiries from local tax authorities, reputable external tax advisors are consulted</li> <li>• Pandox has a Tax Policy adopted by the Board of Directors which, among other things, expressly stipulates that Pandox is to comply with all laws and rules in force where the Group's companies operate, and that tax is to be managed on a sound business basis and in an ethical way that is prudent and transparent; aggressive or advanced tax planning is not allowed</li> </ul>

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Risk	Description	Risk management
<b>3 OPERATIONAL RISK, cont.</b>		
Disputes	Disputes can arise in various areas and can have negative financial consequences and reduce confidence.	<ul style="list-style-type: none"> <li>• A generally cautious approach</li> <li>• Strong network of advisors in each individual market and for each type of issue</li> </ul>
Inflation	Shortages and disruption in the economy that result in cost inflation for investments and/or the operation of hotel properties and hotels.	<ul style="list-style-type: none"> <li>• Increased focus on governance and monitoring of larger investment projects</li> <li>• Planned purchasing in large volumes</li> <li>• Model with variable revenue in the Leases segment, with rental income increasing when tenants raise their prices on hotel rooms and other hotel services</li> <li>• Increased input prices can be offset by raising room rates and prices of other hotel services in the Own Operations segment</li> </ul>
<b>4 FINANCIAL RISKS</b>		
Fluctuations in interest rates	Interest expense is, and has historically been, Pandox's largest item of expenditure. Interest expense is affected by market interest rates and by credit institutions' margins, as well as by Pandox's strategy as regards fixed interest. The majority of Pandox's credit facilities have a variable rate of interest. There is a risk that Pandox's interest expense will increase if market interest rates rise, or that Pandox will fix its interest rates at a level that is higher than the market interest rate.	<ul style="list-style-type: none"> <li>• Interest rate derivatives are used – mainly interest rate swaps – in order to manage interest rate risk and increase the predictability of Pandox's earnings</li> <li>• Variable interest rates are partially swapped through interest rate swaps, giving Pandox fixed interest rates</li> <li>• Pandox has a Financial Policy that regulates risk mandates and is approved annually by the Board of Directors</li> <li>• Internal specialist expertise in treasury and risk</li> <li>• Close cooperation with external financial expertise</li> </ul>
Refinancing and liquidity risk	Refinancing risk is the risk that financing cannot be obtained or renewed upon maturing, or only at significantly higher costs. Liquidity risk refers to the risk that Pandox will be unable to meet its payment commitments due to a lack of liquidity.	<ul style="list-style-type: none"> <li>• Pandox has access to long-term financing</li> <li>• Pandox's Financial Policy specifies minimum levels of unutilised credit and loan-to-value ratio</li> <li>• Pandox has a liquidity reserve to ensure that the Company is able to meet ongoing payment obligations at all times</li> <li>• Pandox has good access to long-term credit facilities</li> <li>• Pandox has a diversified portfolio of lenders consisting of 14 Nordic and international banking partners, including AMF Tjänstepension AB</li> <li>• Pandox has established a separate Finance Committee consisting of members of Pandox's Board of Directors and executive management in order to manage key practical and strategic matters relating to the Company's financing</li> </ul>
Breach of terms and covenants in credit agreements	In extraordinary circumstances, such as in times of pandemic or extreme interest rate fluctuations, it cannot be ruled out that a situation might arise where, for example, commitments and covenants in the Company's credit agreements are not met.	<ul style="list-style-type: none"> <li>• Ongoing monitoring and control of the credit portfolio and its terms and covenants</li> <li>• Proactive and close dialogue with lenders concerning adapting the terms and covenants in existing credit agreements if needed</li> <li>• Specific actions that can be taken, if needed, to remedy any non-compliance, such as payment of interest into an escrow account, adjustment of covenants, covenant holidays or certain repayments</li> </ul>
Currency risk	Currency risk is defined as the risk of the consolidated income statement and consolidated statement of financial position being negatively impacted by exchange rate fluctuations. This risk can be divided up into transaction exposure, i.e. the net amount of operating and financial (interest/principal repayment) flows, and translation exposure associated with net investments in foreign Group companies.	<ul style="list-style-type: none"> <li>• Foreign operations generally report both income and expenses in local currency, which means that currency exposure resulting from current flows, i.e. transaction exposure, is limited. In view of the limited risk, Pandox does not currency-hedge these flows unless there is a particular reason to do so</li> <li>• Equity is currency-hedged ahead of acquisitions, investments and divestments to avoid changes in the value of equity</li> <li>• Pandox reduces its currency exposure associated with net investments in foreign Group companies by taking out loans in local currencies</li> </ul>
Certification and authorisation	Authority to take decisions, approval matrix and payment processes.	<ul style="list-style-type: none"> <li>• An approval matrix established by the Board of Directors</li> <li>• Well-defined levels of authority in internal systems</li> <li>• Special verification for payments and orders above a certain level in the approval matrix</li> </ul>
Financial statements	Errors in or inconsistent quality of both internal and external reporting, such as errors in rent accounting and property valuation. Risks also include late reporting or reporting not being in compliance with the Group's accounting principles.	<ul style="list-style-type: none"> <li>• Pandox aims to have uniform procedures and checks for financial reporting that are adapted to and support its operations across the Group</li> <li>• Manuals, instructions, schedules and reviews with the subsidiaries in the Group to ensure consistent and timely reporting</li> <li>• An Audit Committee appointed by the Board of Directors reviews the Group's financial reporting and risk management</li> </ul>

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Risk	Description	Risk management
<b>4 FINANCIAL RISK, cont.</b>		
Property valuation	Individual and systematic errors in the valuation process, such as incorrect assumptions regarding growth, profitability and valuation yield.	<ul style="list-style-type: none"> <li>Pandox has a robust valuation process and a consistent valuation approach; the valuation model consists of an accepted and proven cash flow model, where the future cash flows that the hotel properties are expected to generate are discounted by the market yield requirements</li> <li>The valuation is based on the business plan for the hotel concerned, which is updated at least twice a year and takes into consideration, among other things, developments in underlying operator activities, market developments, the contract situation, operating and maintenance issues and investments aimed at maximising the hotel property's cash flow and yield in the long term</li> <li>External valuations of all properties are normally carried out annually by independent property appraisers; the external valuations provide an important reference point for Pandox's internal valuations, to the extent that differences compared with internal valuations are analysed to challenge the internal valuation</li> <li>The external appraisers complete a more in-depth inspection at least every three years or in conjunction with major changes to the properties</li> <li>Quarterly review of valuations by Pandox's management, Audit Committee, Finance Committee and Board of Directors before publication of each financial report</li> <li>For further information on property valuation, see pages 153–156</li> </ul>
Insurance errors	Particularly the risk of properties being underinsured and that adequate insurance compensation cannot be obtained in the event of a loss.	<ul style="list-style-type: none"> <li>Insurance policies are reviewed at least annually</li> <li>Ongoing advice on premiums and insurance levels</li> </ul>
Counterparty risk related to bank derivatives	The risk that a bank which issues OTC derivatives is unable to meet its contractual obligations.	<ul style="list-style-type: none"> <li>Banks with a high rating</li> <li>Risk tolerance managed in Financial Policy</li> <li>Continuous monitoring by treasury</li> </ul>
Rent reporting	Under- or overestimation of rental income.	<ul style="list-style-type: none"> <li>Continuous monitoring and reconciliation with tenant</li> <li>Periodic review of rent reporting internally and, where relevant, externally with tenant</li> </ul>

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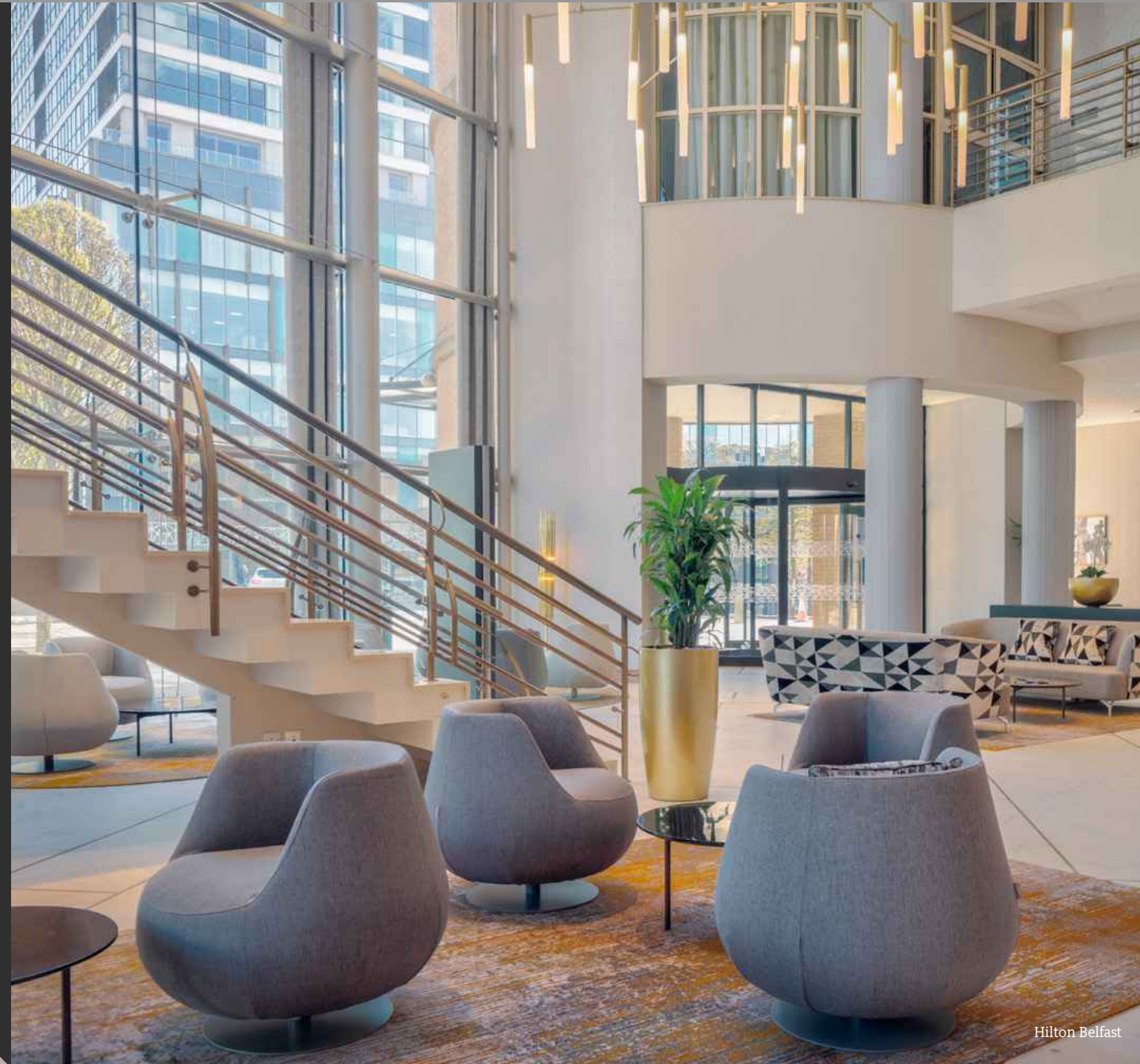
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HOTELISM BY PANDOX

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## Financial



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The formal audited sections of the annual report can be found on pages 91–93 and page 131–175.



# A year of fast-paced change

A fast pace of change means new demands on and expectations of the role of CFO. A CFO today is expected to be a visionary and lead the organisation through changes, which is a shift from the traditional role where the main focus was on historical data to inform the decision-making process. Today, looking into the future is just as important as looking at the past. New areas are being added and this requires current finance departments to have a broader range of skills.

2023 was a year of increased demand in the hotel market but also a year of rising interest base rates and inflation. Although the revenue-based rents in our business model do provide protection against inflation, rising base rates call for good planning and, above all, planning well in advance. Early in the year we increased the percentage of our loan portfolio for which interest rates are hedged. More precisely, 76 percent is now hedged for a few years into the future and this allows us to better predict our interest expense in the years ahead. Our financing, which consists exclusively of bank loans, gives us a stable loan portfolio, but also gives us continued access to liquidity on good terms with our Nordic and international banking partners.

Pandox's first sustainability-linked bank loan is now in place. This is an important milestone and a stamp of quality for our sustainability work. Sustainability is integrated into our operations and we have ambitious targets for our CO<sub>2</sub> emissions, risk management and governance. Our science-based targets were approved by the SBTi in October. These targets set the course for our continued sustainability work and ensure that we are focused on the areas that cause Pandox's largest CO<sub>2</sub> emissions. The new Corporate Sustainability Reporting Directive (CSRD) will in all probability be further developed. We chose to start reporting in accordance with the

European Sustainability Reporting Standards (ESRS) in 2023; however, this is probably only the beginning of what the final reporting structure will look like. This is reminiscent of how it was to work according to the IFRS when those standards were new and unfamiliar.

Internally we have continued on our efficiency improvement path. We have reviewed our financial platform and asked ourselves the difficult question of whether we are working in the right way and which additional changes and improvements we can make. Within the organisation it is important that we have many different skills and talents – technical and data analysis skills as well as traditional accounting expertise – working together in a modern financial department. Anyone who has tried changing the way they work knows that breaking a habit is much more difficult than we might think, but working on change is also both enjoyable and rewarding.

Finding a balance between the past and the future perspective while also expanding the agenda is a big challenge. At the same time, it is a fantastic opportunity to build for the future in a new and modern way while allowing part of history to serve as a foundation for what is to come.

Stockholm, March 2024

Anneli Lindblom

“Our financing consists exclusively of bank loans through our banking partners.”



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# How to read the financial information

From a financial perspective, Pandox operates two types of businesses that are reported as distinct business segments. The largest is Leases which, taking into account the nature of hotel properties, is fully comparable to most other property companies. The second is Own Operations where Pandox, in addition to owning the hotel property, also operates the hotel in the property. This combination means that Pandox's earnings at the aggregate level are not fully comparable with those of other property companies and that Pandox's two business segments are not fully comparable with each other either.

## Income statement

● **Net sales:** Consists of both rental income from Leases and sales from Own Operations and is therefore less useful as an aggregate measurement. Revenue from the respective business segments should be assessed separately.

● **Net operating income:** For comparability between the business segments, depreciation is added back into gross profits for Own Operations.

● **Changes in value:** Two different types of changes in value are recognised under this heading:

1. Changes in the value of properties refers to the change (increase/decrease) in the market value of investment properties. Remember that operating properties are not measured at market value according to IFRS. They are instead recognised at cost. Pandox does, however, assess the market value of operating properties on an ongoing basis and reports the value for information purposes. This value is also included in EPRA NRV. Included is also realised changes in the value of properties, which is the difference between the properties' book value and the value realised upon divestment.

2. Changes in the value of derivatives refers to the change (increase/decrease) in the market value of interest rate derivatives used to reach a desired interest maturity profile.

● **Tax:** Consists of current tax, which is the tax on operating activities paid by Pandox, and deferred tax on the change in the difference between the fair value and the adjusted taxable value of the properties.

● **Cash earnings:** A key measurement of the financial value creation within Pandox's operations and the basis for valuation of the hotel properties. Cash earnings consists of EBITDA plus financial income, less financial expense, less financial expense for right-of-use assets according to IFRS 16, less current tax, adjusted for any unrealised translation effect on bank balances and minority interests. Cash earnings are more volatile than net operating income because they include more cost items, which may also vary from quarter to quarter.

	2022	2023
<b>Net sales</b>	5,463	5,552
<b>Net operating income</b>	2,529	2,547
<b>Comprehensive income for the year</b>	1,815	1,853
<b>Profit for the year</b>	4,217	4,294

	31 Dec 2022	31 Dec 2023
<b>Total assets</b>	71,266	75,217
<b>Total equity</b>	28,379	30,771
<b>Total liabilities</b>	42,887	44,446

## Balance sheet

● **Non-current assets:** Here operating properties (the sum of operating properties plus furniture, fixtures and equipment) are recognised at cost and investment properties at fair value (market value).

● **Deferred tax assets:** These consist of the carrying amount of tax loss carryforwards that Pandox expects to be able to utilise in future financial years and temporary measurement differences for interest rate derivatives. The loss carryforwards are mainly in the Nordic markets.

● **Deferred tax liabilities:** These largely consist of temporary differences between fair value and the adjusted taxable value of investment properties and temporary differences between the carrying amount and taxable value of operating properties.

● **Equity/assets ratio:** The equity/assets ratio is a common measure of a company's financing situation and its ability to withstand financial difficulties and losses. A company's actual equity/assets ratio may, however, deviate significantly from the reported equity/assets ratio because it does not take into account so-called hidden reserves, i.e. assets that are not included or that may be undervalued in the balance sheet. In Pandox's case EPRA NRV is a more accurate measure of equity because it includes the market value of all properties and derivatives and of deferred tax assets and tax liabilities. Growth in EPRA NRV is also how Pandox measures the return on the shareholders' combined equity in the Company.

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# Administration Report

The Board of Directors and Chief Executive Officer hereby submit the Annual Report and consolidated accounts for the 2023 financial year for Pandox AB (publ), corporate registration number 556030-7885.

## OPERATIONS

Pandox is listed on Nasdaq Stockholm's Large Cap list. Pandox is a property company focused solely on hotel properties. Pandox's goal is to create growth in cash flow through steadily increasing rental income and project development in the existing property portfolio, combined with the possibility of seizing acquisition opportunities. Pandox is an active owner with a business model based on long revenue-based leases with guaranteed minimum rent levels with skilled hotel operators. The main focus of the property portfolio is northern Europe and it is diversified in terms of geography, type of demand, brands and hotel products, which reduces our risk exposure. A large portfolio also enables us to implement value-increasing initiatives in many different ways.

Pandox is made up of employees with unique hotel knowledge and many years' experience of sustainable management and generating value in hotel properties.

At the end of 2023 Pandox's hotel property portfolio contained 159 (157) hotels with a total of 35,851 (35,490) hotel rooms in 12 countries, with a market value of MSEK 69,039 (69,231). Of the 159 hotels, 139 (137) were leased through long-term leases to well-known tenants with established brands, providing stable rental income. A smaller number amounting to 20 (20) hotel properties are owned and operated by Pandox under various brands. The investment properties had a weighted average unexpired lease term (WAULT) of 15.0 (15.0) years and an insignificant void rate since hotel properties are always fully leased out. 2023 was a year of good development in both occupancy and average room rates. Adjusted for pandemic-related government assistance in the comparison period, the total net operating income increased by 22 percent, mainly driven by higher revenue-based rents in the Leases business segment and good growth in the Own Operations segment.

## REVENUE AND PROFIT

### Group

Profit for the year attributable to the Parent Company's shareholders amounted to MSEK -585 (4,217). In 2023 Pandox saw good development in occupancy and average room rates, which contributed to the increase in total revenue and total net operating income of 21 percent and 13 percent respectively compared with 2022. The negative result is mainly explained by unrealised changes in value. Unrealised changes in value for investment properties amounted to MSEK -1,294 (1,185). The increased valuation yield had a negative impact of MSEK -4,609 on investment properties, while the hotel market's continued good development in average room rates contributed to increased cash flow of MSEK 3,316 through Pandox's revenue-based leases. Overall this represented a value decrease of around 2.2 percent during the period. Unrealised changes in the value of derivatives amounted to MSEK -1,205 (2,318), explained by lower market interest rates.

The Group's net sales amounted to MSEK 6,849 (5,654). For comparable units, net sales increased by 16 percent, adjusted for currency effects.

### Leases

Revenue for Leases amounted to MSEK 3,690 (3,307), an increase of 12 percent, supported by increased revenue-based rent amounting to a total of MSEK 1,275 (1,020). Adjusted for government assistance of MSEK 117 relating to the years 2020-2021, which was included in "Other property revenue" in the comparison period, the increase was 16 percent. For comparable units, revenue increased by 11 percent, adjusted for currency effects. Net operating income for Leases amounted to MSEK 3,157 (2,868), an increase of 10 percent. For comparable units, net operating income increased by 11 percent, adjusted for currency effects.

### Own Operations

Revenue for Own Operations amounted to MSEK 3,159 (2,347), an increase of 35 percent. For comparable units, both revenue and RevPAR increased by 24 percent, adjusted for currency effects. Net operating income for Own Operations amounted to MSEK 713 (566), an increase of 26 percent. Adjusted for government assistance of MSEK 143 relating to the years 2020-2021, which resulted in a cost reduction in the comparison period, the increase was 68 percent. For comparable units, net operating income increased by 54 percent, adjusted for currency effects.

### CONTRIBUTION OF BUSINESS SEGMENTS TO PROFIT

MSEK	2023	2022	2021	2020	2019
<b>Leases</b>					
Gross profit	3,157	2,868	2,027	2,018	2,764
Change in property value	-1,155	1,180	-386	-1,779	1,459
<b>Contribution Leases</b>	<b>2,002</b>	<b>4,048</b>	<b>1,641</b>	<b>239</b>	<b>4,223</b>
<b>Own Operations</b>					
Gross profit	430	236	-300	-403	431
Change in property value	48	—	-10	—	—
<b>Contribution Own Operations</b>	<b>478</b>	<b>236</b>	<b>-310</b>	<b>-403</b>	<b>431</b>

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**Consolidated EBITDA and financial expense**

EBITDA amounted to MSEK 3,696 (3,304), an increase of 12 percent, which is primarily explained by an increase in underlying net operating income for both Leases and Own Operations. Financial expense amounted to MSEK -1,498 (-1,022), of which MSEK -90 (-76) consists of accrued depreciation of capitalised loan arrangement fees. The increase is mainly explained by higher interest-bearing net debt, higher market interest rates and negative currency effects, and to a lesser extent by increased credit margins.

**Property portfolio**

At the end of the period Pandex's property portfolio had a total market value of MSEK 69,039 (69,231), of which investment properties accounted for MSEK 57,226 (57,563) and operating properties for MSEK 11,813 (11,669). The market value of operating properties is reported for information purposes only and is included in EPRA NRV. As of 31 December 2023 the average valuation yield for Pandex's investment properties was 6.09 (5.58) percent and for operating properties 7.02 (6.50) percent.

📄 *Complete information on changes in the value of properties can be found on page 156.*

**CURRENT AND DEFERRED TAX**

Current tax amounted to MSEK -375 (-164). The increase in current tax compared with the previous year is explained by higher pre-tax profit in Sweden and Norway, where Pandex has no tax loss carryforwards left to utilise. The prevailing interest rate climate is also resulting in higher tax expense due to the rules in place within the Group limiting deductible interest, especially in the UK.

Deferred tax amounted to MSEK 292 (-983), explained by changes in value of investment properties.

📄 *See also Note D1.*

**CASH FLOW AND CASH EARNINGS**

Cash earnings amounted to MSEK 1,742 (2,056), a reduction of 15 percent, partly due to higher market interest rates and partly to current tax being higher than normal. Adjusted for government assistance totalling MSEK 260 for the comparison period, cash earnings decreased by -3 percent. Cash flow from operating activities before changes in working capital amounted to MSEK 1,963 (2,245). The change in working capital affected cash flow in the amount of MSEK 230 (132). Invest-

ing activities affected cash flow in the amount of MSEK -1,481 (-1,637). Cash flow from financing activities amounted to MSEK -1,701 (-806), which is mainly due to higher repayments as well as dividends paid. Cash and cash equivalents at the end of the period amounted to MSEK 769 (1,630).

**EQUITY AND NET REINSTATEMENT VALUE**

Equity attributable to the Parent Company's shareholders amounted to MSEK 29,573 (30,731) and EPRA NRV (net reinstatement value) to MSEK 36,976 (37,694). EPRA NRV per share was SEK 201.12 (205.03).

**PARENT COMPANY**

Administration for activities within Pandex's property-owning companies is provided by employees of the Parent Company, Pandex AB (publ). The costs of these services are invoiced to Pandex's subsidiaries. Amounts invoiced during the period January-December 2023 totalled MSEK 112 (79) and profit for the period amounted to MSEK 2,016 (2,268). At the end of the period the Parent Company's equity amounted to MSEK 13,314 (11,759) and the external interest-bearing debt was MSEK 7,696 (7,269), of which MSEK 5,702 (6,013) was in the form of long-term debt.

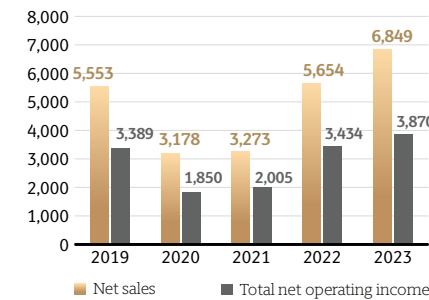
**SHARES AND OWNERSHIP**

Under Pandex AB's current Articles of Association the share capital is to consist of not less than MSEK 150 and not more than MSEK 600. The share capital at the end of the year amounted to MSEK 460 (460) distributed among a total of 183,849,999 shares, of which 75,000,000 are class A shares and 108,849,999 are class B shares. One class A share represents three votes at the Annual General Meeting and one class B share represents one vote. The shares have a quota value of SEK 2.50. According to the Articles of Association, holders of class A shares are entitled to convert all or part of their holding of shares to class B shares. The Articles of Association impose restrictions on the transfer of shares and on voting rights for class A shares.

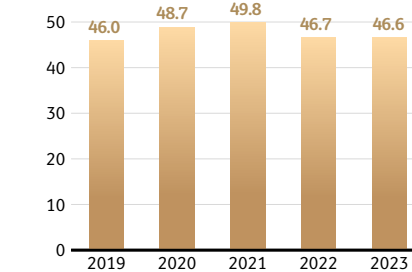
**GENERAL RISKS AND UNCERTAINTIES**

Priority areas of risk management relate mainly to changes in rental income in the Leases segment and changes in income and costs in the Own Operations segment, and also to property valuation and financing in terms of both complexity and the size of the amounts. Pandex assesses each risk based on its judgment as to whether the

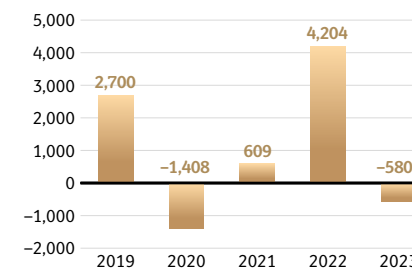
Net sales and total net operating income, MSEK



Loan-to-value ratio, %



Profit for the year, MSEK



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event triggering the risk will occur and the likelihood of the risk then being realised. This assessment subsequently forms the basis of an evaluation of how the risk should be prioritised – whether it requires specific action or if it can be managed as part of Pandox’s normal administration.

📖 *Pandox’s risks and risk management are described further on pages 81–86.*

**TAX SITUATION**

At the end of the period deferred tax assets amounted to MSEK 340 (305), consisting mainly of the carrying amount of tax loss carryforwards that the Company expects to be able to utilise in future financial years.

Deferred tax liabilities amounted to MSEK 5,270 (5,538) and relate mainly to temporary differences between the fair value and taxable value of investment properties, to temporary differences between the carrying amount and taxable value of operating properties and to temporary differences in the value of interest rate derivatives.

**DISPUTES AND INSURANCE CASES**

In January 2023 Pandox received compensation for Dorint Parkhotel Bad Neuenahr, the property affected by flooding in 2021. The compensation covers the costs that Pandox incurred and the damage caused by the flood. No other significant change has taken place in any disputes and insurance cases commented on previously.

**EMPLOYEES**

On 31 December 2023 Pandox had 1,442 (1,226) full-time employees, based on the number of hours worked converted into full-time equivalents. The number of employees in the Own Operations business segment is 1,393 (1,179). In the Leases segment and in central administration there are 49 (47) employees. The average number of employees was 1,380 (1,084), of which 671 (544) are men and 709 (540) are women.

Gender equality is a prioritised area for Pandox and it is a requirement that both genders are represented in the recruitment process for senior roles. In spring 2023 a diversity and inclusion survey was conducted among all employees. The results showed that 87 percent of employees feel included

at their workplace. A diversity and inclusion strategy was launched during the year. The strategy is a firm foundation from which to meet the three concrete goals: a maximum of 60 percent of one gender identity, all employees are to feel included, and one or more locally adapted targets for socially marginalised groups at every hotel and the head office.

**GUIDELINES FOR REMUNERATION AND OTHER EMPLOYMENT TERMS FOR THE EXECUTIVE MANAGEMENT TEAM**

Guidelines for remuneration of the Company’s board members and senior executives were approved at the 2020 Annual General Meeting and apply until new guidelines are adopted by a shareholders’ meeting. The Board is to prepare proposals for new guidelines at least once every four years for adoption by the shareholders’ meeting. Note C7 presents the remuneration guidelines that were most recently adopted. The Board may propose a new incentive scheme at the upcoming 2024 Annual General Meeting. Remuneration guidelines will be presented for approval by this meeting.

**EXPECTATIONS REGARDING FUTURE DEVELOPMENT**

Pandox’s goal is to create growth in cash flow through steadily increasing rental income in revenue-based leases and project development in the existing property portfolio, combined with the possibility of seizing acquisition opportunities. The capacity to increase cash earnings is dependent on economic activity, growth in the hotel market and local market conditions. For 2024 we anticipate some RevPAR growth in the hotel market supported, among other things, by a strong event calendar in Germany, including the UEFA European Championship in June–July, and stable market conditions in other markets. Bookings in Pandox’s markets at the beginning of 2024 were slightly higher than at the same time the previous year. Lower inflation and hopefully also lower interest rates should have a positive effect on household consumption, and should also be able to lessen the effects of a potentially weakened labour market and lower employment. Hotel demand is dependent on economic activity and the most significant risk is still the consequences of geopolitical issues impacting the economy and travel, which has not yet materialised.

**APPROPRIATION OF PROFIT**

At the disposal of the Annual General Meeting:

Retained earnings	10,828,944,856
Profit for the year	2,016,346,984
<b>SEK</b>	<b>12,845,291,840</b>

The Board proposes that the earnings be allocated as follows:

Dividend to shareholders, SEK 4.00 per share	735,399,996
Carried forward	12,109,891,844
<b>SEK</b>	<b>12,845,291,840</b>

The Board proposes that the available earnings of SEK 12,845,291,840 are allocated such that a dividend of SEK 735,399,996 is paid to the shareholders and SEK 12,109,891,844 is carried forward. The Board of Directors finds that the proposed allocation of earnings is justifiable taking into consideration the criteria mentioned in Chapter 17, Section 3, second and third paragraphs of the Swedish Companies Act regarding the nature and scope of the business and its risks, consolidation requirements, liquidity and position in general. The proposal above also takes into account the Group contributions now approved of MSEK 104 provided by Pandox AB.

**EVENTS AFTER THE END OF THE CLOSING DAY**

In 2024 Pandox AB (publ) entered into an agreement to divest DoubleTree by Hilton Montreal in Canada. The sale includes both the hotel property and hotel operations and the transaction price is around MCAD 80. The handover is planned for the second quarter of 2024.

Other than this there have been no events or transactions of significance since 31 December 2023 that affect the financial statements issued for the Pandox Group for the 2023 financial year.

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### Contact



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## EUROPEAN SUSTAINABILITY REPORTING STANDARDS (ESRS)

Pandox is presenting its sustainability information for 2023 in a format based on the current interpretation of the European Sustainability Reporting Standards (ESRS). ESRS forms part of the Corporate Sustainability Reporting Directive (CSRD). In addition to reporting according to ESRS, the CSRD encompasses certain parameters that cannot yet be fulfilled due to a lack of previous practice or guidelines from the EU. Among other things, the ESRS reporting is to be digitally tagged and is to undergo third party assurance.

The report has also been prepared in accordance with the Swedish Annual Accounts Act and with the Global Reporting Initiative (GRI) standards. Assurance is being carried out for 2023 in accordance with GRI. In many cases the GRI reporting indicators overlap with ESRS. Pandox is thus preparing as best it can for future assurance in accordance with ESRS. The transition to CSRD is a major undertaking; implementing some of the requirements already at this stage enables a more mature and transparent report to be presented, both for 2023 and in future years.

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# ESRS 2 – General disclosures

## Basis for preparation

The sustainability report has been prepared at a consolidated level with the same scope as the financial statements, with the difference that the hotel properties' data is included in the calculations until the day they are reclassified or closed for renovation. The guideline is to exclude full-year data for hotels that have been closed for more than half of the year. For Hilton Belfast, which was acquired in autumn 2023, sustainability data only became available in 2024. Hotel Mayfair is included in the sustainability reporting because the hotel was operated within Own Operations in 2023 and was only reclassified to Leases in 2024. Dorint Parkhotel Bad Neuenahr is still closed due to the flooding in 2021 and consequently this hotel is excluded from climate calculations. Hotel Pomander was closed for renovation and did not reopen until 18 September 2023, in the Own Operations segment. The hotel is in the process of transitioning to Leases, which takes effect from 1 March 2024. It was decided to exclude this hotel for 2023 as data was not provided. NH Brussels Louise closed in May for renovations and has been excluded since the hotel was closed for more than half of the year. This means that a total of 159 hotel properties are included in the financial reporting compared with 155 for the sustainability reporting.

Pandox publishes its sustainability report annually. Consideration was given to Pandox's upstream and downstream value chain when conducting the double materiality analysis on which the sustainability disclosures are based. Where considered relevant to communicating material aspects, information on the value chain has also been included in the reporting itself; for example, disclosures concerning Scope 3 and supplier management. Pandox has not used the option to omit a specific piece of information corresponding to intellectual property, know-how or the results of innovation and has not used the exemption from disclosure requirements concerning impending developments or matters in the course of negotiation.

The sustainability statement includes disclosures related to climate scenario analysis in accordance with

TCFD (pages 108–109). The sustainability content in the Annual Report 2023 has been prepared in accordance with GRI. Pandox's internal Audit Committee is involved in the process. The GRI index can be found on pages 125–129.

## Disclosures incorporated by reference

- ESRS 2 GOV-1 paragraph 21(d) (in the Corporate Governance Report)
- Disclosure requirement SBM-1 paragraphs 40(a)–(c), 42(a)–(b) – Strategy, business model and value chain (in the Corporate Governance Report on page 91)
- Disclosure requirement GOV-3 – Integration of sustainability-related performance in incentive schemes (in Financial Notes)

## Statement on due diligence

The due diligence processes take place in various ways. Within property management, which includes both business segments, due diligence for suppliers is carried out on an ongoing basis. This is effective for three years and covers environmental and social aspects as well as business ethics. To date this has been implemented for construction contracts above a certain amount within Sweden, but its scope is to be extended in 2024 with the objective of implementing the process for suppliers in Europe as well. Suppliers are in the first instance entered in Evaluate, Pandox's digital system for due diligence evaluation. Here an initial risk assessment is performed for new suppliers. Suppliers flagged red or amber are asked to complete a self-assessment form. If this is not done, three reminders are given; after which the supplier may be excluded.

Evaluate follows up on all self-assessment forms flagged red or amber. Should a company be flagged red even after the supplier has been given opportunity to take action and add supplementary information, a decision by the internal purchasing council is needed to allow continued cooperation with the supplier. This might occur in special cases where there is only one supplier of a particular material. This situation has not yet arisen. Within six months, companies given an amber

## Governance



The Board of Directors has overall responsibility for the strategic focus of sustainability and climate work, and makes decisions on the Company's policies. The Board of Directors also makes decisions on significant investments, such as green investment programmes and certification of properties. Feedback is provided to the Board through a six-monthly board report and an annual oral presentation by the SVP, Director of Sustainable Business. From 2024 onwards this will also be a standing agenda item at Audit Committee meetings. The skills represented on the Board are to reflect the challenges that Pandox has and during the year a new member with expertise in sustainability joined the Board, in accordance with the wishes of significant stakeholders.



The CEO and the executive management team are responsible for day-to-day operation of the Company and for reporting to the Board of Directors. They are responsible for delivering on targets and strategies and taking decisions on general operational matters, including sustainability. They are also to ensure that systems and processes are in place to monitor and control the Company's operations and risks, including climate-related risks and opportunities. The SVP, Director of Sustainable Business is a member of the executive management team. During the year the CEO and executive management team addressed all of the material topics identified for Pandox.



The Sustainability Committee, consisting of representatives from the executive management team, addresses issues and decisions relating to sustainability work on a quarterly basis. Efforts in 2023 focused on science-based targets, green financing, and diversity and inclusion. The Sustainability Committee is also active in the green investment programmes and the BREEAM certification process for all properties in Leases. The SVP, Director of Sustainable Business convenes committee meetings. During the year the Sustainability Committee addressed all of the material topics identified for Pandox (see page 97). The SVP, Director of Sustainable Business is responsible for ensuring that sustainability is integrated into Pandox's day-to-day operations in consultation with individuals responsible for the relevant areas, who are often the heads of the business areas. The Director's participation in executive management meetings ensures that sustainability is always high up on the agenda and integrated into the Company's business. The SVP, Director of Sustainable Business also leads a sustainability forum along with the SVP, Asset Management & Development and an energy consultant, who run the green investment programme and the BREEAM certification of properties in Own Operations. The SVP, Director of Sustainable Business reports the outcome of sustainability efforts to the executive management team on a continual basis. Sustainability is also a permanent element of Pandox's strategic kick-off meetings held twice a year for the executive management team, board representatives, head office employees and key decision-makers within Own Operations.



The Sustainability Manager is responsible for the sustainability work within Own Operations and reports to the SVP, Director of Sustainable Business. This person is assisted by at least one sustainability coach per hotel, who drives the efforts. The sustainability efforts are communicated quarterly via the Green Update report and at internal conferences held once or twice a year.



All Pandox employees are responsible for incorporating sustainability into their work in accordance with the Company's policies and strategies.



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rating in the procurement phase above are to fill out a more detailed self-assessment form. Companies that are flagged red are given follow-up questions and an opportunity to provide more information. This can move a supplier to an amber or a green rating. This step also contributes to more in-depth dialogue with suppliers and to the suppliers' development. Where it emerges that a supplier has shortcomings, Pandox then actively cooperates and provides support so that the supplier can create the conditions for meeting the requirements set by Pandox. Depending on the severity, suppliers that do not remedy the non-conformances identified may have their contracts terminated through a decision by Pandox's purchasing council. They must also undergo an on-site inspection by an independent external party.

For hotels in Pandox's Own Operations the Group uses the Hilton Supply Management System (HSM) to ensure compliance with Pandox's requirements of suppliers. An estimated 80 percent of all purchasing takes place through this system. Most of the remaining 20 percent consists of purchases made locally from small businesses.

**Risk management and internal control over sustainability reporting**

Pandox's sustainability-related risk identification takes place in the course of conducting and updating the double materiality analysis that covers the entire organisation and also, where relevant, the value chain. The division of responsibility for management of the risks varies, but risk management is coordinated by the SVP, Director of Sustainable Business. Pandox has internal control procedures such as the "four eyes" principle, which requires two signatures on contracts to minimise the risk of errors or corruption. In recruiting contexts the "grandfather principle" is applied, whereby the CEO is always involved in the recruitment of key management roles. To ensure this proceeds in accordance with established processes, self-assessments are completed annually and reported on to Pandox's Audit Committee. These controls contribute to the quality of Pandox's ongoing financial and sustainability work, and consequently to the quality of the annual reporting.

The SVP, Director of Sustainable Business has overall responsibility for ensuring that Pandox's sustainability reporting complies with the legislation in force. A primary risk in sustainability reporting is that data may be reported inaccurately or not consolidated correctly. To address this Pandox utilises a third-party reporting system, allowing central oversight and control. Moreover, the four-eyes principle also applies here

when data is entered into the report. Pandox's reporting structures and calculations are evaluated annually to ensure they reflect real conditions as accurately as possible.

A difficulty within the Leases segment is that not all tenants collect sustainability data systematically. Where necessary, Pandox therefore employs template calculations based on the actual data from tenants that is available. More information on this can be found under each relevant standard.

*Strategy, business model and value chain*

Pandox's sustainability strategy is based on the double materiality analysis (pages 97–98) and focuses on activities for reaching the science-based climate targets (page 105) as well as the targets for diversity and inclusion (page 116).

Pandox's largest suppliers are building contractors, and its customers and end-users include both tenants and hotel guests. Throughout the value chain there are also many suppliers of goods and services that enable hotel operations.

*Interests and viewpoints of stakeholders*

Pandox has ongoing dialogue with its stakeholders during the business year, in addition to the specific stakeholder dialogue on sustainability conducted in 2023 as part of the double materiality analysis (read more under disclosure requirement ESRS 2 IRO-1). The company's main stakeholders are tenants, employees, owners, investors, bankers and suppliers. All dialogue that Pandox has with its stakeholders is aimed at informing the Company of its stakeholders' views on the operations, to enable Pandox to develop and improve. The dialogues are adapted to provide the most effective exchange possible with each party.

Topics covered in dialogue with tenants are determined by the agreement and which issues are relevant to address. The revenue-based rent system requires the parties to work together in a constructive way to understand the market and achieve common objectives. During the year these conversations were dominated by maintenance and development projects. In 2023 a survey was sent out to the tenants covered by the GRESB organisation and from which Pandox had received data (with the exception of Leonardo hotels) with the aim of gaining a better understanding of their expectations with respect to Pandox's sustainability work.

A survey is carried out each year of employees at the head office and quarterly of employees at hotels operated by Pandox. Read more under disclosure requirement ESRS S-1 on page 115.

Dialogue with shareholders and investors takes place on a quarterly basis in connection with interim reporting, through road shows and informal meetings, and through surveys to determine what they want to see in the Annual Report. In 2023 Pandox continued its dialogue on green financing with its major banks. Two existing loans with two of the banks were sustainability-linked in December. This dialogue clearly revealed the different stakeholders' requirements and expectations of Pandox, which has in turn impacted Pandox's strategic internal processes. Where relevant, or where they affect Pandox's strategic processes, Pandox's Board of Directors and executive management team are informed of the stakeholders' views.

Pandox also holds an annual Hotel Market Day focusing on trends and knowledge transfer. Invitations to this event are sent to Pandox's major stakeholders.

Pandox has a structure for dialogue with suppliers through its supplier audit process. This allows Pandox to support and develop cooperation and to encourage suppliers to work in a more structured way on sustainability. Read more in the *Statement on due diligence* on page 95.

Pandox also has a dialogue with professional and industrial organisations on development opportunities, for example in connection with their evaluation of Pandox's sustainability work and results from surveys and assessments such as GRESB, CDP and Sustainabilitytics.

**Important governing documents**

- Code of Conduct for employees
- Code of Conduct for Business Partners
- Environmental Policy
- Anti-Corruption Policy
- Human Rights Policy
- Tax Policy
- Purchasing Policy
- Maintenance Policy
- Personal Data Policy
- Information Security Policy
- Statement on the Modern Slavery Act
- Risk management and internal control

All of the above policies have been signed by the Board of Directors, with the exception of the Purchasing Policy and the Maintenance Policy. These two policies are signed by an appropriate representative of the executive management team. The content of the policies is described under each relevant standard.

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*Material impacts, risks and opportunities and their interaction with strategy and business model*

Identified material risks and opportunities are presented below. Note that impact materiality and financial materiality are not necessarily comprehensive, but are highlighted where they are material based on Pandox’s industry. Narrative disclosures, scope and management associated with these disclosure requirements are presented under the respective ESRS standard.

ESRS standard	Sustainability topic	Impact or financial materiality?
ESRS E1 Climate change	Climate change adaptation Climate change mitigation Energy	Positive impact, financial risk Positive and negative impact, financial risk and opportunity Negative impact, financial risk and opportunity
ESRS E2 Pollution	Pollution of air Substances of concern Substances of very high concern	Potential negative impact Potential negative impact Potential negative impact
ESRS E3 Water and marine resources	Water	Negative impact
ESRS E4 Biodiversity and ecosystems	Direct impact drivers of biodiversity loss Impacts on the state of species	Potential negative impact Potential negative impact
ESRS E5 Circular economy	Resources inflows, including resource use Resource outflows related to products and services Waste	Negative impact, financial risk Positive impact Negative impact, financial risk
ESRS S1 Own workforce	Working conditions Equal treatment and opportunities for all	Positive and potential negative impact, financial risk Positive and potential negative impact, financial opportunity
ESRS S2 Workers in the value chain	Working conditions Equal treatment and opportunities for all Other work-related rights	Positive and potential negative impact, financial risk Potential negative impact, financial risk Potential negative impact, financial risk
ESRS S3 Affected communities	Communities’ economic, social and cultural rights	Financial risk
ESRS S4 Consumers and end-users	Information-related impacts for consumers and/or end-users Personal safety of consumers and/or end-users Social inclusion of consumers and/or end-users	Positive and potential negative impact, financial risk Positive and potential negative impact Positive impact
ESRS G1 Business conduct	Corporate culture Management of relationships with suppliers including payment practices Corruption and bribery	Positive and potential negative impact, financial risk Positive and potential negative impact Potential negative impact, financial risk
Entity-specific topic	Transparency	Financial risk

**IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities**

*Description of the double materiality analysis process*

In autumn 2023 Pandox conducted a double materiality analysis to determine material sustainability-related impacts, risks and opportunities. The evaluation was carried out with the assistance of a third party in accordance with the latest interpretation of CSRD and ESRS. The evaluation was conducted based on the principle of double materiality, according to which a sustainability topic may be material from one of both of the following perspectives:

- Impact materiality – Pandox’s impact on people and/or the environment
- Financial materiality – sustainability topics that affect Pandox’s financial circumstances

The double materiality analysis was carried out in five stages:

1. Identification of a general list of ESG topics
2. Process analysis and stakeholder dialogue
3. Assessment of impact materiality
4. Assessment of financial materiality
5. Materiality mapping and documentation

*General list of impacts, risks and opportunities*

A general list of impacts, risks and opportunities was generated by assessing all topics (including sub-topics and their sub-topics) that are included in the ESRS topic list as they relate to Pandox’s operations. This assessment included Pandox’s business activities, geographic locations, industry and value chain. Topics not included in the list that could be material for Pandox were also highlighted. A total of 26 sustainability topics were identified, covering various levels in the value chain and different timeframes.

*Stakeholder dialogue*

To ensure that the analysis covered all perspectives on the business, interviews were conducted with a total of 10 stakeholders, four of which were internal and six external.

Impacts associated with human rights were identified by the Human Rights Impact Assessment carried out in winter

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2022/2023 and which included stakeholder dialogue and due diligence processes within all business segments. Climate-related impacts associated with greenhouse gas emissions, pollution, water and circular economy were identified by mapping and analysis of Pandox’s locations/areas of business, and also through existing climate analyses and by consulting stakeholders. Benchmarking against external parties was also carried out.

Climate-related physical and transition risks were identified through Pandox’s system for risk management and through the climate scenario analysis previously conducted by Pandox in accordance with TCFD recommendations. Other climate-related financial risks and opportunities were identified through geographic risk analysis and stakeholder dialogue.

Identified impacts, risks and opportunities were mapped to each topic in the general list. In the course of stakeholder dialogue Transparency was raised as an entity-specific material topic that was not included in the general list.

The identified impacts, risks and opportunities encompass short-, medium- and long-term time horizons and are specified for various parts of the value chain. They were then graded on the basis of the criteria in *ESRS 1 General requirements* for impact and financial materiality.

**Assessment of impact materiality and financial materiality**

Negative impacts were graded based on the severity of the impact – a combination of scale, scope and irremediable character – and the likelihood of the impact. Severity was prioritised based on the likelihood of impacts on human rights. Positive impacts were graded based on scale, scope and likelihood.

Financial materiality was graded based on the potential magnitude of the risk or opportunity, and its likelihood.

Suitable thresholds were determined based on the quantitative grading in consultation with Pandox’s sustainability team and representatives of the executive management team. The threshold was set so as to include all of the sustainability topics assessed as falling within Pandox’s responsibility. Those that are unlikely to occur (except in the case of impacts on human rights) or are of low severity/magnitude fall below the threshold and are not included in the scope of the reporting.

**Mapping of materiality and documentation**

The preliminary results of the double materiality analysis were validated by representatives of Pandox’s sustainability team and executive management team, after which final adjustments were made. The outcome of the materiality analysis was that all 10 ESRS topic standards are material and that there are 24 material sustainability topics, one of which is entity-specific. The results of the materiality analysis have been communicated to the Board of Directors for information and to enable the Board to have an influence. The results and the process were reviewed in more detail with individual members of the Board.

Since the double materiality analysis in line with ESRS specifications is more comprehensive and also takes financial materiality into consideration, various additions have been made to the material topics compared with the previous year’s report even though the Group’s scope and areas of business have not undergone major change.

**IRO-2 – Disclosure requirements in ESRS covered by the undertaking’s sustainability statement**

ESRS standard	Disclosure requirement	Page
ESRS E1 Climate change	E1-1, E1-2, E1-3, E1-4, E1-5, E1-6, E1-9	105
ESRS E2 Pollution	E2-1, E2-2, E2-4, E2-5	110
ESRS E3 Water and marine resources	E3-1, E3-2, E3-3, E3-4	111
ESRS E4 Biodiversity and ecosystems	E4-1, E4-2, E4-3	113
ESRS E5 Circular economy	E5-1, E5-2, E5-3, E5-4, E5-5, E5-6	114
ESRS S1 Own workforce	S1-1, S1-2, S1-3, S1-4, S1-5, S1-6, S1-7, S1-8, S1-9, S1-10, S1-11, S1-12, S1-13, S1-14, S1-15, S1-16, S1-17	115
ESRS S2 Workers in the value chain	S2-1, S2-2, S2-3, S2-4, S2-5	122
ESRS S3 Affected communities	S3-1, S3-4, S3-5	122
ESRS S4 Consumers and end-users	S4-1, S4-2, S4-3, S4-4, S4-5	123
ESRS G1 Business conduct	G1-1, G1-2, G1-3, G1-4, G1-6	124
Entity-specific topic	Transparency	N/A

The sustainability information that is to be provided in relation to each sustainability topic has been assessed based on the material impacts, risks and opportunities identified for each topic and the disclosure requirements that are relevant. Disclosure requirements for which there are no related material impacts, risks or opportunities have been excluded from the sustainability information. The entity-specific topic Transparency has also been excluded in accordance with the phase-in guidelines.

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# Reporting according to the EU Taxonomy

For the third consecutive year Pandox is reporting according to the EU Taxonomy Regulation. The aim is to show to what extent the Company’s operations are environmentally sustainable and live up to the EU’s six environmental objectives. This year, eligibility is to be reported for all of the environmental objectives but alignment with the taxonomy only for the first two environmental objectives, namely climate change mitigation and climate change adaptation.

Pandox has produced guidance and instructions on the way in which data is to be gathered internally in order to report according to the Taxonomy Regulation.

## Reporting for 2023

In 2023 eligible activities amounted to 98 (55) percent of turnover for environmental objectives 1 (CCM) and 6 (BIO), and 99 (99) percent of CapEx and 100 (100) percent of OpEx for environmental objective 1. The aligned proportions were 5 (4) percent of turnover, 3 (1) percent of CapEx and 13 (3) percent of OpEx.

The proportion of turnover has increased because Own Operations are also being included.

For properties, energy performance is the decisive parameter vis-à-vis the EU Taxonomy’s environmental objective 1. Pandox has based this on the guidelines issued by Fastighetsägarna (the Swedish Property Federation) concerning what is defined as the top 15 percent, which includes energy performance certificates showing class A and in some cases class B. Since at present there are no guidelines in other countries on the top 15 percent, Pandox has decided to also apply the Swedish guidelines to the other countries where the Company is active. In 2023 a total of 12 properties were rated as energy class B. These are located in Sweden, Norway, Austria and England.

The taxonomy-aligned percentages should be viewed in light of the fact that Pandox’s property portfolio consists largely of older buildings, the majority of which do not achieve a class B rating. Existing buildings are not in the same position as new production, where current energy requirements are taken into account right from the planning stage. Moving a property from a very low energy rating to class A or B can be technically very challenging and may require significant investment and cooperation with tenants, which is not

always possible for externally operated hotels. In many cases it is determined that such a shift is neither commercially justifiable nor technically feasible, and that it would be necessary to demolish the building and build a new one. This is also not consistent with the EU’s objective of reducing climate impact, as it leads to high resource consumption.

In addition, Pandox has properties in 12 countries with different national rules and regulations on how to calculate energy ratings and how different types of energy are to be weighted. The conditions and circumstances also vary greatly. Sweden has a widespread district heating grid with low emissions, while natural gas boilers are a common solution for heating in countries such as England. The source of electricity generation also differs widely between countries. In Sweden fossil fuels account for around 1 percent of electricity production, while in the UK fossil natural gas accounts for 35 percent of electricity production, and there is also oil and coal in the mix in addition to this.

Direct comparisons of national ratings therefore often do not provide a true and fair picture at present. As an example, energy class B in England for certain types of buildings may equate to class F in Scotland. In Germany there is no scale and in Belgium there are as yet no energy performance certificates for the hotel properties category. According to new EU directives, this will be required from 2025 to achieve better comparability between countries.

As part of its work on science-based targets Pandox launched an internal project to identify properties in which energy efficiency needs to be improved in order to align with the Paris Agreement. Pandox’s aim is to move properties to class B where possible.

## Minimum safeguards:

In 2022 a review was carried out by a third party, which assessed Pandox to be in compliance with the governance criteria as defined in the minimum safeguards. At the same time it was verified that the Company has developed and adopted appropriate programmes and measures to prevent and detect corruption and to ensure healthy competition. These checks showed that neither Pandox nor its subsidiaries have breached any tax-related laws, and there are no confirmed violations according to Dow Jones RiskCenter. Nor

has Pandox or its executive management been found guilty of any breach of competition laws, according to Dow Jones RiskCenter. The review was based on the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, and the ILO’s eight Fundamental Conventions. Pandox has decided that a third party is to review compliance with minimum safeguards every two years unless major changes or incidents have taken place that call for extra review.

In 2023 a third party also verified whether any incidents were reported to National Contact Points under the OECD Guidelines and/or any allegations were made against Pandox for any breach of labour laws or human rights that were reported to the Business & Human Rights Resource Centre. The areas verified were Pandox, the executive management team and Board of Directors, and subsidiaries. The result was that no (0) incidents had been reported and there are therefore no indications that Pandox has been accused or found guilty of any breach of the OECD Guidelines or the UN Guiding Principles.

During the year Pandox continued to further develop processes and activities based on outcomes from the impact assessment carried out in 2022. To read more about this process and the assessment, see page 20.

## DNSH:

Today’s society is highly vulnerable to climate change because it is adapted to today’s climate. Climate change will lead to higher temperatures, changed precipitation patterns, and more frequent and intense extreme weather events such as heatwaves, drought and torrential rain. It is therefore important to start now to determine which effects will impact Pandox and to make a plan to minimise these effects. Pandox therefore needs to perform climate risk assessment of its property portfolio and to carry out climate adaptation of properties where there is a high risk of negative impacts from a changed climate. Another important aspect of Pandox’s responsibility is to report according to the EU Taxonomy Regulation to what extent the Company’s operations are environmentally sustainable.

Pandox uses a modelling tool that assesses and makes a financial evaluation of the Company’s exposure to physical climate risk and natural disaster risk for all of its properties.

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The tool was implemented in 2022 and assesses the properties' risks based on the IPCC climate scenarios (RCP 2.6 (1.5 °C), RCP 4.5 (2–3 °C) and RCP 8.5 (4 °C)) and timeframes (current risk and risk in 2030, 2050 and 2100 respectively).

The tool includes both climate risks and each property is assigned a risk level of between one and five for each area, where one is very low risk and five is very high risk.

The following climate risks are included in the tool in accordance with the Taxonomy Regulation:

- Changed wind patterns
- Cyclones, hurricanes and typhoons
- Tornadoes
- Changed precipitation patterns and types
- Sea level rise
- Drought
- Precipitation
- Floods

The following climate risks are not included in the tool, for the reasons stated:

- Storms (including snowstorms, dust storms and sandstorms) are not included because dust storms and sandstorms do not constitute a major risk in Northern Europe where Pandox's properties are primarily located. Snowstorms may, on the other hand, constitute a risk for the property sector in the form of increased maintenance costs. However, it is still not entirely clear what the effects of climate change will be on snowstorms. In addition, there is no global risk map available for this. Instead data has to be obtained from local meteorological institutes.
- Hydraulic variables are not included because the impacts do not significantly affect the property sector. Drought and floods are covered by other climate variables.
- Ocean acidification is not included in the analysis as this will mainly impact and change marine food chains and the food supply. The property sector is therefore not directly exposed to this risk.
- Saltwater intrusion through surface and groundwater sources could reduce access to fresh water in coastal areas, which could affect a small percentage of the portfolio in the long term although this risk is not considered high for Pandox at this time. Other risks that may impact saltwater intrusion such as sea level rise are, however, included in the risk analysis.
- Water stress is not included in the risk analysis, but Pandox is conducting an analysis of this parameter using the WRI

tool in order to monitor which properties are in areas of high water stress.

- Glacial lake outburst flood (GLOF) is not included as there are no properties in regions close to glacial lakes.
- Landslide, landslip, erosion, avalanche, solifluction and subsidence are not included in the risk analysis because Pandox's properties are not located in areas where these risks are considered sufficiently high.

The tool is based on modern climate forecasts that correspond to the expected life of the properties.

For properties that are considered to be aligned with the taxonomy's technical criteria for environmental objective 2 for economic activity 7.7 or aligned with the technical criteria in environmental objective 1 where they need to meet the DNSH requirements for economic activities 7.2–7.7, Pandox is to conduct an individual analysis of the need for climate adaptation on site in the building when the physical climate risk is considered very high or high. In 2023 a desktop analysis was performed for the properties identified as having high climate risks. This analysis was deemed to be sufficient for 2023. A new needs analysis will be carried out for 2024.

**Pollution**

Regarding the DNSH pollution criterion, in 2023 Pandox identified all eligible suppliers for economic activity 7.3; for example, those that provide extra insulation, replacement windows, and installation or replacement of ventilation or taps.

In 2024 the suppliers will need to confirm digitally via Pandox's supplier audit system that their products contain no chemicals included in the EU's Candidate List of substances of very high concern (SVHC). If they are unable to confirm this, they will need to specify which chemicals are used. A new procedure requiring taxonomy-aligned activities will also be introduced into the tendering process. Pandox will also carry out random sampling to check that our suppliers are not using banned substances. For an economic activity to be considered aligned, all criteria must be met. The DNSH criterion for CCM 7:3 is not yet fully met because the process described above has not yet been implemented, which is why the CapEx of MSEK 151 invested in 2023 is reported as eligible. Had alignment been achieved for CCM 7:3 as well, a total of 9 percent of Pandox's CapEx would have been aligned instead of the 3 percent being reported.

**ECONOMIC ACTIVITIES**

**Turnover**

In Leases, this consists of rental income and other property income and in Own Operations, of revenue from Pandox's own hotel operations. *Taxonomy-eligible:* 98 (55) percent of turnover. From 2023 revenue from Pandox's own hotel operations is also eligible because environmental objective 6 (BIO) has been added. *Taxonomy-aligned:* 5 (4) percent of turnover.

**CapEx**

Consists of capital expenditure for investment properties (normally Leases) and operating properties (Own Operations). Both segments also include capital expenditure for right-of-use assets in the form of site leaseholds, office premises, cars and other leased equipment. *Taxonomy-eligible:* 100 (99) percent of CapEx. (All reported IFRS capital expenditure (including right-of-use assets) within both Leases and Own Operations is taxonomy-eligible except for capital expenditure on right-of-use assets for some office premises, cars and other leased equipment.) *Taxonomy-aligned:* 3 (1) percent of CapEx.

**OpEx**

Total OpEx as defined in the EU Taxonomy includes costs for maintenance and repair of properties. *Taxonomy-eligible:* 100 (100) percent of costs relating to maintenance and repair, which essentially means investments in all Pandox properties that cannot be capitalised. The cost of operating the properties is not eligible. *Taxonomy-aligned:* 13 (3) percent of OpEx.

**Pandox's taxonomy-eligible economic activities**

- BIO 2.1 Hotels, holiday, camping grounds and similar accommodation
- CCM 7.2 Renovation of existing buildings
- CCM 7.3 Installation, maintenance and repair of energy-efficient equipment
- CCM 7.4 Installation, maintenance and repair of charging stations for electric vehicles
- CCM 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance
- CCM 7.6 Installation, maintenance and repair of renewable energy technologies
- CCM 7.7 Acquisition and ownership of buildings
- CCM 9.3 Professional services related to energy performance of buildings

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PROPORTION OF PANDOX'S TURNOVER THAT IS TAXONOMY-ELIGIBLE AND TAXONOMY-ALIGNED  
Turnover

Economic activities (1)	Code(s) (2)	Turnover (3) MSEK	Proportion of turnover (4) Yes/No N/EL/%	Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)						Minimum safeguards (17) Yes/No	Taxonomy-aligned/taxonomy-eligible proportion of turnover, 2022 (18) Percent	Category: enabling activity (19) E	Category: transitional activity (20) T
				Climate change mitigation (5) Yes/No N/EL/%	Climate change adaptation (6) Yes/No N/EL/%	Water (7) Yes/No N/EL/%	Pollution (8) Yes/No N/EL/%	Circular economy (9) Yes/No N/EL/%	Biodiversity (10) Yes/No N/EL/%	Climate change mitigation (11) Yes/No	Climate change adaptation (12) Yes/No	Water (13) Yes/No	Pollution (14) Yes/No	Circular economy (15) Yes/No	Biodiversity (16) Yes/No				
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1. Environmentally sustainable activities (taxonomy-aligned)</b>																			
Acquisition and ownership of buildings	CCM 7.7	356	5%	Yes	N	N/EL	N/EL	N/EL	N/EL	-	Yes	Yes	Yes	Yes	Yes	Yes	4%		
<b>Turnover of environmentally sustainable activities (A.1)</b>		<b>356</b>	<b>5%</b>	<b>5%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>4%</b>		
<b>Of which enabling activities</b>		<b>0</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>0%</b>		
<b>Of which transitional activities</b>		<b>0</b>	<b>0%</b>							<b>-</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>0%</b>		
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)</b>																			
Hotels, holiday, camping grounds and similar accommodation	BIO 2.1	3,145	46%	N/EL	N/EL	N/EL	N/EL	N/EL	EL								0%		
Acquisition and ownership of buildings	CCM 7.7	3,193	47%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								51%		
<b>Turnover of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)</b>		<b>6,339</b>	<b>93%</b>	<b>47%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>46%</b>								<b>51%</b>		
<b>Total (A.1 + A.2)</b>		<b>6,694</b>	<b>98%</b>	<b>52%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>46%</b>								<b>55%</b>		
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
<b>Turnover of taxonomy-non-eligible activities</b>		<b>154</b>	<b>2%</b>																
<b>Total (A + B)</b>		<b>6,848</b>	<b>100%</b>																

**TURNOVER ACCOUNTING PRINCIPLES**

**A.1. Environmentally sustainable activities (taxonomy-aligned):**

CCM 7.7 Acquisition and ownership of buildings: Rental income within Leases for properties with an energy rating of EPC B with an approved climate risk assessment.

**A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities):**

CCM 7.7 Acquisition and ownership of buildings: Rental income within Leases for all other properties.

BIO 2.1 Hotels, holiday, camping grounds and similar accommodation: All income within Own Operations irrespective of the environmental rating of the property. In 2024 the eligibility of income from these properties will be assessed.

**Turnover of taxonomy-non-eligible activities (B):**

Revenue that meets the taxonomy's definition of revenue but that is not applicable, for example re-invoicing.

**Total (A + B)**

Represents the Group's net sales

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**PROPORTION OF PANDOX'S CAPEX THAT IS TAXONOMY-ELIGIBLE AND TAXONOMY-ALIGNED**  
Capital expenditure (CapEx)

Economic activities (1)	Code(s) (2)	CapEx (3) MSEK	Proportion of CapEx (4) %	Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)						Minimum safeguards (17) Yes/No	Taxonomy-aligned or taxonomy-eligible proportion of CapEx, 2022 (18) %	Category: enabling activity (19) E	Category: transitional activity (20) T
				Climate change mitigation (5) Yes/No/N/EL/%	Climate change adaptation (6) Yes/No/N/EL/%	Water (7) Yes/No/N/EL/%	Pollution (8) Yes/No/N/EL/%	Circular economy (9) Yes/No/N/EL/%	Biodiversity (10) Yes/No/N/EL/%	Climate change mitigation (11) Yes/No	Climate change adaptation (12) Yes/No	Water (13) Yes/No	Pollution (14) Yes/No	Circular economy (15) Yes/No	Biodiversity (16) Yes/No				
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1. Environmentally sustainable activities (taxonomy-aligned)</b>																			
Acquisition and ownership of buildings: Leases and Own Operations	CCM 7.7	52	2.1%	Yes	N	N/EL	N/EL	N/EL	N/EL	-	Yes	Yes	Yes	Yes	Yes	Yes	0.1%		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1%	E	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings: Leases and Own Operations	CCM 7.5	18	0.7%	Yes	N	N/EL	N/EL	N/EL	N/EL	-	Yes	Yes	Yes	Yes	Yes	Yes	0.6%	E	
Installation, maintenance and repair of renewable energy technologies: Leases and Own Operations	CCM 7.6	6	0.2%	Yes	N	N/EL	N/EL	N/EL	N/EL	-	Yes	Yes	Yes	Yes	Yes	Yes	-	E	
Professional services related to energy performance of buildings	CCM 9.3	0.2	0.0%	Yes	N	N/EL	N/EL	N/EL	N/EL	-	Yes	Yes	Yes	Yes	Yes	Yes	-	E	
<b>CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1)</b>		<b>77</b>	<b>3.1%</b>	<b>3.1%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>0.8%</b>		
<b>Of which enabling activities</b>		<b>24</b>	<b>1.0%</b>	<b>1.1%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>0.7%</b>	<b>E</b>	
<b>Of which transitional activities</b>		<b>0</b>	<b>0.0%</b>	<b>0.0%</b>						<b>-</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>0.0%</b>		
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)</b>																			
Acquisition and ownership of buildings	CCM 7.7 CCA 7.7	2,271	90.8%	EL	EL	N/EL	N/EL	N/EL	N/EL								93.1%		
Installation, maintenance and repair of energy-efficient equipment	CCM 7.3	151	6%	EL	EL	N/EL	N/EL	N/EL	N/EL								5.4%		
<b>CapEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)</b>		<b>2,422</b>	<b>96.9%</b>	<b>96.9%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>								<b>98.5%</b>		
<b>Total (A.1 + A.2)</b>		<b>2,498</b>	<b>99.9%</b>	<b>99.9%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>								<b>99.4%</b>		
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
<b>CapEx of taxonomy-non-eligible activities</b>		<b>2</b>	<b>0.1%</b>																
<b>Total (A + B)</b>		<b>2,500</b>	<b>100%</b>																

**CAPEX ACCOUNTING PRINCIPLES**  
See page 104.

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**PROPORTION OF PANDOX'S OPERATING EXPENDITURES THAT IS TAXONOMY-ELIGIBLE AND TAXONOMY-ALIGNED**  
Operating expenditures (OpEx)

Economic activities (1)	Code(s) (2)	OpEx (3)	Proportion of OpEx (4)	Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)						Minimum safeguards (17)	Taxonomy-aligned or taxonomy-eligible proportion of OpEx, 2022 (18)	Category: enabling activity (19)	Category: transitional activity (20)
				Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)				
		MSEK	%	%	%	%	%	%	%	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1. Environmentally sustainable activities (taxonomy-aligned)</b>																			
Acquisition and ownership of buildings: Leases and Own Operations	CCM 7.7	24	13%	Yes	No	N/EL	N/EL	N/EL	N/EL	-	Yes	Yes	Yes	Yes	Yes	Yes	2%		
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings: Leases and Own Operations	CCM 7.5	1	1%	Yes	No	N/EL	N/EL	N/EL	N/EL	-	Yes	Yes	Yes	Yes	Yes	Yes	1%	E	
<b>OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1)</b>		<b>25</b>	<b>13%</b>	<b>13%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>3%</b>		
<b>Of which enabling activities</b>		<b>1</b>	<b>1%</b>	<b>1%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>-</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>1%</b>		
<b>Of which transitional activities</b>		<b>0</b>	<b>0%</b>	<b>0%</b>						<b>-</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>0%</b>		
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)</b>																			
Acquisition and ownership of buildings	CCM 7.7, CCA 7.7	160	84%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								94%		
Installation, maintenance and repair of energy-efficient equipment	CCM 7.3	5	3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								3%		
<b>OpEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)</b>		<b>165</b>	<b>87%</b>	<b>87%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>								<b>97%</b>		
<b>Total (A.1 + A.2)</b>		<b>190</b>	<b>100%</b>	<b>100%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>								<b>100%</b>		
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
<b>OpEx of taxonomy-non-eligible activities</b>		<b>0</b>	<b>0%</b>																
<b>Total (A + B)</b>		<b>190</b>	<b>100%</b>																

**OPEX ACCOUNTING PRINCIPLES**

**A.1 Environmentally sustainable activities (taxonomy-aligned):**

Policy decisions: For OpEx we view investment properties and operating properties in the same way within our internal value chain where these are also managed in the same way. Consequently, taxonomy alignment is reported for all of Pandox's properties within the CCM framework. Reported values are for aligned economic activities meeting the technical criteria applicable to Pandox's investment properties and operating properties (CCM 7.5). CCM: Item 7.7 refers only to CapEx for properties with an energy rating of EPC B with an approved climate risk assessment.

**A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities):**

CCM 7.7: OpEx for investment properties and operating properties that are not taxonomy-aligned in accordance with the above and the policy described under the accounting principles for CapEx. Of which MSEK 65 refers to OpEx within Leases and is included in the item "Costs Leases" in the consolidated income statement and MSEK 84 refers to OpEx within Own Operations and is included in the item "Costs Own Operations" in the consolidated income statement. CCM 7.3: Amounts to MSEK 5 and not aligned in 2023 since the DNSH criterion for pollution is not fully met.

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►► Reporting according to the EU Taxonomy, cont.

**Nuclear and fossil gas related activities**

Nuclear energy related activities		
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO

Fossil gas related activities		
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

	Proportion of turnover/ total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
Climate change mitigation	5%	52%
Climate change adaptation	N/A	N/A
Water	N/A	N/A
Circular economy	N/A	N/A
Pollution	N/A	N/A
Biodiversity	0%	46%

	Proportion of CapEx/ total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
Climate change mitigation	3%	100%
Climate change adaptation	0%	100%
Water	N/A	N/A
Circular economy	N/A	N/A
Pollution	N/A	N/A
Biodiversity	N/A	N/A

	Proportion of OpEx/ total OpEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
Climate change mitigation	13%	100%
Climate change adaptation	0%	100%
Water	N/A	N/A
Circular economy	N/A	N/A
Pollution	N/A	N/A
Biodiversity	N/A	N/A

**CAPEX ACCOUNTING PRINCIPLES (see table page 102)**

**A.1 Environmentally sustainable (taxonomy-aligned) activities:**  
*Policy decisions*

For CapEx we view investment properties and operating properties in the same way within our internal value chain where these are also managed in the same way.

*Leases*

CCM 7.7: All capital expenditures for properties that are taxonomy-aligned, i.e. capital expenditures for properties with an energy rating of EPC B with an approved climate risk assessment.

CCM 7.5, 7.6, 9.3: Individual capital expenditures for properties not meeting the criteria for taxonomy alignment but where the capital expenditure itself satisfies the criteria for taxonomy alignment.

*Own Operations*

Pandox's policy is to test CapEx based on the capital expenditure itself, not based on which economic activity the turnover associated with the property relates to. Pandox assesses that all capital expenditures for properties (all properties moreover being managed in the same way) are eligible according to the description in CCM 7.7 (acquisition and ownership of buildings) but that the operating properties then go on in the internal value chain to be used for hotel operations. All capital expenditures for operating properties, which are within Pandox's internal value chain, that comply with the alignment criteria set out in CCM 7.7 (see above) are reported as taxonomy-aligned.

In addition, there are individual capital expenditures for properties (in the same way as described for Leases above) that are not in themselves taxonomy-aligned but where the capital expenditure itself is aligned under CCM 7.5 and 7.6.

**A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities):**

CCM 7.7: CapEx for investment properties and operating properties that are not taxonomy-aligned in accordance with the policy described above. Of this, MSEK 330 relates to acquisition of the investment property Best Western Fridhemsplan (included in Note E1) and MSEK 411 is CapEx for existing investment properties, corresponding to the capital expenditure stated in Note E1 (investment properties), adjusted for aligned CapEx included under point A.1 (MSEK 81). In addition, of this amount MSEK 1,246 relates to acquisition of the investment properties The Queens Hotel in Leeds and Hilton Belfast (included in Note E2) and MSEK 404 is CapEx for existing operating properties, largely corresponding to the capital expenditures stated in Notes E2 and E3, adjusted for aligned CapEx included under point A.1 (MSEK 25). CCM 7.3: In addition, there was CapEx of MSEK 151 that is not aligned for 2023 since the DNSH criterion for pollution is not fully met.

**B: Taxonomy-non-eligible CapEx (B):**

Refers, for example, to rent for office equipment and office premises.

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# ESRS E1 – Climate change

Pandox's greatest negative impact on the climate is through emissions of greenhouse gases throughout the value chain; Scope 1, 2 and 3. The greenhouse gases included in the climate calculations are carbon dioxide, methane, nitrous oxide and fluorinated gases. In addition, there are emissions locked away in materials in the buildings. If the properties were to be demolished, for example, this would cause emissions that are currently avoided by renovating and looking after the properties to enable their continued use.

Pandox's combustion of fuels such as oil and gas in its own operations, fuel for the Company's cars and emissions of refrigerants give rise to Scope 1 emissions. Pandox also purchases electricity, district heating and cooling for its own operations and these give rise to Scope 2 emissions. The majority of the emissions occur downstream among tenants in the Leases segment in Scope 3; emissions from tenants operating and heating hotels is the single largest emissions category. The emissions are reported in the GHG Protocol category of *downstream leased assets*. For the properties where the tenants provide measured data on actual energy consumption, energy-based emissions are reported in the table. For leased properties that cannot provide measured data, in 2021 a standard calculation was introduced to gain a more comprehensive picture of emissions. The standard calculation is based on average energy intensity per square metre for the properties that have measured data, multiplied by the floor space in square metres of the properties with no measured data, to then be multiplied by each country's average emission factor for electricity.

The second largest category in Scope 3 consists of *upstream leased assets* in Pandox's value chain and comes from purchased goods and services.

Pandox manages these impacts and risks by carrying out on-site inspections and implementing climate adaptation measures in all of its buildings with a high climate risk where adaptation is considered relevant, and by certifying its hotels under the BREEAM framework.

Between 2019 and 2023 Pandox implemented two green investment programmes focusing on energy efficiency in 16 of the 20 properties in which Pandox operates hotels. There programmes were concluded in 2023. The target was to reduce gas consumption by 21 percent, electricity by 25 percent, water by 23 percent and CO<sub>2</sub> by 18 percent. The outcome was a reduction in gas by 18 percent, electricity by 19 percent,

water by 24 percent and CO<sub>2</sub> by 20 percent. The targets were not achieved for gas and electricity because of delays in the installation of control systems at two properties and the renovation of a boiler room. This work will be completed in 2024.

In 2023 Scope 1 emissions decreased by 6 percent even though the occupancy rate increased by 7 percent. Scope 2 increased during the year by 54 percent according to a market-based calculation (no significant difference was noted in on-site calculation). This is because two acquired hotels do not purchase green electricity.

Pandox has also set approved science-based targets in line with the Paris Agreement. These targets mean that by 2030 Pandox is to decrease GHG emissions in the Own Operations segment (Scope 1 and 2) by 42 percent and within Leases (Scope 3) by 25 percent from a 2022 baseline (chosen to reflect the most recently available emission data). The transition plan is part of Pandox's long-term business strategy and has been approved by the Company's Board of Directors and executive management team. Under the transition plan for Scope 1 and 2 Pandox will focus on phasing out gas and oil, improving energy efficiency and increasing the percentage of renewable energy. Changing behaviour will also be critical for the transition. For the Own Operations segment (Scope 1 and 2), in September 2023 the Board approved a climate transition programme of MEUR 29 for eight properties.

The same initiatives will be implemented for Scope 3, with an additional focus on decreasing emissions in renovation and remodelling; for example, by choosing sustainable materials and reducing waste. The ambition is to present this road map in 2024.

*Climate adaptation, climate-related risks and opportunities*  
Climate adaptation of buildings has been a material sustainability topic for Pandox since 2021. The aim of the efforts is to reduce emissions and energy use in order to reach the recently approved science-based targets. In 2021 Pandox held a workshop for the executive management team on climate change and the issues highlighted by the Task Force on Climate-Related Financial Disclosures (TCFD). At the workshop an initial climate scenario analysis was carried out for 2050 to identify long-term climate-related risks and opportunities, and how these would impact the Company. The purpose of the scenario analysis was to prepare Pandox's strategies, operations,

properties and finances for various potential future climate scenarios. Pandox used the scenario analysis methods recommended by the TCFD.

Two climate scenarios were analysed – a worst case scenario where the world fails to transform, emissions continue to increase and the physical risks associated with climate change occur, and a best case scenario where the world successfully collaborates, transforms societies and meets the Paris Agreement's 1.5°C target. Read more about the results on pages 108–109. Pandox's assessment is that the climate scenarios produced in 2021 still apply.

Dialogue also takes place with tenants concerning climate adaptation of properties. Read more about adding green provisions to leases on page 30.

### *Managing impacts and risks related to climate and energy use*

Pandox has various governing documents that inform the Company's management of climate-related sustainability topics. These include:

- Environmental Policy
- Maintenance Policy
- SBTi
- Purchasing Policy
- Reporting according to TCFD

Together these documents deal with what Pandox is doing to reduce its greenhouse gases throughout the value chain but also in its two business segments. They look at energy efficiency in Own Operations and maintenance work, as well as adaptation to climate-related risks and opportunities, and its impact on the overall strategy. The precautionary principle is part of the Environmental Policy and involves the Company proactively avoiding environmental risk and negative environmental impact.

Energy use is monitored continuously, while emissions are followed up on an annual basis. This is accompanied by ongoing efforts to improve underlying data and emission factors. The data is used as a basis for decisions and for setting investment priorities. The approved science-based targets are an example of this and help provide a clearer focus for sustainability work. The roadmaps for achieving the climate goals are linked to clear activities that are monitored. Reporting will consequently be more in-depth going forward.

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►► ESRS E1 – Climate change, cont.

PANDOX'S GHG EMISSIONS

(metric tons CO <sub>2</sub> e)	2023	2022 <sup>1)</sup>	2021	Method in 2023
<b>Scope 1 emissions</b>	<b>5,435</b>	<b>5,754</b>	<b>5,636</b>	Actual energy data <sup>2)</sup>
Scope 2 emissions (market-based)	4,546	2,945	2,843	Actual energy data – market-based <sup>2)</sup>
Scope 2 emissions (location-based)	7,418	7,410	6,248	Actual energy data – location-based <sup>2)</sup>
<b>Total emissions Scope 1 and 2 (market-based)</b>	<b>9,981</b>	<b>8,699</b>	<b>8,478</b>	Actual energy data – market-based <sup>2)</sup>
<b>Total emissions Scope 1 and 2 (location-based)</b>	<b>12,853</b>	<b>13,164</b>	<b>11,884</b>	Actual energy data – location-based <sup>2)</sup>
Change Scope 1 and 2, % (market-based)	+14.7%	+2.6%	+6.3%	Actual energy data – market-based <sup>2)</sup>
Change Scope 1 and 2, metric tons CO <sub>2</sub> e (market-based)	+1,282	+221	+499	Actual energy data – market-based <sup>2)</sup>
<b>Material Scope 3 emissions<sup>3)</sup></b>				
1. Purchased goods and services	42,259	27,218	39,069	Spend-based <sup>4)</sup> LCA-based standard calculation <sup>5)</sup>
– of which new construction, remodelling, renovation of properties	5,412	8,987	19,839	LCA-based standard calculation <sup>5)</sup>
3. Upstream production of fuel and energy	2,083	2,241	2,166	Actual energy data
13. Downstream leased assets	50,774	59,564	59,812	
– of which based on measured data from tenants	33,040	31,938	30,389	Actual energy data <sup>2)</sup>
– of which standard calculations for other tenants	17,734	27,626	29,423	Energy-based standard calculation <sup>6)</sup>
<b>Total emissions Scope 3</b>	<b>95,116</b>	<b>89,023</b>	<b>101,610</b>	
<b>Total emissions Scope 1, 2 and 3 (market-based)</b>	<b>105,097</b>	<b>97,722</b>	<b>110,088</b>	
<b>Total emissions Scope 1, 2 and 3 (location-based)</b>	<b>107,969</b>	<b>102,187</b>	<b>113,494</b>	
Change, % (market-based)	+8%			
Change, % (location-based)	+6%			
<b>Emission intensity (Scope 1, 2 and 3) kg CO<sub>2</sub>e/sq m</b>	<b>53</b>			

\* Pandox's emissions are consolidated and compiled on the basis of operational control. Greenhouse gases included in the calculation are CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub> and NF<sub>3</sub>.

<sup>1)</sup> Emission levels from 2022 were adjusted in 2023 since errors in reporting have been corrected, resulting in a total emission level one percent (1,033 metric tons) lower than in last year's report.

<sup>2)</sup> The Company's operations in different countries report their actual measured data in Pandox's reporting tool, which is then consolidated to the group level. The reported Scope 1 and 2 emissions are based on energy consumption reported. The tool uses emission factors taken from the following sources for GHG emissions: Electricity: Association of Issuing Bodies, 2021 (market-based, electricity); IEA, 2021 (location-based); Vattenfall EPD (origin-labelled electricity and Bra miljöval). Fuels (coal, oil, natural gas, pellets, wood chips, biogas, bio oil, diesel, propane): DEFRA 2022 District heating: DEFRA, 2023 (location-based); Swedenergy, 2021 for Swedish district heating; Danish Energy Agency, 2020 for Danish district heating; KfW, 2022 for German district heating.

<sup>3)</sup> Pandox reports its significant GHG emissions in Scope 3 according to the GHG Protocol. The following emission categories are not considered relevant as emissions amount to less than 500 metric tons of CO<sub>2</sub>e per year or do not occur in Pandox's value chain: 4. Upstream transportation, 5. Waste generated in operations, 6. Business travel, 7. Employee commuting, 8. Upstream leased assets, 9. Downstream transportation, 10. Processing of sold products, 11. Use of sold products, 12. End-of-life treatment of sold products, 14. Franchises, 15. Investments. The category of "Purchased goods and services" includes upstream emissions in the value chain for purchases made in day-to-day operations throughout Pandox (in Own Operations, Leases and at the head office) and in new construction, remodelling and renovation of properties – including Scope 3 emissions from the building stage (A1–A3, A5).

<sup>4)</sup> These emission calculations are performed by an external party and based on transaction data from Pandox's purchases where each supplier is categorised based on industry sectors. An emission factor for GHG emissions per SEK spent in the sector concerned is then applied. GHG emissions in the entire value chain are included for each purchase. Exiobase version 3.9 (3) is used as the source for emission factors. The underlying data for the 2023 spend analysis is more comprehensive than in 2022 due to improvements in the internal process.

<sup>5)</sup> This includes GHG emissions from the product stage and building stage (A1–A3, A5) for construction projects, major remodelling projects and hotel renovations carried out. Standard calculations have been used for the emissions, based on lifecycle analysis completed in 2021 and revisions made in 2022 and 2023 for one new construction project, one major remodelling project and two hotel renovation projects. Emissions from the product stage and building stage were calculated per square metre of floor space, which amounted to 306 kg CO<sub>2</sub>e/sq m for the construction project, 134 kg CO<sub>2</sub>e/sq m for the remodelling project and 29 kg CO<sub>2</sub>e/sq m for the renovation projects. These emission factors have then been multiplied by the floor space for projects completed in all of Pandox's property portfolio in 2023. The reason for the lower figure is that most projects are still at the planning stage.

<sup>6)</sup> These emissions originate from the use of properties owned by Pandox and leased to tenants who do not provide measured data to Pandox. Average emission intensity for the properties with measured data is multiplied by the total number of square metres of floor space in Pandox's properties with no measured data.

*Comments on the table*  
 Pandox's total emissions increased in 2023 by 6 percent. The increase is mainly due to emissions category 1. The data underlying the spend analysis performed is broader than in 2022 due to improvements in the internal process. The decrease in emissions from reported energy data is due to decreased energy use among tenants. Scope 1 emissions decreased by 6 percent. The decrease shows that Pandox's initiatives to limit emissions in the Own Operations segment have had an effect during the year despite a higher occupancy rate. The Scope 2 market-based increase is due to acquired hotels not having green electricity contracts for 2023.

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## ►► ESRS E1 – Climate change, cont.

PANDOX ENERGY CONSUMPTION WITHIN OWN OPERATIONS AND HQ<sup>1)</sup>

(MWh)	Renewable energy			Non-renewable energy			Total		
	2023	2022	2021	2023	2022	2021	2023	2022 <sup>2)</sup>	2021
Fuel	2,629	2,717	2,612	28,996	25,298	25,469	31,625	28,015	28,081
Electricity	26,339	31,323	36,033	8,646	5,377	6,094	34,985	36,700	42,127
– of which self-generated electricity							1,912	1,575	584
Heating	79	376	1,282	4,339	6,091	7,152	4,418	6,467	8,434
Cooling	898	3,323	136	0	3,107	3,877	898	6,430	4,013
<b>Total energy consumption</b>	<b>29,945</b>	<b>37,739</b>	<b>40,063</b>	<b>41,981</b>	<b>39,873</b>	<b>42,592</b>	<b>71,927</b>	<b>77,612</b>	<b>82,655</b>
Total weather-normalised energy							76,445	85,748	81,475
Energy intensity, kWh/sq m							204	230	214
Energy intensity, kWh/gn							36	44	99

TENANTS' ENERGY CONSUMPTION WITHIN LEASES<sup>3)</sup>

(MWh)	Renewable energy			Non-renewable energy			Total		
	2023	2022	2021	2023	2022	2021	2023	2022 <sup>2)</sup>	2021
Fuel	0	0	2,067	49,507	21,616	19,616	49,507	21,616	21,683
Electricity	86,154	89,854	82,566	54,806	27,585	24,491	140,960	117,439	107,057
Heating	28,285	5,591	5,213	66,200	94,000	93,010	94,485	99,591	98,223
Cooling	943	53	71	2,869	4,166	4,042	3,812	4,219	4,113
<b>Energy consumption (from properties with measured data)</b>	<b>115,382</b>	<b>95,498</b>	<b>89,917</b>	<b>173,381</b>	<b>147,367</b>	<b>141,159</b>	<b>288,763</b>	<b>242,865</b>	<b>231,076</b>
Weather-normalised							303,635	251,217	223,235
Energy intensity, kWh/sq m (measured data)							218	210	189
Energy intensity, kWh/gn (measured data)							37	39	55
<b>Standard calculation of energy consumption for properties with no measured data<sup>3)</sup></b>							56,710	107,312	97,828
<b>Total weather-normalised energy</b>							<b>360,344</b>	<b>358,529</b>	<b>328,904</b>
<b>Total energy intensity for Own Operations and Leases,</b>									
kWh/sq m (measured data)							215	217	194
kWh/gn (measured data)							37	42	62

<sup>1)</sup> The data covers Pandox's own operations, i.e. 20 hotels in Own Operations and the Pandox head office. There is no data for Hilton Belfast, UK as it was acquired in autumn 2023 and is included in the segment as of 1 January 2024. Hotel Pomander and NH Brussels Louise were closed for more than six months in 2023 and are therefore not included. The weather-normalised energy consumption is calculated using heating degree days (HDD). HDD is defined as a number of degrees and is calculated based on the difference between the average outdoor temperature and a base temperature; the latter is 18 degrees Celsius for all locations studied. The energy consumption is then normalised according to the average HDD over the past 10 years. Energy intensity per square metre is based on weather-normalised energy and an area of 374,035 sq m for Own Operations and 1,393,656 sq m for Leases. Pandox's own electricity and heat production comes from solar panels, solar collectors and local combined heat and power plants (CHP). No energy produced internally is sold.

<sup>2)</sup> Energy consumption reported for 2022 was adjusted in 2023 since errors in reporting have been corrected, resulting in total energy consumption two percent (7 MWh) lower than in last year's report.

<sup>3)</sup> This table presents energy consumption downstream in the value chain, i.e. among tenants who are responsible for operating hotel properties in Pandox's Leases segment. 112 out of a total of 135 properties reported actual measured data for 2023. Actual measured data for 2022 was received from 94 hotels and for 2021 from 93 hotels. In order for Pandox to collect environmental and energy data from the tenants, these companies must first give their consent. Other tenants have competition-related and/or organisational considerations that result in them not yet consenting to this. For properties with no actual measured data, in 2021 Pandox started making standard calculations of energy consumption.

*Comments on the table*

For 2023 Pandox is reporting measured energy consumption for 132 (113) out of a total of 155 properties. The table "Pandox's energy consumption within Own Operations and HQ" presents data for the 20 (19) properties Pandox operates as well as the head office.

The table "Tenants' energy consumption within Leases" shows the energy consumed downstream in the value chain by the tenants. Measured data from 112 (93) of 135 (137) properties is included. The increase is due to one tenant having provided Pandox with environmental data for 21 of its 39 properties situated in England. The ambition is for the remaining data to be received in 2024. This means that the number of hotels for which a standard calculation had to be made has decreased to 22 (43) properties. Of the hotels reporting data to Pandox within Leases, the majority are located in the Nordic region where electricity and district heating production generate lower emissions than when produced in countries outside the Nordics.

In 2023 Pandox reduced weather-normalised energy consumption in its Own Operations segment by 11 percent in total. This is a positive effect of the two green investment programmes implemented from 2019 to 2023. Read more on pages 34 and 105. The amount of renewable energy decreased and non-renewable energy increased as a result of portfolio changes and acquired hotels that did not have contracts for green electricity in 2023.

For Pandox's tenants the results show that total weather-normalised energy consumption has increased by half a percent. Energy intensity per guest night has decreased by 5 percent, but there has been a 4 percent increase in energy intensity measured as kWh/sq m.

*Description of the standard calculation method*

Pandox reports standard calculated values for leased properties where the Company has no measured data. Standard calculations are made multiplying the weather-normalised energy intensity (kWh/sq m) for properties in Leases that have measured data by the total number of square metres for the properties that lack measured data. The table "Tenants' energy consumption within Leases" presents actually measured energy consumption data first, followed by data based on the standard calculation.

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**Indicators and sensitivity analysis for potential financial impact**

Based on the recommendations in the TCFD framework, Pandox uses sensitivity analysis to monitor development of identified climate-related risks and opportunities, and to further demonstrate to stakeholders how a changed climate could potentially impact Pandox's financial position, strategies and operations.

Indicators and sensitivity analyses are presented in the matrix below.

	Risk/Opportunity	Indicator	Sensitivity analysis	Financial impact	Management
Physical risk	Higher electricity consumption due to increased ventilation, cooling etc. in Own Operations	Total electricity consumption per year (MWh)	Total electricity consumption increases by 10 percent compared with 2023	Electricity consumption increases by around 3,500 MWh in Own Operations	<ul style="list-style-type: none"> <li>• Energy-efficiency improvements.</li> <li>• Investments in renewable energy, solar energy, geothermal heating, natural cooling etc.</li> </ul>
	Higher electricity costs resulting from shortages, regulations, taxes etc. in Own Operations	Total energy cost per year (MSEK)	Cost of energy consumption increases by 50 percent compared with 2023	Electricity costs increase by around MSEK 50	
	Higher water costs in Own Operations	Total cost for water consumption (MSEK)	Cost of water consumption increases by 50 percent compared with 2023	Water costs increase by around MSEK 8	
Transition risk	Decrease in value of buildings without environmental certification	Proportion of environmentally certified buildings	Decrease in market value of buildings without environmental certification	Reduced property value may have an impact on multiple factors, such as loan-to-value ratio and/or rents.	<ul style="list-style-type: none"> <li>• Environmental certification of the property portfolio</li> </ul>
	Regulations require investments in climate-smart technology	Cost of climate-related adaptations in the properties for air conditioning (MSEK)	The need for air conditioning increases for 10 percent of the portfolio	Climate adaptation costs increase by around MSEK 50	<ul style="list-style-type: none"> <li>• Adding green provisions to leases with tenants</li> </ul>
Opportunities	Increase in value of environmentally certified buildings	Proportion of existing buildings with environmental certification in Own Operations (12 buildings)	Market value of environmentally certified hotels increases by 10 percent	Around 1 percent increase in property value	<ul style="list-style-type: none"> <li>• Environmental certification of the property portfolio and included in due diligence ahead of acquisitions</li> </ul>
	Reduced energy costs through a higher proportion of energy produced internally in Own Operations	Proportion of electricity produced internally within the property portfolio (percent)	Proportion of electricity produced internally replaces proportion of purchased energy by 5 percent compared with 2023	Energy costs decrease by around MSEK 7, equivalent to 6 percent of total energy costs in 2023	<ul style="list-style-type: none"> <li>• Investments in renewable energy</li> <li>• Energy efficiency improvements</li> </ul>

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**Results of climate scenario analysis for 2050**

The climate scenario analysis carried out in 2021 identified the climate-related risks and opportunities below, and the impact on the Company. The physical risks identified are the same in nature in both of the scenarios analysed and are therefore combined in the descriptions. The physical climate risks will, however, occur more often and have greater impacts in the worse case scenario than in the best case scenario.

Worst case scenario in 2050 (IPCC scenario RCP 8.5) <sup>1)</sup>	Best case scenario in 2050 (IPCC scenario RCP 1.9) <sup>1)</sup>
<p><b>Physical climate risks (acute and chronic)</b></p> <ul style="list-style-type: none"> <li>• Extreme weather and floods may cause more damage to Pandox’s properties.</li> <li>• Rising sea levels in combination with storms and torrential rain may cause damage to properties.</li> <li>• Higher temperatures and more heatwaves may mean an increased need for ventilation and cooling in properties, and certain properties will lack the ventilation and cooling required. This could lead to an inferior indoor climate for both guests and employees.</li> <li>• Higher temperatures and more heatwaves could result in water shortages.</li> <li>• Shortages of natural resources, water, materials and raw materials needed for operations, construction and renovation may arise.</li> </ul>	<p><b>Physical climate risks (acute and chronic)</b></p> <ul style="list-style-type: none"> <li>• Extreme weather and floods may cause more damage to Pandox’s properties.</li> <li>• Rising sea levels in combination with storms and torrential rain may cause damage to properties.</li> <li>• Higher temperatures and more heatwaves may mean an increased need for ventilation and cooling in properties, and certain properties will lack the ventilation and cooling required. This could lead to an inferior indoor climate for both guests and employees.</li> <li>• Higher temperatures and more heatwaves could result in water shortages.</li> <li>• Shortages of natural resources, water, materials and raw materials needed for operations, construction and renovation may arise.</li> </ul>
<p><b>Transition risk</b></p> <ul style="list-style-type: none"> <li>• Travel patterns and demand in submarkets may change. Properties located in areas at risk of flooding may become unusable.</li> <li>• Reconstruction of urban infrastructure may result in hotel properties being in the wrong locations.</li> <li>• Investments are postponed because demand for and/or the cost of climate change adaptation does not correspond to the value. This creates a pent-up investment requirement for Pandox.</li> <li>• Unchanged behaviour among tenants, investors and guests increases emissions and makes attempts at transformation more difficult.</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Be an attractive property owner by investing in climate-adapted properties with a good indoor climate.</li> <li>• Increased regional travel can create new business opportunities in new areas.</li> <li>• Acquiring newly built hotels in the right locations and for the right target group.</li> </ul>	<p><b>Transition risk</b></p> <ul style="list-style-type: none"> <li>• Political decisions, taxes and regulations are introduced regarding GHG emissions and transformation.</li> <li>• International travel patterns, modes of transport and transport systems change. The travel taking place is fossil-free and more regional. This may result in a risk of hotel properties being in the wrong locations.</li> <li>• Increased pressure on the Company and the properties from law-makers, investors, partners and guests to perform in energy efficiency.</li> <li>• The properties’ perimeter protection and ventilation, cooling, energy and water systems need to be upgraded or replaced. New technology needs to be installed and fossil energy replaced by renewable energy.</li> <li>• Some properties may not meet new demands from tenants and society, or it may be too expensive to transform.</li> <li>• Shortages of natural resources, raw materials and energy may arise, resulting in more expensive input goods.</li> <li>• The electrification of society may create a power shortage.</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Develop the hotel properties in line with upcoming requirements to remain an attractive property owner.</li> <li>• Reduce the amount of energy needed by having climate-adapted and resource-efficient properties.</li> <li>• Continued investment in regional properties to meet increased regional travel demand.</li> <li>• Identify other segments or new ways of using hotel properties.</li> <li>• Refine the property portfolio by verifying the climate resilience of properties before acquiring them, and prioritising the properties that meet the standards or have significant potential.</li> <li>• Produce renewable electricity using solar panels. This mitigates power shortages and rising electricity prices.</li> <li>• Install charging stations for electric vehicles in hotel parking areas to meet the guests’ needs.</li> <li>• Implement green provisions in leases with tenants.</li> <li>• Initiate collaboration with suppliers of materials to reduce climate emissions together.</li> <li>• Use materials and resources more efficiently by focusing on recycling and reuse.</li> </ul>
<p><b>Potential financial impact</b></p> <ul style="list-style-type: none"> <li>• Increased operating costs for insurance, administration, operations, maintenance and materials.</li> <li>• Volatile and/or rising energy costs and water costs.</li> <li>• Increased investments in climate-adapted properties.</li> <li>• Lower property values for a increasing number of properties that are not able to handle physical climate impacts or are located in risk areas.</li> <li>• Increased property values for climate-adapted properties.</li> <li>• Long-term reduction in revenue due to lower demand for properties that are not climate-adapted.</li> </ul> <p><b>Potential impact on strategy and operations</b></p> <ul style="list-style-type: none"> <li>• The organisation is forced to be more reactive instead of proactive, to handle an increased number of acute crises at the properties.</li> <li>• Newly built properties are prioritised to a greater extent, and in new locations, to capture business opportunities.</li> <li>• Inferior properties are sold in order to get out of long leases.</li> <li>• Strategies and business models become more flexible and are constantly evaluated.</li> </ul>	<p><b>Potential financial impact</b></p> <ul style="list-style-type: none"> <li>• Significant investment is required to climate-adapt Pandox’s property portfolio.</li> <li>• Reduced operating costs relating to energy and water due to more resource-efficient systems and new technology.</li> <li>• Lower cost of managing, operating and insuring properties etc.</li> <li>• Increased financing requirements for investments and transformation of the property portfolio.</li> <li>• Reduced property values for properties that are not attractive or are too expensive to remodel.</li> <li>• Increased revenue and rising value of properties if Pandox can offer tenants climate-adapted hotel properties.</li> </ul> <p><b>Potential impact on strategy and operations</b></p> <ul style="list-style-type: none"> <li>• The property portfolio needs to be transformed to increase the number of new buildings, remodels and divestments of older buildings.</li> <li>• Extensive investment in new technology, fossil-free energy, more efficient use of water and energy, better ventilation etc. is needed throughout the property portfolio.</li> <li>• The organisation needs a more long-term approach to climate strategies and targets.</li> <li>• The business model needs to be more flexible – can the properties be used for something other than hotels?</li> <li>• The lease structure needs to be changed to add in green provisions.</li> <li>• Sustainability efforts must continue to be developed and must encompass all parts of the organisation and all employees.</li> </ul>

<sup>1)</sup> To read the descriptions of the world in 2050 in each of the climate scenarios, see Pandox’s 2021 Annual Report, pages 44–45.

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# ESRS E2 – Pollution

Pollution is a material topic for Pandox as operating hotels in local communities is part of its business. This may cause noise pollution. In addition, there is a risk of renovations causing dust and emissions that have a negative impact on the local community. Pollution with a significant impact may occur upstream in Pandox’s value chain through the production of construction materials. There is also a risk of emissions in hotel operations, for example from cooling units and air conditioning.

Pandox has included directives related to pollution in its broader Environmental Policy. The policy requires emissions and potential pollution to be controlled and minimised as far as possible. Similar directives are found in Pandox’s Code of Conduct for Business Partners that is applied both upstream and downstream in the value chain.

Under Pandox’s Environmental Policy the use of hazardous substances must be kept to an absolute minimum and, where their use is unavoidable, they must be handled with care, labelled and disposed of according to legal requirements. The same applies to business partners under the Code of Conduct. Business partners must also limit and replace hazardous substances in accordance with the EU’s REACH and RoHS directives. Additionally, suppliers of products for the installation, maintenance and repair of energy-efficient equipment need to ensure that no chemicals from the EU’s Candidate List of substances of very high concern (SVHC) are present. This is to comply with the EU Taxonomy. This process is being developed during 2024. In Pandox’s own operations the Company is aiming to limit the use of environmentally hazardous coolants by switching to less harmful alternatives where possible. This consideration has become more relevant as the EU has further regulations regarding the phase-out of fluorinated gases, which include coolants used in refrigeration, air conditioning and heat pump equipment. Fluorinated gases are potent greenhouse gases.

Pandox also has a new purchasing policy for 2023 that provides guidance on cleaning products; as far as possible, these are to be replaced by chemical-free environmentally friendly

alternatives. In 2023 the percentage of hotels using a chemical-free cleaning solution for hotel rooms was 70 (50) percent. If the three recently acquired hotels in Bath, Leeds and Belfast are excluded, this rises to 82 percent. Seven hotels have begun using a chemical-free solution in the lobby area, and five in the restaurant and kitchen. To ensure that the reported information is correct, regular checks are carried out on site. Consideration has been given to the health and safety of hotel employees when setting these objectives, in particular as regards the purchasing policy. Environmentally friendly cleaning products are also better for the health of the cleaning staff.

The Environmental Policy includes all of Pandox’s activities and the Code of Conduct for Business Partners is intended for all business partners, without exception. The CEO and the executive management team are ultimately responsible for the implementation of and compliance with the policy. Pandox’s Environmental Policy and Code of Conduct for Business Partners are publicly available on the website. The latter is also actively made available to business partners through the digital supplier audit system. The Sustainable Purchasing Policy is available as reference for all employees involved in purchasing.

[\(>\) Read more about the method for chemicals on page 100.](#)

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# ESRS E3 – Water and marine resources

Hotel operations require large amounts of water, which can have a negative impact on local water availability. This is particularly important in water-stressed areas. Pandox has analysed which of its hotels in Own Operations are situated in areas experiencing extremely high levels of water stress. The analysis shows that it is mainly densely populated areas in Northwestern Europe, especially around London and Brussels, that have a water shortage, i.e. where water demand is greater than the supply. Hotels operated by Pandox’s tenants can also have a negative impact on local water availability. In addition, the grey water generated by hotel operations can have a negative impact on the quality of the local water supply. In 2023 a biodiversity analysis was conducted that also included water use; no significant differences were found compared to the previous water analysis (read more under ESRS E4 Biodiversity and ecosystems).

Pandox uses the municipal water system in all hotels. The water used in the hotels goes to municipal wastewater and treatment plants. Some hotels also have a collection tank for grey water in the hotel.

Water management and reducing water use is part of Pandox’s broader Environmental Policy, in which data collection plays a key role. The aim is to be able to prioritise correctly and work actively to ensure that water use is more resource-efficient, in order to reduce total water consumption within the business. This applies not only to Own Operations, but also to Leases where green provisions are added to leases with tenants. The policy covers, for example, the installation of new technology where needed to improve efficiency and monitoring of water use.

The CEO and the executive management team are ultimately responsible for the implementation of and compliance with the policy.

Both the Environmental Policy and the Code of Conduct for Business Partners are on the website and thus available to all stakeholders. The latter is also actively made available to business partners when a contract is entered into.

### Measures to reduce water consumption

Pandox has installed metering equipment for water consumption in the hotels it operates, as well as water-saving equipment in bathrooms and kitchens. There are also initiatives to change the behaviour of employees and hotel guests through information and education. The metering equipment enables earlier detection and correction of any water leaks. Water-saving equipment and behavioural changes lead to a reduction in water use in general.

In seven hotels (140 hotel rooms) in Belgium, shower heads with a pressure of 8L per minute were replaced during the year by heads with a pressure of 6L per minute. No reduction in guest comfort has been noted and the initiative will now be rolled out to other hotels in Belgium. This will contribute to around 10 percent lower water consumption and a 5 percent reduction in water heating for showering. In the medium term this initiative will also be implemented in Germany and the UK.

Pandox has no special targeted initiatives in place to reduce water use in water-stressed areas within Own Operations but instead implements the same initiatives to reduce resource consumption throughout its operations. There are also initiatives downstream in collaboration with tenants. Pandox’s Code of Conduct for Business Partners requires the business partner to use water responsibly and work actively to reduce its water consumption.

At this stage no situations have been identified where restorative initiatives are required as a result of water consumption.

### Targets

In its two green investment programmes that ran from 2019 to 2023 Pandox had an interim target to reduce water consumption by 23 percent overall for the 16 hotel properties covered by the programmes. This target was exceeded and the outcome was a reduction of 24 percent. Examples of measures taken include low-flow showerheads, submeters and real-time

data to detect water leaks. From 2024 the focus is to maintain the reduction that the programmes have led to and to now concentrate on behavioural change. The goal is to reduce water consumption in terms of litres per guest night by 5 percent. This will be achieved by measures such as clearer communication with guests in the rooms, and training for cleaning staff and technicians to address running toilets and taps.

Pandox measures water usage in its operations monthly and monitors each year the effect of initiatives to reduce water consumption. Based on this, the initiatives and targets are developed and updated going forward.

The aim is to limit water consumption as much as possible, with the awareness that it is not possible to operate hotels without using water. Pandox measures and reports on water consumption both in its own operations and in the tenants’ operations, including water intensity per square metre and water intensity in litres per guest night. In addition, water consumption in water-stressed areas is reported as a separate data point.

### Measurement method

Data for water consumption at hotels operated by Pandox is metered directly. The water consumption data for the Leases segment is based on measured data reported by tenants covering 89 (93) of the total 135 (137) properties. Water consumption data is based on standard calculations for 46 of the 135 properties in the Leases segment. The number of square metres for these properties is multiplied by the water intensity for the properties with measured data. Standard calculations were introduced in 2021 to obtain data for the whole property portfolio.

[\(>\) Read more about behavioural change on page 34.](#)

[\(>\) Read more about water consumption in Pandox’s own operations on page 35.](#)

[\(>\) Read more about the green investment programmes on page 105.](#)

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PANDOX'S WATER CONSUMPTION WITHIN OWN OPERATIONS AND HQ<sup>1)</sup>

(m <sup>3</sup> )	2023	2022 <sup>2)</sup>	2021
<b>Total water consumption</b>	<b>344,623</b>	<b>327,624</b>	<b>233,667</b>
– of which water consumption in water-stressed areas <sup>3)</sup>	123,958	124,776	68,552
Water intensity, litres/sq m	921	880	615
Water intensity, litres/guest night	174	219	304

<sup>1)</sup> The water consumption data covers the Pandox head office and Pandox's 20 (19) hotels in the Own Operations segment. There is no data for Hilton Belfast, UK as it was acquired in autumn 2023 and is included in the segment as of 1 January 2024. Hotel Pomander and NH Brussels Louise were closed for more than six months in 2023 and are therefore not included.

<sup>2)</sup> Water consumption reported for 2022 was adjusted in 2023 since errors in reporting have been corrected, resulting in consumption two percent higher than in last year's report.

<sup>3)</sup> WRI's water stress indicators are expressed as percentages and are calculated by dividing the total water withdrawals by the available surface water and groundwater. The higher the figure, the greater the competition for water. The table shows water consumption for hotels in areas with extremely high water stress => 80 percent. Pandox has used the World Resource Institute's Aqueduct Tool – Water Risk Atlas as the source to determine which hotels are in water-stressed areas.

TENANTS' WATER CONSUMPTION WITHIN LEASES<sup>1)</sup>

(m <sup>3</sup> )	2023	2022 <sup>2)</sup>	2021
Water consumption from properties with measured data <sup>1)</sup>	1,568,383	1,140,830	814,380
Water consumption from properties using standard calculations <sup>3)</sup>	312,089	436,117	412,906
<b>Total water consumption</b>	<b>1,880,472</b>	<b>1,576,947</b>	<b>1,227,286</b>
– of which water consumption in water-stressed areas <sup>4)</sup>	61,813	30,535	17,595
Water intensity, litres/sq m	1,137	918	723
Water intensity, litres/guest night <sup>5)</sup>	183	184	311

<sup>1)</sup> The water consumption data is based on measured data reported by tenants covering 110 (93) of the total 135 (137) properties within the Leases segment.

<sup>2)</sup> Water consumption reported for 2022 was adjusted in 2023 since errors in reporting have been corrected, resulting in consumption half a percent higher than in last year's report.

<sup>3)</sup> Water consumption data is based on standard calculations for 25 of the 135 properties in the Leases segment. The number of square metres for these properties is multiplied by the water intensity for the properties with measured data.

<sup>4)</sup> WRI's water stress indicators are expressed as percentages and are calculated by dividing the total water withdrawals by the available surface water and groundwater. The higher the figure, the greater the competition for water. The table shows extremely high water stress => 80 percent. Pandox has used WRI Aqueduct 2019 – Water Risk Atlas as the source to determine which hotels are in water-stressed areas.

<sup>5)</sup> The data calculation is based on the 66 hotels that have reported both water consumption and guest nights.

*Comments on the table*

Pandox's water consumption within Own Operations increased in 2023 by 5 percent. This is mainly due to higher occupancy and to one more hotel being reported. In contrast, water intensity per guest night decreased by 20 percent, which is in line with Pandox's objectives for reduced water consumption and the initiatives implemented.

Tenants' water consumption also increased during the year, by around 20 percent. For hotels where the tenant reported both water and guest nights the water intensity per guest night did not increase.

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# ESRS E4 – Biodiversity and ecosystems

Being indirectly involved in the construction and building sector through its property management role, Pandox’s greatest potential negative impact on biodiversity and ecosystems is through the production and manufacture of building materials. This also creates a dependency on natural resources. Pandox does not have a material impact on biodiversity within its own operations.

However, the possibility of positively contributing to biodiversity is always evaluated as part of the process for BREEAM certification. Twelve of Pandox’s properties in the Own Operations segment have undergone such a biodiversity analysis, and action plans have been developed in consultation with an external consultant. Since Pandox’s hotels are located in urban environments and in most cases the roofs are not suitable for green areas, the proposed activities primarily involve initiatives such as making better use of existing planting/flower beds by selecting specific plants and, in some cases, promoting wildlife by providing birdhouses and insect hotels.

### Results of biodiversity analysis

An overview risk analysis of nature-related impacts and dependencies was carried out in 2023. The analysis was conducted partly for the geographical locations where Pandox has its properties and partly for the materials used in Pandox’s own operations and in the value chain. Key activities in the value chain were also evaluated to gain initial insights into nature-related consequences and dependencies in the value chain.

The sources used to perform the analysis include the WWF Biodiversity Risk Filter, ENCORE, ThinkHazard, Aqueduct Water Risk Atlas, SBTN High-impact Commodity List and TNFD. The analysis showed that none of the locations where Pandox operates have significantly sensitive biodiversity, and no properties are located in or near Key Biodiversity Areas (KBAs); Pandox’s hotels are situated in urban environments. Read more about how material impacts, risks and opportunities were identified under disclosure requirement IRO-1.

Pandox’s biggest impact on biodiversity is through water usage, greenhouse gas emissions and waste. None of these parameters were deemed material from a biodiversity perspective in the double materiality analysis; more information on how these impacts are managed can be found under the respective sustainability standards (ESRS E1, ESRS E3 and ESRS E5).

Water stress was identified as the most significant nature-related dependency; this is something that has already been addressed within Pandox’s strategy and is described further under ESRS E3. In the value chain there is a greater dependency on products and processes linked to biodiversity loss, especially within the building and construction sector. It is primarily through contributing to emissions and climate change that the production of these materials impacts biodiversity. Nature-related impacts of raw materials extraction and processing were not covered by the analysis, with the focus being on processes more closely linked to Pandox’s own operations. More information on material selection can be found under ESRS E5 Circular economy.

Financially, biodiversity was not considered significant for Pandox as the associated risks (mainly linked to potential disruptions in the value chain related to the supply of essential materials and conflicts over water usage, as well as physical climate risk) either affect a relatively small portion of the Company’s revenues or are more closely linked to other ESRS standards and are therefore addressed under those.

### Governing documents

An important outcome of the biodiversity analysis was an expansion of the Biodiversity Policy. The policy describes how Pandox should approach biodiversity and which principles should be followed in this regard. Specifically, it states that Pandox should be aware of its potential impact on biodiversity in its activities and take this into consideration when making business decisions in order to minimise its negative impact. Pandox also has a new purchasing policy for 2023 that covers

biodiversity, sustainable agricultural practices and sustainability in the oceans for the Own Operations segment. The policy specifies that products should not be purchased if they have a significant negative impact on biodiversity, ecosystems or water availability/water quality. There are detailed guidelines for the purchase of fish and seafood to protect endangered and red-listed species, and origin rules for meat purchases to reduce the risk that the products are linked to deforestation. The latter also applies to the purchase of paper- and wood-based products.

The CEO and the executive management team are ultimately responsible for the implementation of and compliance with the policies. The Biodiversity Policy is publicly available on the website. The Sustainable Purchasing Policy is used by those involved in purchasing and is also made available to suppliers within Own Operations.

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# ESRS E5 – Circular economy

Through the resources needed to operate its business, Pandox inevitably has a negative impact on the environment through its resource inflows. There is also a financial risk in potential future resource shortages, especially for building materials, which could lead to increased costs. Increased costs may also occur in waste management. Through its activities in the hotel industry, property management and indirectly in the construction industry, Pandox’s operations generate significant amounts of waste. All waste within Pandox’s operations is managed by a third party. In cases where waste management is not handled by the municipality, the same requirements are made of these business partners as of other suppliers. Read more under ESRS G1 – Business conduct.

Pandox does not have any concrete resource outflow but rather manages properties that have already been built. By managing properties and ensuring their lifespan and continued usability, Pandox contributes to fewer buildings needing to be demolished and rebuilt, and promotes long property lifespans, reuse and renovation.

Pandox’s policy on resource use and circularity is part of its broader Environmental Policy. The content of this policy includes using reused, recycled and renewable materials to the greatest extent possible in property renovations, reducing the use of plastics and purchasing eco-labelled products where economically viable. The Code of Conduct for Business

Partners includes an expectation that partners will reuse and recycle resources where possible. In addition, the Sustainable Purchasing Policy contains information on the attitude towards plastic use (minimising use and taking a circular approach) and the expected recycling rate for office paper.

Pandox’s Sustainable Purchasing Policy also describes the guidelines that purchasers at hotels operated by Pandox must follow. The guidelines encompass all hotels within Pandox’s Own Operations segment and associated suppliers, covering the top 10 purchasing categories for hotel operations. These include food, textiles, cleaning supplies, plastics and wood/paper. For each category there are minimum requirements to be met regarding sustainable and renewable origins, as well as additional preferences for purchasing.

In combination with the Environmental Policy, the Sustainable Purchasing Policy aims to guide all of Pandox’s operations with regard to resource use and circularity with the aim of promoting responsible resource use, working to reduce resource consumption and waste, as well as increasing reuse and recycling. Key areas addressed in the policy include waste from hotel operations and purchases of textiles and plastic items, both of which are material topics for Pandox.

The policy applies to the whole of Pandox’s operations as well as to purchasing partners within Own Operations. No operations are excluded, but influence over suppliers

within the Leases segment – through the Code of Conduct for Business Partners and related requirements – is limited.

The CEO and the executive management team are ultimately responsible for the implementation of and compliance with the policy. The Environmental Policy is publicly available on the website. The Sustainable Purchasing Policy is used by those involved in purchasing and is also made available to suppliers within Own Operations.

### Targets

Pandox’s circularity goals are linked to waste quantities within Own Operations. The goal is a maximum of 1 kg of waste per guest night by 2025 and 0.6 kg/guest night by 2030. In 2023 the result was 1.2 kg for 15 hotels in Own Operations. Five hotels are not included in the new green module. Three of these were acquired in 2023 and have not yet managed to establish a reporting process. Two of the hotels have experienced delays with integrating their data. The manually reported data is not reliable and has therefore been excluded.

There are plans to set goals for the sustainable use of resources in renovation, but work on circularity is not currently advanced enough for a concrete goal to be set. The plan is to set goals within a medium-term horizon (within five years). Information gathering on the quantity of purchased materials in different categories is beginning in 2024.

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WASTE GENERATED AND WASTE DISPOSAL METHODS IN PANDOX’S OWN OPERATIONS AND AT HQ<sup>1)</sup>

(metric tons)	2023			2022			2021		
	Non-hazardous waste	Hazardous waste	Total waste	Non-hazardous waste	Hazardous waste	Total waste	Non-hazardous waste	Hazardous waste	Total waste
Reuse	23	11	34	21	0	21	113	0	113
Recycling	827	3	830	762	7	769	641	0.7	641.7
Composting	237	0	237	297	0	297	18	0	18
Energy recovery	546	0	546	249	0	249	171	5.6	176.6
Incineration	247	0	247	55	2	57	9	0	9
Landfill	43	0	43	170	0	170	60	0	60
Other/Unknown	0	2	2	0	7	7	377	0.2	377.2
<b>Total volume of waste</b>	<b>1,923</b>	<b>16</b>	<b>1,939</b>	<b>1,554</b>	<b>16</b>	<b>1,570</b>	<b>1,389</b>	<b>6.5</b>	<b>1,395.5</b>

<sup>1)</sup> The data for waste generated in 2023 is for 18 of the 20 hotels in the Own Operations segment and for the Pandox head office. One hotel was recently acquired and one hotel is unable to report. The possibility of collecting accurate waste data depends on local conditions and how the waste collection company sorts, measures and charges for the waste. Granularity may therefore vary between years.

<sup>2)</sup> Pandox does not use the methods of deep well injection or storage on site.

WASTE GENERATED AND WASTE DISPOSAL METHOD USED BY TENANTS WITHIN THE LEASES SEGMENT<sup>1)</sup>

(metric tons)	2023			2022			2021		
	Non-hazardous waste	Hazardous waste	Total waste	Non-hazardous waste	Hazardous waste	Total waste	Non-hazardous waste	Hazardous waste	Total waste
Reuse	13	0	13	48	0	48	27	0	27
Recycling	295	4	299	507	0	507	788	8	796
Composting	165	0	165	283	1	284	16	0	16
Energy recovery	695	23	718	423	11	434	737	0	737
Incineration	9	0	9	18	3	21	107	0	107
Landfill	11	1	12	75	1	76	19	1	20
Other/Unknown	1,961	21	1,982	1,969	9	1,978	1,595	3	1,598
<b>Total volume of waste</b>	<b>3,149</b>	<b>49</b>	<b>3,198</b>	<b>3,323</b>	<b>25</b>	<b>3,348</b>	<b>3,289</b>	<b>12</b>	<b>3,301</b>

<sup>1)</sup> Data for waste generated in 2023 is for 78 (85) of the 137 (137) hotels in the Leases segment. The possibility of collecting accurate waste data depends on local conditions and how the waste collection company sorts, measures and charges for the waste. Information provided is therefore an estimate for waste generated by tenants.

<sup>2)</sup> Pandox does not use the methods of deep well injection or storage on site.





# ESRS S1 – Own workforce

Pandox has identified various impacts, risks and opportunities related to its own workforce. Potential negative impacts include risks within health and safety, especially for certain groups of hotel employees such as cleaners and restaurant workers. The most common risks in the hotel and restaurant industry are stress injuries due to heavy lifting, falls (for example, on slippery floors), loss of control over kitchen equipment, and burns and cuts. There is also a risk of work-related ill health such as burnout and mental illness. Groups that do not speak the language of the country where they work are at extra risk because safety information is not always communicated in a way they can understand. There are also impact risks related to gender equality and inclusion, especially for employees who do not speak the local language and thus may feel excluded from the group. There are, however, also various positive impacts the Company can have on its employees by ensuring a good working environment with decent conditions. By creating diverse teams, Pandox can also establish inclusive environments that contribute to the wellbeing of employees. This can also create financial opportunities for the Company, especially in a service industry like hotel operation that relies on its employees as the face of the business.

Pandox’s Human Rights Policy describes commitments regarding fair and equal treatment, information security and the right to privacy. In addition, information and directives on how employees should be treated and how they should treat each other can be found in Pandox’s Code of Conduct for Employees. The Code of Conduct is based on the Ten Principles in the UN Global Compact ([www.unglobalcompact.org](http://www.unglobalcompact.org)) and the underlying conventions and declarations that cover human rights, labour rights (ILO), environmental protection and anti-corruption.

The Code of Conduct for Employees constitutes the ethical guidelines for Pandox’s operations. The Code is broadly designed and covers guidelines for the following areas: Diversity and equality, Human rights, Labour rights, Health and safety, Data security and confidentiality, Business ethics, and Environment and climate. The purpose of the Code is to describe Pandox’s principles and expectations and to summarise the expected approach of Pandox employees and of Pandox as an employer, business partner and member of the

community. Pandox works to promote a positive and open atmosphere and a corporate culture based on trust and collaboration, through which results to be proud of can be achieved. The impacts, risks and opportunities influenced by the Code of Conduct primarily fall within the categories “Working conditions” and “Equal treatment and opportunities for all”, which includes diversity, for Pandox’s own workforce, but also business ethics (specifically anti-corruption) and environmental matters (resource use).

As part of their workplace orientation every new employee learns about the Code of Conduct in a Company-wide digital course. This is then repeated every three years or more frequently if the Code has been significantly updated. It is the responsibility of every employee to contribute to upholding the Code within the organisation. In the event of violation or suspected violation of the Code, the employee should immediately report the incident to their line manager. If this is not possible, the line manager’s manager should be informed as per the chain of command. Incidents or suspected incidents can also be reported via a whistleblowing channel. Regarding promoting diversity and inclusion, the Code of Conduct makes clear that within all operations of the Company there should be active efforts to prevent, detect and remedy all forms of discrimination, including harassment, abusive treatment and bullying. Cases can also be reported to the employee’s line manager, to HR or via the anonymous whistleblowing service. All reported cases are followed up to assess any remediation needed.

The CEO and the executive management team are responsible for implementing the Code of Conduct for Employees. The Code of Conduct for Employees is available on the website.

### Dialogue with employees

Quarterly employee surveys are conducted for employees at hotels operated by Pandox and an employee survey is carried out at the head office annually. Input from the employee survey is taken into account when addressing material topics for the Company’s own workforce. Additionally, in 2023 a diversity and inclusion survey was conducted among all employees, which formed a basis for activities to promote diversity and inclusion within the business. The results of the survey

were generally positive but highlighted areas for development, such as transparency within the organisation. All employees have the opportunity to share their perspectives, both through the employee survey and through individual performance and career development reviews with their manager.

Pandox measures the effectiveness of its engagement with the workforce by monitoring employee satisfaction as revealed through the employee survey. Employee satisfaction in 2023 was 77 (77) percent. The key metric of employee turnover is also used to evaluate how satisfied employees are and thus how well employee issues are being addressed. In addition, there are specific questions in the employee survey formulated to ascertain whether employees know where to turn with questions or complaints.

The human resources departments at each hotel and at the head office are responsible for conducting and following up on engagement with employees.

### Remediation of negative impacts

Pandox’s stakeholders can submit grievances or ask to have steps taken to remedy any negative impact that Pandox has caused or contributed to. This includes human rights violations. Complaints of this nature can be made by employees to the manager concerned, who then forwards the matter to be addressed by the executive management team. Both external and internal stakeholders can use the whistleblower system. The Board is informed about all matters of a more serious nature. Employees at hotels in Own Operations have the opportunity to appoint a works council for their hotel, consisting of employee representatives and an appointed manager. The council is tasked with ensuring that the employees’ rights are respected. Internal grievances can also be raised with the council and are then communicated to the hotel’s management so that appropriate steps can be taken.

Pandox values an open culture in which employees and other stakeholders feel they can safely report irregularities and problems in the workplace so that they can be addressed. Pandox therefore has an independent, external whistleblower system available to employees and other external stakeholders. Any suspected irregularities or deviations from Pandox’s policies can be reported anonymously into the system. Reports received

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are handled by an external party. In 2023 two cases were received, both related to HR issues. It is also possible to report on HR issues anonymously through the central HR department. These are then handled by the respective hotel's head of HR.

All employees are informed of the ways they can lodge complaints when they begin their employment, and the accessibility of the whistleblower service is promoted, among other things, by placing QR codes in the staff stairwells at the hotels operated by Pandox. Links to the system are also prominently displayed on the website. All complaints are forwarded to the respective hotel management, which takes appropriate action and follows up. Employees have the opportunity to provide feedback on the processes in the quarterly employee surveys.

*Specific management of health and safety in the workplace*

Pandox has no Group-wide health and safety management system, or common processes for identifying and evaluating risk, or investigating incidents that occur. This is because regulations vary in different countries and Pandox has therefore chosen to decentralise responsibility and delegate it to the respective hotel. Pandox's Code of Conduct for Employees does, however, cover health and safety, and what is required of Pandox as an employer. There is a Director of HR at the head office responsible for the employee survey process, the Code of Conduct for Employees and social data.

Most of the employees work within Pandox's Own Operations segment. Each hotel is responsible for its employees' physical and mental health and safety at the workplace. They are responsible for designing processes and routines, for implementing risk assessment and risk management, and for investigating incidents and accidents.

Work-related accidents and incidents are reported annually via Pandox's system for collecting social data from Own Operations. The cause of accidents is to be investigated and preventive measures introduced.

Health and safety procedures and processes in the workplace are based on the laws in individual countries and on requirements from the hotel companies that Pandox has franchise or management agreements with. In addition, lessons are drawn from previous incidents to continuously improve processes.

The hotels have one or more workplace health and safety representatives who the employees can contact on these

matters. There is also an elected employee representative and a health and safety officer to turn to if employees prefer not to talk to their line manager or the general manager. The elected employee representative pursues the matter and the employee who reported the problem can thereby remain anonymous, ensuring they are not subjected to retaliation. The health and safety officer, workplace health and safety representative and the elected employee representative have meetings on a regular basis with the health and safety team to address any problems arising, proposed actions, and the process for reporting incidents and accidents to the equivalent of the Swedish Work Environment Authority in the country concerned.

The hotels are also responsible for training to minimise risks in potentially risky tasks, such as when using kitchen equipment. The employees are trained regularly in how potentially threatening situations at the hotel are to be managed – both according to hotel-specific protocols and Pandox's Code of Conduct for Employees. At the head office and at many of the hotels the employees have health insurance that includes counselling if an employee is experiencing difficulties that are affecting their personal or working life, or if they have experienced an uncomfortable or threatening situation in or in the vicinity of the workplace.

Contractors and subcontractors engaged by Pandox are, in their capacity as employers, formally responsible for investigating and taking action in the event of work injuries involving their employees. Pandox does not have any formal responsibility for the health and safety of those employed by tenants and business partners either. However, Pandox does try to influence business partners' sustainability practices through the Code of Conduct for Business Partners. The Code describes Pandox's expectations, including with respect to health and safety at the workplace. Pandox also has a duty to determine if there is anything to be learnt by the Company as a building proprietor or client from incidents or accidents that occur.

The consultants and other suppliers who work at Pandox's workplaces are included in the reporting of the data below.

**Targets**

Pandox has three specific targets associated with its own workforce. The targets are ongoing, with no fixed time period.

- Maximum 60 percent of one gender identity

- All employees are to feel included The outcome in 2023 was 87 percent. Zero incidents of discrimination were reported in 2023.
- One or more locally adapted targets for socially marginalised groups

To enable these targets to be achieved, they have been broken down into a roadmap linked to various planned activities for the current year and the next year. Examples of activities carried out during the year include training in unconscious bias for the head office, general managers at the hotels and HR managers. In addition, the general managers have been given training in inclusive leadership. The majority of the hotels operated by Pandox have set targets relating to socially marginalised groups, and a framework for inclusive recruitment has been developed that is to be implemented during 2024. Gender equality and inclusion are ongoing efforts, and new roadmaps will be continuously developed.

*Workers who are not employees*

The number of people not employed by Pandox but who work within the organisation amounted to 189 (146) at the end of 2023, reported as head counts as of 31 December. The majority of these are consultants working in roles within operating activities and hotel operations, mainly within security, marketing, finance, engineering and as general managers in various locations.

*Comments on employment terms*

60 percent of Pandox employees are covered by collective bargaining agreements. These agreements are not used at the head office or within the Leases segment, but employment terms are similar to those in the collective bargaining agreements that exist elsewhere and the employees are given good opportunities as regards employment terms, professional development and promotion.

All employees within Pandox are paid reasonable wages according to current guidelines.

All employees within Pandox are covered by social provision for illness, pensions, parental leave, work-related injuries, acquired disabilities and unemployment, this provision applying from the time the individual employee starts working for the Company.

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NUMBER OF EMPLOYEES BY GENDER, TYPE OF EMPLOYMENT CONTRACT AND TYPE OF EMPLOYMENT (FULL-TIME OR PART-TIME) <sup>1)</sup>

	2023			2022			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Permanent employment	1,015	961	1,976	877	877	1,754	737	743	1,480
Temporary employment	58	53	111	61	65	126	38	42	80
<b>Total</b>	<b>1,073</b>	<b>1,014</b>	<b>2,087</b>	<b>938</b>	<b>942</b>	<b>1,880</b>	<b>775</b>	<b>785</b>	<b>1,560</b>
Full-time	747	768	1,515	709	772	1,481	581	674	1,255
Part-time	326	246	572	229	170	399	194	111	305

<sup>1)</sup> Pandox reports employee numbers (headcounts) as of 31 December. From 2023 onwards the category of non-binary is also included. No individuals were reported in this category.NUMBER OF EMPLOYEES BY REGION AND EMPLOYMENT CONTRACT (PERMANENT OR TEMPORARY) <sup>1)</sup>

	2023			2022			2021		
	Permanent employment	Temporary employment	Total	Permanent employment	Temporary employment	Total	Permanent employment	Temporary employment	Total
Nordics	103	10	113	102	5	107	81	6	87
Europe	1,555	97	1,652	1,142	121	1,263	990	74	1,064
Canada	318	4	322	510	0	510	409	0	409
<b>Total</b>	<b>1,976</b>	<b>111</b>	<b>2,087</b>	<b>1,754</b>	<b>126</b>	<b>1,880</b>	<b>1,480</b>	<b>80</b>	<b>1,560</b>

<sup>1)</sup> Pandox reports employee numbers (headcounts) as of 31 December.*Comments on the table*

All employee data is reported as number of employees as of 31 December 2023. Note that the results differ from the employee data reported in Note C7, which is for the average number of employees based on hours worked.

Social sustainability data includes all individuals employed by Pandox. This therefore includes employees in Own Operations, Leases and at the head office.

**Number of employees**

The majority of Pandox employees have permanent positions, but additional employees with temporary contracts are needed – particularly in Own Operations during the hotels' high season. Part-time work is common in the hotel industry.

The gender distribution among Pandox employees at the end of 2023 was 51 percent women and 49 percent men, which accords well with the internal goal to have a maximum of 60 percent of one gender identity. The employee headcount has increased somewhat overall (207), the majority of the increase being part-time employees. In Canada the headcount decreased because one hotel has been sold.

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**GENDER DISTRIBUTION BY EMPLOYMENT CATEGORY <sup>1)</sup>**

	2023			2022			2021		
	Gender distribution,%			Gender distribution,%			Gender distribution,%		
	Total number	Women	Men	Total number	Women	Men	Total number	Women	Men
Board of Directors	7	43%	57%	6	33%	67%	6	33%	67%
Executive management team	10	30%	70%	10	30%	70%	10	40%	60%
<b>Own Operations</b>									
Senior management	54	39%	61%	69	41%	59%	66	39%	61%
Middle management	210	44%	56%	165	53%	47%	154	47%	53%
Hotel employees	1,774	53%	47%	1,596	50%	50%	1,290	51%	49%
<b>Leases</b>									
Senior management	3	0% <sup>2)</sup>	100%	3	0% <sup>2)</sup>	100%	3	0% <sup>2)</sup>	100%
Middle management	2	50%	50%	1	100%	0% <sup>2)</sup>	1	0% <sup>2)</sup>	100%
Other administrative employees	8	25%	75%	7	29%	71%	10	20%	80%
<b>Head office</b>									
Middle management	2	50%	50%	2	50%	50%	4	50%	50%
Other head office employees	24	42%	58%	27	52%	48%	22	59%	41%
<b>Total within Pandox (excl. Board)</b>	<b>2,087</b>	<b>52%</b>	<b>48%</b>	<b>1,880</b>	<b>50%</b>	<b>50%</b>	<b>1,560</b>	<b>50%</b>	<b>50%</b>

<sup>1)</sup> Pandox reports employee numbers (headcounts) as of 31 December. From 2023 onwards the category of non-binary is also included. No individuals were reported in this category.

<sup>2)</sup> The percentage is based on a small number of employees.

*Comments on the table*

Pandox has significant diversity among its employees, particularly in the Own Operations segment; for example, in terms of ethnicity, gender, religion and age. 51 percent of the total number of employees in 2023 were women and 49 percent were men. The gender balance between women and men was not as equal in senior management positions, with the majority of general managers being men. In 2023 this number was in line with previous years. The percentage of women in the executive management team was 30 percent, which is the same as in the previous year since no changes have taken place.

Pandox's goal that a maximum of 60 percent of the workforce will consist of one gender identity has been achieved for all groups of employees with the exception of the executive management team, senior management and administrative employees. Read more about Pandox's goals for diversity and inclusion on page 116 and about the related efforts on page 38.

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AGE DISTRIBUTION BY EMPLOYMENT CATEGORY <sup>1)</sup>

	2023				2022				2021			
	Total number	Distribution by age group, %			Total number	Distribution by age group, %			Total number	Distribution by age group, %		
		<30 years	30–50 years	>50 years		<30 years	30–50 years	>50 years		<30 years	30–50 years	>50 years
Board of Directors	7	0%	14%	86%	6	0%	50%	50%	6	0%	50%	50%
Executive management team	10	0%	10%	90%	10	0%	30%	70%	10	0%	20%	80%
<b>Own Operations</b>												
Senior management	54	7%	58%	35%	69	5%	59%	36%	66	6%	61%	33%
Middle management	210	25%	56%	19%	165	21%	64%	15%	154	22%	58%	20%
Hotel employees	1,774	37%	38%	25%	1,596	29%	42%	29%	1,290	24%	45%	31%
<b>Leases</b>												
Senior management	3	0%	33%	67%	3	0%	100%	0%	3	0%	100%	0%
Middle management	2	0%	50%	50%	1	0%	100%	0%	1	0%	100%	0%
Other administrative employees	8	0%	38%	62%	7	0%	29%	71%	10	30%	20%	50%
<b>Head office</b>												
Middle management	2	0%	50%	50%	2	0%	50%	50%	4	0%	50%	50%
Other head office employees	24	21%	58%	21%	27	19%	74%	7%	22	9%	86%	5%
<b>Total within Pandox (excl. Board)</b>	<b>2,087</b>	<b>35%</b>	<b>40%</b>	<b>25%</b>	<b>1,880</b>	<b>27%</b>	<b>45%</b>	<b>28%</b>	<b>1,560</b>	<b>23%</b>	<b>47%</b>	<b>30%</b>

<sup>1)</sup> Pandox reports employee numbers (headcounts) as of 31 December.NEW EMPLOYEES AND EMPLOYEE TURNOVER BY GENDER, AGE AND REGION <sup>1)</sup>

	2023				2022				2021			
	New employees, %		Employee turnover, %		New employees, %		Employee turnover, %		New employees, %		Employee turnover, %	
	Number	Share, % <sup>2)</sup>	Number	Share, % <sup>3)</sup>	Number	Share, % <sup>2)</sup>	Number	Share, % <sup>3)</sup>	Number	Share, % <sup>2)</sup>	Number	Share, % <sup>3)</sup>
<b>Key ratios for different groups:</b>												
Women	399	37%	374	35%	506	54%	394	42%	180	23%	241	31%
Men	384	38%	382	38%	456	48%	389	41%	179	23%	215	27%
Age <30	462	64%	434	60%	555	110%	385	76%	214	60%	203	57%
Age 30–50	266	31%	249	29%	326	39%	315	37%	119	16%	190	26%
Age >50	55	11%	73	14%	81	15%	83	16%	26	5%	63	13%
Nordics	26	23%	33	29%	34	32%	26	24%	17	20%	22	25%
Europe	677	41%	591	36%	661	52%	489	39%	245	23%	308	29%
Canada	80	25%	132	41%	267	52%	268	53%	97	24%	126	31%
<b>Total within Pandox</b>	<b>783</b>	<b>38%</b>	<b>756</b>	<b>36%</b>	<b>962</b>	<b>51%</b>	<b>783</b>	<b>42%</b>	<b>359</b>	<b>23%</b>	<b>456</b>	<b>29%</b>

<sup>1)</sup> Pandox reports employee numbers (headcounts) as of 31 December.<sup>2)</sup> The percentage is the number of new employees divided by the total number of employees in the respective category. In 2023, for example, 462 individuals under the age of 30 were recruited, which represents 64 percent of the total number of employees under 30.<sup>3)</sup> The percentage for employee turnover is the number of employees who left the organisation voluntarily or were laid off, retired or died in service (including both permanent and temporary employees) divided by the total number of employees as of 31 December.

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EMPLOYEES WHO HAD A PERFORMANCE AND CAREER DEVELOPMENT REVIEW, % <sup>1)</sup>

Employment category	2023			2022			2021		
	Percentage			Percentage			Percentage		
	Total	Women	Men	Total	Women	Men	Total	Women	Men
<b>Key ratios for different groups:</b>									
Executive management team	100%	100%	100%	78%	100%	67%	89%	75%	100%
<b>Own Operations</b>									
Senior management	93%	100%	88%	59%	54%	63%	94%	100%	88%
Middle management	99%	100%	98%	74%	74%	74%	77%	85%	71%
Other hotel employees	72%	70%	75%	48%	52%	45%	52%	52%	53%
<b>Leases</b>									
Senior management	75%	0%	75%	100%	–	100%	100%	–	100%
Middle management	50%	100%	0%	0% <sup>2)</sup>	0% <sup>2)</sup>	–	100%	–	100%
Other administrative employees	88%	100%	83%	86%	50%	100%	100%	100%	100%
<b>Head office</b>									
Middle management	100%	100%	100%	100%	100%	100%	100%	100%	100%
Other head office employees	100%	100%	100%	85%	100%	69%	91%	85%	100%
<b>Total within Pandox</b>	<b>76%</b>	<b>74%</b>	<b>78%</b>	<b>53%</b>	<b>56%</b>	<b>50%</b>	<b>58%</b>	<b>58%</b>	<b>58%</b>

AVERAGE HOURS OF TRAINING PER EMPLOYEE

Employment category	2023			2022			2021		
	Average number of hours			Average number of hours			Average number of hours		
	Total	Women	Men	Total	Women	Men	Total	Women	Men
<b>Key ratios for different groups:</b>									
Executive management team	31	42	25	6	0	8	9	11	8
<b>Own Operations</b>									
Senior management	33	34	32	16	19	15	20	28	15
Middle management	29	30	27	17	16	18	13	13	13
Other hotel employees	13	14	13	9	7	10	7	7	8
<b>Leases</b>									
Senior management	0	0	0	0	0	0	2	0	2
Middle management	7	14	0	0	0	0	5	0	5
Other administrative employees	11	9	11	3	1	4	14	3	17
<b>Head office</b>									
Middle management	27	32	22	14	27	0	11	17	5
Other head office employees	20	9	27	10	5	16	6	4	9
<b>Average number of training hours within Pandox</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>10</b>	<b>9</b>	<b>11</b>	<b>9</b>	<b>8</b>	<b>9</b>

Comments on the table

**Age distribution by employment category**

There has been no significant redistribution of employees by age group during the year (see table on previous page).

**New employee hires and employee turnover**

Pandox uses employee turnover as a measure of employee satisfaction, and the lower figure is an indicator that internal initiatives to promote employee satisfaction have had an effect. Total employee turnover within Pandox decreased in 2023 from 42 percent to 36 percent (see table on previous page). In 2023 the number of new employees and rate of employee turnover were high in the age category < 30. Many young people work in the hotel industry and employees in this age category are in general more mobile in the job market.

**Professional development**

The percentage of employees who had a performance and career development review increased by a total of 23 percent in 2023. The greatest increase was within the Own Operations segment, which shows that procedures have been put back into place following Covid-19.

Pandox's goal is to ensure that every employee is given the opportunity to develop through training. Average hours of training have also increased significantly for all groups. The average number of hours of training per employee during the year was 16 (10) hours.

<sup>1)</sup> Percentage of employees who have had a performance and career development review = number of individuals in the group in question who have had a performance and career development review during the year, divided by the total number of employees in the group as of 31 December of the year in question. The expected number of performance and career development reviews per employee each year is one.

<sup>2)</sup> There is only one (1) employee in this category, which has a significant effect on the percentage.

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WORK-RELATED ILL HEALTH <sup>1)</sup>	Number		
	2023	2022	2021
<b>Employees</b>			
Fatalities as a result of work-related ill health	0	0	0
Reported work-related ill health	7	9	0
<b>Subcontractors</b>			
Fatalities as a result of work-related ill health	0	0	0
Reported work-related ill health	0	0	0

<sup>1)</sup> Work-related ill health is when poor health or illness is caused by exposure to hazards at work or a poor work environment.

SICKNESS ABSENCE BY SEGMENT <sup>1)</sup>	Sickness absence, %		
	2023	2022	2021
<b>All types of sickness, ill health or injuries</b>			
Own Operations	6.2%	5.9%	7.1%
Leases	0.6%	0.7%	0.3%
Head office	0.5%	0.5%	0.2%
<b>Total</b>	<b>6.0%</b>	<b>5.7%</b>	<b>7.0%</b>

<sup>1)</sup> Sickness absence is presented as a percentage of total scheduled hours worked. Total sickness absence is based on all employees in the Group. The lower sickness absence in the Leases segment and at the head office is explained mainly by the employees having the option to work remotely.

*Comments on the table*

The number of reported cases of work-related ill health among employees decreased in 2023 from 9 to 7. Sickness absence increased slightly, by 0.3 percent, but the increase is not large enough to be able to be ascribed to any particular cause.

There were no fatalities or serious work-related injuries during the year among either employees or contractors. The number of reported work-related accidents increased, with the accident rate increasing from 32.55 to 41.02. The increase in work-related injuries can mainly be traced to one geographical area of operations and is partly due to the rules on how a work-related injury is defined.

WORK-RELATED INJURIES <sup>1)</sup>	2023		2022 <sup>2)</sup>		2021 <sup>2)</sup>	
	Number	Rate of fatalities/accidents	Number	Rate of fatalities/accidents	Number	Rate of fatalities/accidents
<b>Employees</b>						
Fatalities resulting from work-related injuries	0	0	0	0	0	0
Serious work-related injuries (excl. fatalities)	0	0	1	0.49	0	0
Reported work-related injuries	80	41.02	67	32.55	13	10.25
<b>Subcontractors</b>						
Fatalities resulting from work-related injuries	0	0	0	0	0	0
Serious work-related injuries (excl. fatalities)	0	0	0	0	0	0
Reported work-related injuries	2	11.79	1	4.52	2	20.69

<sup>1)</sup> From the start of 2023 onwards the accident rate is calculated in accordance with ESRS. Comparative years have also been restated. As a result, the number of hours worked has changed from 200,000 to 1,000,000. A work-related injury is an injury that occurs due to or during work tasks. A serious injury is defined as one that the employee has not fully recovered from within six months. The rate of accidents and fatalities is defined as the number of work-related accidents or fatalities respectively divided by the total number of hours worked, multiplied by 1,000,000 hours worked. The number of hours worked by Pandox's own employees amounted to 1,949,907 in 2023 compared with 2,059,571 in 2022 in 1,270,306 in 2021. These figures are for the head office, Leases and Own Operations. The number of hours worked by subcontractors amounted to 169,600 in 2023 compared with 220,940 in 2022 and 96,646 in 2021.

<sup>2)</sup> The method of computing the rate of fatalities/accidents was updated in 2023 to reflect the method recommended in ESRS. For previous years the figure was multiplied by a factor of 200,000. The figures for 2021 and 2022 have been recalculated according to the new formula and therefore differ from the figures presented in earlier reports.

The most common causes of work-related ill-health and work-related injuries during the year were cuts, slips/falls and strains.

The number of reported work-related accidents also increased among subcontractors. The minutes of construction meetings between a contractor and property manager contain an item relating to accidents or other injuries, where any injuries are reported. Reported work-related injuries among subcontractors in 2023 amounted to 2 (1). These concerned a minor crush injury and a minor fall. The accidents were not assessed to be significant in nature and no further measures needed to be taken.

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## ESRS S2 – Workers in the value chain

Pandox’s impacts, risks and opportunities related to workers in the value chain are primarily linked to health and safety in the workplace as well as working conditions. The further away in the value chain, the less insight Pandox has into the conditions of the workers. At the far end of the value chain, in raw material extraction, there are also risks of child labour and forced labour. However, Pandox is able to demand that its suppliers comply with the Code of Conduct for Business Partners, which clearly outlines expectations regarding ethical standards, labour rights and gender equality.

Some financial risks are associated with workers in the value chain. These primarily concern increased costs incurred to comply with new legal requirements regarding due diligence, as well as potential reputational risks if Pandox’s value chain was discovered to be linked to poor working conditions.

Pandox’s Code of Conduct for Business Partners describes the requirements the Company places on its suppliers regarding working and employment conditions. The Code of Conduct for Business Partners aligns with Pandox’s internal Code of Conduct for Employees, and suppliers are expected to adhere to the same high ethical standards as are reflected in Pandox’s corporate values. All new suppliers are sent the Code of Conduct for Business Partners and must accept the terms described. In addition, Pandox has a Human Rights Policy that covers the entire value chain, as well as a Modern Slavery Act statement.

The CEO and the executive management team are responsible for implementing all of the policies, and they are available on the website.

No need to take further action or to implement any action plan beyond implementing the Code of Conduct for Business Partners has yet been identified, and no time-bound goals have been decided upon.

### *Processes for engagement*

Pandox does not currently have processes in place to engage in dialogue with workers in the value chain, nor are there plans to establish such processes. Like any other relevant party, however, workers in the value chain are able to report misconduct through the whistleblowing system available via Pandox’s website. Anonymity can be maintained through this system. All reported cases are followed up to assess any remediation needed, and the Board is informed of more serious cases.

## ESRS S3 – Affected communities

Pandox has identified a material financial risk related to the topic of affected communities. This is linked to increased costs incurred to comply with new legal requirements regarding due diligence.

The risk is managed through financial planning and preparatory work to ensure that the cost does not arise suddenly or become unexpectedly large. Refer to disclosures under ESRS S2 for information on policies and management.

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## ESRS S4 – Consumers and end-users

Pandox is a customer-oriented company, especially within the Own Operations segment. Cybersecurity is a prioritised matter which has both potential negative and positive impacts, as well as financial risks. Health and safety for hotel guests is also a priority. Hotels are a risk environment for trafficking and prostitution, something that Pandox is highly aware of and takes action to counter through continuous employee training. Pandox has a strict zero-tolerance policy towards trafficking and prostitution.

The governing documents relating to consumers and end-users are:

- Code of Conduct for Employees
- Human Rights Policy
- Personal Data Policy
- Information Security Policy
- Environmental Policy

These relate in various ways to ensuring that guests have a safe and enjoyable experience when visiting hotels operated by Pandox. The Human Rights Policy is designed in accordance with the principles of the UN Global Compact and the UN Guiding Principles on Business and Human Rights.

The CEO and the executive management team are responsible for implementing all of the policies, and they are available on the website. They apply to all of Pandox’s operations without exception.

To ensure the safety of end consumers/guests, regular training in first aid and data security is given to employees. Cybersecurity measures include the use of firewalls and password-protected systems, along with continuous improvement efforts involving employees and systems to maintain the highest level of guest privacy and data security at all times. Three incidents relating to phishing attacks were reported in 2023. Relevant actions were implemented, and the extent is considered limited. Physical security measures also include perimeter protection, security guards and surveillance cameras. Fire and evacuation drills are regularly conducted, and emergency preparedness plans and safety policies are to be in place for all hotels operated by Pandox.

Prevention of trafficking and prostitution is carried out both through internal training and continuous collaboration with local law enforcement agencies. In 2023 zero cases were uncovered within Pandox’s Own Operations segment, indicating the effectiveness of preventive efforts

### Dialogue with consumers and end-users

All hotel guests are given the opportunity to fill out a customer satisfaction survey, where they can express their opinions about their stay. Guest safety is also measured as part of the customer satisfaction survey. The survey is continuously followed up on, enabling insights from previous strategies and approaches to optimise the guest experience in the future.

The customer satisfaction survey is conducted by a third party and the latest survey (completed in January 2024) yielded a Net Promoter Score (NPS) of 50, which is very good. The response rate was 59 percent of tenants in the properties covered by GRESB data. A long-term objective is to collect data on, and be able to include, all properties.

The customer satisfaction survey is also used to identify which topics best promote customer satisfaction, and the results are used to improve the strategy with guests in mind.

Should guests experience a situation that negatively affects them, they can bring this up with management at the hotel in question and the situation will then be assessed individually. Processes and procedures are then updated as appropriate to prevent similar situations from arising again. Like all other stakeholders, guests can also report more serious incidents through the whistleblower system.

### Targets

In addition to a zero-tolerance policy towards prostitution and trafficking, Pandox’s objective for the hotels it operates is for at least 80 percent of the guests to recommend the hotel to others. This objective has been set since 80 percent is considered to be the threshold between “satisfied” and “loyal”. Guest satisfaction was at 84 (83) percent according to Pandox’s annual guest survey, which was carried out by an external party in 2023.

### THE IMPACT OF PRODUCTS AND SERVICES ON PANDOX’S HOTEL GUESTS’ HEALTH AND SAFETY

	2023	2022	2021
Total number of incidents where a guest’s or visitor’s health or safety was negatively affected on a visit to a Pandox hotel	0	0	1
– of which the number of incidents of non-compliance with laws	0	0	0
– of which the number of incidents of non-compliance with voluntary standards	13 <sup>1)</sup>	4	1
– of which the number of incidents of non-compliance with laws that resulted in fines or other penalties	0	0	0
– of which the number of incidents of non-compliance with laws that resulted in a warning	0	0	0

<sup>1)</sup> Refers to 13 cases where guests failed to respect that the rooms were non-smoking.

### DATA SECURITY AND CUSTOMER PRIVACY

	2023	2022	2021
Total number of data security breaches, such as stolen customer data	3	0	0
Total number of complaints received regarding violation of customer privacy	0	0	0
– percentage of total complaints received from external parties	0	0	0
– percentage of total complaints received from authorities	0	0	0

### Comments on the table:

The three data security incidents that took place in 2023 concerned so-called phishing attacks. The incidents were investigated by data security experts and the local data protection officer to prevent future attacks. The authorities concerned in each jurisdiction were informed and the attacks were also reported to the police. The notified authorities found no reason to take further action based on the notifications.

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# ESRS G1 – Business conduct

Within the topic of business conduct the following areas have been identified as being material for Pandox:

- Corporate culture
- Management of relationships with suppliers
- Corruption and bribery
- Transparency (entity-specific topic)

## Governance

All the topics in the area of business ethics are included in Pandox’s Code of Conduct for Employees. In all situations, regardless of country or market, Pandox’s actions should be characterised by responsibility and respect for customers, employees, suppliers, business partners and the local community. Pandox is committed to good business ethics and strives for long-term and trusting relationships.

In the event of a breach or suspected breach of the Code of Conduct for Employees, employees should immediately report the incident to their line manager. If this is not possible, the line manager’s manager should be informed as per the chain of command. Incidents can also be reported through the whistleblowing service, which is managed by an external independent party, ensuring protection for whistleblowers against retaliation. All Pandox employees have a responsibility to adhere to the Code of Conduct and to report any breaches of this code.

Pandox also has a specific Anti-Corruption Policy (in accordance with Principle 10 of the UN Global Compact) outlining guidelines to understand and counteract bribery, financial crime, conflicts of interest, cronyism and nepotism, and unfair competition. The policy primarily addresses the identified financial risk that corruption may pose, considering increased costs, legal consequences and reputational risk. The policy applies to all of Pandox’s operations without exception. Similar guidelines for business partners are specified in the Code of Conduct for Business Partners. Pandox has zero tolerance for corruption and bribery, and all cases that occur are considered to breach the requirement of compliance with this.

The CEO and CFO, in close collaboration with the SVP, Director of Sustainable Business, are responsible for implementing the Anti-Corruption Policy. It is available on Pandox’s website.

## Management of relationships with suppliers

All of Pandox’s suppliers are expected to read and accept the Code of Conduct for Business Partners. In addition, Pandox manages its relationships with suppliers in accordance with the statement on due diligence under GOV-4 (page 95). So far, suppliers within the construction industry in the Swedish market have been closely examined and the plan is to expand the scope to the construction industry across Europe in the coming years, followed by other suppliers. By imposing requirements on suppliers, Pandox can have a positive impact on responsible business conduct.

## Prevention and detection of corruption or bribery

All business transactions entail a risk of corruption and bribery, which can have a negative impact on human rights and society at large. Moreover, Pandox has business partners within the construction industry, which is a high-risk sector for corruption. There is therefore potential negative impact with respect to corruption throughout Pandox’s value chain.

All Pandox employees receive guidance on anti-corruption as part of their training in the Code of Conduct for Employees. This training is mandatory for all new recruits and must then be repeated every three years or more frequently if the code has been significantly updated. The actual measured implementation rate in 2023 was 95 (87) percent. Training in the Code of Conduct and in anti-corruption is currently not mandatory for the Board. Pandox employees have an obligation to report suspected breaches of the Anti-Corruption Policy. In the event of an incident or suspected incident, employees should report the incident immediately to their line manager. If this is not possible, the line manager’s manager should be informed as per the chain of command. Incidents or suspected incidents can also be reported via the whistleblowing service. Suspicions of corruption may lead to legal proceedings depending on the type and value of the benefit obtained. In such cases consideration is also given to the connection between the benefit and the recipient’s duties, as well as the relationship between the parties. Breaches of the policy may result in disciplinary action and, in serious cases, dismissal and a police report. Any incidents that take place inform the continued development of anti-corruption work.

## AUDIT OF EXISTING SUPPLIERS BASED ON ENVIRONMENTAL CRITERIA, SOCIAL CRITERIA AND BUSINESS ETHICS

	2023	2022	2021
Number of suppliers audited	37	48	82
Number of suppliers identified as having a significant negative impact <sup>1)</sup>	15	4	37
Suppliers with a negative impact where improvements have been agreed upon, % <sup>2)</sup>	73%	0%	0%
Suppliers with a negative impact where the contract has been terminated as a result of the audit, % <sup>2)</sup>	0%	0%	0%

<sup>1)</sup> Number of suppliers refers to those who are considered to have or to be at risk of having a negative impact based on identified risks relating to social and/or governance aspects. No suppliers are considered to have or to be at risk of having a material impact on the environment.

<sup>2)</sup> Due mainly to a lack of documentation on formal processes within business ethics and rights at work, or due to suppliers who have chosen not to respond to the survey. Supplier audits for 2022 were carried out late in the year and as a result, it was not possible to reach agreements with suppliers before the end of the year.

## NUMBER OF CASES OF CORRUPTION

	2023	2022	2021
Total number of cases of corruption	0	0	0
– of which cases where an employee was dismissed due to corruption	0	0	0
– of which cases where contracts with business partners were terminated or not extended due to corruption	0	0	0
– of which the number of legal cases regarding corruption filed against the Company or our employees	0	0	0

## Comments on the table

Improvements have been agreed upon with 11 of the 15 suppliers where negative impact was identified. These will be followed up on in 2024. No cases of corruption were detected during the year.

No cases of confirmed negative impact within environmental, social or governance topics were detected higher up in the value chain during the year.

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# GRI Index

<b>Statement of use</b>	This is Pandox's report in accordance with the GRI Standards for the period [1 January 2023 – 31 December 2023].
<b>GRI 1 Standard</b>	GRI 1: Foundation 2021
<b>GRI Sector Standard</b>	No sector standard is available for Pandox's industry.

GRI Standard	Disclo- sure	Disclosure name	Page	Omissions			Principles of the UN Global Compact
				Requirement(s) omitted	Reason	Explanation	
<b>GENERAL DISCLOSURES</b>							
<b>GRI 2: General disclosures 2021</b>	2-1	Organizational details	4, 142				1
	2-2	Entities included in the organization's sustainability reporting	95, 142, 170–171				
	2-3	Reporting period, frequency and contact point	94–95, 142				
	2-4	Restatements of information	121				
	2-5	External assurance	95, 181				
	2-6	Activities, value chain and other business relationships	18, 20–23, 62	2-6 d)	Not applicable	No material changes have been made during the year	
	2-7	Employees	117	2-7 b) iii	Information not available	Processes are being developed to enable reporting in 2024	
	2-8	Workers who are not employees	116				
	2-9	Governance structure and composition	72, 78–79, 95	2-9 c) vi	Information not available	No evaluation of this has been carried out	
	2-10	Nomination and selection of the highest governance body	74, 95				
	2-11	Chair of the highest governance body	78	2-11 b)	Not applicable		
	2-12	Role of the highest governance body in overseeing the management of impacts	72, 95				
	2-13	Delegation of responsibility for managing impacts	95–98				
	2-14	Role of the highest governance body in sustainability reporting	95–98, 72	2-14 b)	Not applicable		
	2-15	Conflicts of interest	72, 74, 78–79, 174				
	2-16	Communication of critical concerns	115–116, 121–124				
	2-17	Collective knowledge of the highest governance body	72, 95				
	2-18	Evaluation of the performance of the highest governance body		2-18	Not applicable	Processes are being developed to enable reporting in 2024	
	2-19	Remuneration policies	148–150				
	2-20	Process to determine remuneration	148–150				
	2-21	Annual total compensation ratio		2-21	Information not available	Processes are being developed to enable reporting in 2024	
	2-22	Statement on sustainable development strategy	12				
	2-23	Policy commitments	95, 105, 115–123				
	2-24	Embedding policy commitments	95, 105, 110–111, 113–116, 122–124				
	2-25	Processes to remediate negative impacts	95, 105, 110–111, 113–116, 122–124				
	2-26	Mechanisms for seeking advice and raising concerns	115–116, 124				
	2-27	Compliance with laws and regulations	123–124				
	2-28	Membership associations	13				
	2-29	Approach to stakeholder engagement	95–98				
	2-30	Collective bargaining agreements	116				
						3, 4, 5	

No omissions are permitted or no sector-specific disclosures are available.

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GRI Standard	Disclo- sure	Disclosure name	Page	Omissions			Principles of the UN Global Compact
				Requirement(s) omitted	Reason	Explanation	
<b>MATERIAL TOPICS</b>							
<b>GRI 3: Material topics 2021</b>	3-1	Process to determine material topics	97–98				
	3-2	List of material topics	98				
<b>ECONOMIC PERFORMANCE</b>							
<b>GRI 3: Material topics 2021</b>	3-3	Management of material topics	89–93, 108–109	3-3 f)	Not applicable	Stakeholders have not participated	
<b>ANTI-CORRUPTION</b>							
<b>GRI 3: Material topics 2021</b>	3-3	Management of material topics	124				
<b>GRI 205: Anti-corruption 2016</b>	205-1	Operations assessed for risks related to corruption	124				10
	205-2	Communication and training about anti-corruption policies and procedures	124	205-2 a), b), c), e)	Information not available	Processes are being developed to enable reporting in 2024	
	205-3	Confirmed incidents of corruption and actions taken	124				
<b>SUSTAINABLE MATERIALS</b>							
<b>GRI 3: Material topics 2021</b>	3-3	Management of material topics	114	3-3 d) ii, iii, e) i, iii, iv, f)	Information not available	Processes are being developed to enable reporting in 2024	
<b>GRI 301: Materials</b>				GRI 301-1, 301-2, 301-3	Information not available	Processes are being developed to enable reporting in 2024	8
<b>ENERGY</b>							
<b>GRI 3: Material topics 2021</b>	3-3	Management of material topics	97, 105, 107	3-3 d) iii	Not applicable	No positive impact identified	
<b>GRI 302: Energy 2016</b>	302-1	Energy consumption within the organization	107	302-1 c) iv	Not applicable		9
	302-2	Energy consumption outside of the organization	107				
	302-3	Energy intensity	107				
<b>WATER AND EFFLUENTS</b>							
<b>GRI 3: Material topics 2021</b>	3-3	Management of material topics	35, 111–112				
<b>GRI 303: Water and Effluents 2018</b>	303-1	Interactions with water as a shared resource	111–112				8
	303-5	Water consumption	111–112				
<b>BIODIVERSITY</b>							
<b>GRI 3: Material topics 2021</b>	3-3	Management of material topics	113	3-3 e), f)	Information incomplete	Biodiversity is a new material topic for Pandox Processes are being developed to enable reporting in 2024	
<b>GRI 304: Biodiversity 2016</b>	304-1	Significant impacts of activities, products, and services on biodiversity					
	304-2	IUCN Red List species and national conservation list species with habitats in areas affected by operations	N/A	304-1, 304-2	Information incomplete; not applicable	Biodiversity is a new material topic for Pandox Processes are being developed to enable reporting in 2024	

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GRI Standard	Disclo- sure	Disclosure name	Page	Omissions			Principles of the UN Global Compact
				Requirement(s) omitted	Reason	Explanation	
<b>GHG EMISSIONS</b>							
<b>GRI 3: Material topics 2021</b>	3-3	Management of material topics	31, 95, 105–106				
<b>GRI 305: Emissions 2016</b>	305-1	Direct (Scope 1) GHG emissions	14, 105–106	305-1 c), d) iii, g)	Not applicable		7, 8, 9
	305-2	Energy indirect (Scope 2) GHG emissions	14, 105–106	305-2 d) iii, g) ii	Not applicable		
	305-3	Other indirect (Scope 3) GHG emissions	14, 105–106	305-3 c), e) iii, g) ii, iv	Not applicable		
	305-4	GHG emissions intensity	106				
<b>CLIMATE ADAPTATION OF BUILDINGS</b>							
<b>GRI 3: Material topics 2021</b>	3-3	Management of material topics	31, 105, 108–109				
<i>Company-specific disclosures: Climate adaptation of properties</i>	P-1	Percentage of properties evaluated for climate-related risks through desktop analysis	63				7
<b>WASTE</b>							
<b>GRI 3: Material topics</b>	3-3	Management of material topics	35, 114				
<b>GRI 306: Waste 2020</b>	306-1	Waste generation and significant waste-related impacts	114				7, 8
	306-2	Management of significant waste-related impacts	114				
	306-3	Waste generated	114				
<b>SUPPLIER ENVIRONMENTAL ASSESSMENT</b>							
<b>GRI 3: Material topics 2021</b>	3-3	Management of material topics	95, 124				
<b>GRI 308: Supplier environmental assessment 2016</b>	308-2	Negative environmental impacts in the supply chain and actions taken	124	308-1	Information not available	Processes are being developed to enable future reporting	7, 8
<b>SUSTAINABILITY CERTIFICATION</b>							
<b>GRI 3: Material topics 2021</b>	3-3	Management of material topics	31, 34, 105				
<i>Company-specific disclosures: Sustainability certification</i>	P-2	Certified properties as a percentage of all properties	31, 34				7, 8, 9
	P-3	Percentage of certified hotels in Leases	31, 34				
<b>EMPLOYMENT</b>							
<b>GRI 3: Material topics 2021</b>	3-3	Management of material topics	37, 115–116				
<b>GRI 401: Employment 2016</b>	401-1	New employee hires and employee turnover	119	401-2, 401-3	Information not available	Processes are being developed to enable reporting in 2024	3, 6

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GRI Standard	Disclo- sure	Disclosure name	Page	Omissions			Principles of the UN Global Compact
				Requirement(s) omitted	Reason	Explanation	
<b>OCCUPATIONAL HEALTH AND SAFETY</b>							
<b>GRI 3: Material topics 2021</b>	3-3	Management of material topics	116				
<b>GRI 403: Occupational health and safety 2018</b>	403-1	Occupational health and safety management system	116				
	403-2	Hazard identification, risk assessment, and incident investigation	116				
	403-3	Occupational health services	116				
	403-4	Worker participation, consultation, and communication on occupational health and safety	116				
	403-5	Worker training on occupational health and safety	116				
	403-6	Promotion of worker health	116				3, 6
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	116				
	403-9	Work-related injuries	115–116, 121	403-9 b) v	Information not available	Processes are being developed to enable reporting in 2024	
403-10	Work-related ill health	115–116, 121					
<i>Company-specific disclosures:</i> <b>Sickness absence</b>	P-4	Sickness absence by segment	121				
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>							
<b>GRI 3: Material topics 2021</b>	3-3	Management of material topics	38, 115–116, 122				
<b>GRI 405: Diversity and equal opportunity 2016</b>	405-1	Diversity of governance bodies and employees	117–119	405-1 a) iii, b) iii, 405-2	Not applicable; information not available	Processes are being developed to enable reporting in 2024	1, 2, 6
<b>NON-DISCRIMINATION</b>							
<b>GRI 3: Material topics 2021</b>	3-3	Management of material topics	38, 115–116				
<b>GRI 406: Non-discrimination 2016</b>	406-1	Incidents of discrimination and corrective actions taken	115–116				1, 2, 6
<b>SUPPLIER SOCIAL ASSESSMENT</b>							
<b>GRI 3: Material topics 2021</b>	3-3	Management of material topics	20–21, 95, 124				
<b>GRI 414: Supplier social assessment 2016</b>	414-2	Negative social impacts in the supply chain and actions taken	124	414-1	Information not available	Processes are being developed to enable reporting in 2024	1, 2, 10
<b>CUSTOMER HEALTH AND SAFETY</b>							
<b>GRI 3: Material topics</b>	3-3	Management of material topics	123	3-3 d) iii	Not applicable	No positive impact identified	
<b>GRI 416: Customer health and safety 2016</b>	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	123				
<b>CUSTOMER PRIVACY</b>							
<b>GRI 3: Material topics 2021</b>	3-3	Management of material topics	123	3-3 d) iii	Not applicable	No positive impact identified	
<b>GRI 418: Customer privacy 2016</b>	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	123				

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GRI Standard	Disclo- sure	Disclosure name	Page	Omissions			Principles of the UN Global Compact
				Requirement(s) omitted	Reason	Explanation	
<b>GUEST SATISFACTION</b>							
<b>GRI 3: Material topics 2021</b>	3-3	Management of material topics	37, 123				
<i>Company-specific disclosures:</i> <b>Guest satisfaction</b>	P-5	Guest satisfaction in Own Operations	37, 123				
<b>PROSTITUTION AND TRAFFICKING</b>							
<b>GRI 3: Material topics 2021</b>	3-3	Management of material topics	123				
<i>Company-specific disclosures:</i> <b>Prostitution and trafficking</b>	P-6	Number of incidents of prostitution or trafficking	123				2, 4

## TCFD Index

Pandox is reporting according to TCFD (Taskforce on Climate-Related Financial Disclosures) for the fourth year. The purpose of this index is to make it easier for the reader to find the information included in TCFD reporting.

GOVERNANCE	STRATEGY	RISK MANAGEMENT	METRICS AND TARGETS
Recommended disclosures	Recommended disclosures	Recommended disclosures	Recommended disclosures
A. Describe the board's oversight of climate-related risks and opportunities.  See pages 95, 105	A. Describe the climate-related risks and opportunities the organisation has identified.  See pages 105, 108-109	A. Describe the organisation's processes for identifying and assessing climate-related risks.  See pages 95-98	A. Disclose the metrics used by the organisation to assess climate-related risks and opportunities.  See pages 108-109
B. Describe management's role in assessing and managing climate-related risks and opportunities.  See pages 95, 105	B. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.  See pages 105, 108-109	B. Describe the organisation's processes for managing climate-related risks.  See pages 105, 108	B. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.  See page 106
	C. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios.  See page 105	C. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.  See pages 105, 108	C. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.  See pages 105-106

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# Sustainability definitions

## Accident rate

A comparative indicator for the ratio between the number of accidents and the number of hours worked at the company, multiplied by 1,000,000 working hours. It is used to make comparisons between different companies. Fatality rates and the rate of serious accidents are also reported.

## BREEAM

Building Research Establishment Environmental Assessment Method (BREEAM) is the most widely used environmental certification system for buildings in Europe. The system evaluates and grades the total environmental impact of buildings.

## CSRD

The Corporate Sustainability Reporting Directive (CSRD) is legislation at EU level that requires companies of a certain size to report on sustainability in accordance with certain standards (see ESRS) and to fulfil various harmonisation requirements in relation to the presentation of sustainability disclosures.

## ESRS

The European Sustainability Reporting Standards (ESRS) are a framework for sustainability reporting that harmonises and sets requirements of companies in respect of the assessment and presentation of material sustainability topics in a standardised and comparable way.

## GRI Standards

The world's most widespread standards for reporting sustainability information. The standards are issued by the Global Reporting Initiative (GRI) and consist of principles and disclosures that organisations are to measure and report to monitor their sustainability work.

## ILO

The International Labour Organization is a UN agency that brings together governments, employers and workers of 187 member states to set labour standards, develop policies and devise programmes promoting decent work for all women and men.

## International Bill of Human Rights

The International Bill of Human Rights consists of the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights, and the International Covenant on Civil and Political Rights..

## Science Based Targets initiative

The Science Based Targets initiative (SBTi) drives the development of relevant climate action in the private sector by enabling entities to set science-based emissions reduction targets in line with the Paris Agreement.

## TCFD

TCFD stands for Taskforce on Climate-Related Financial Disclosures and is a framework to identify a company's climate-related risks and opportunities.

## UK Modern Slavery Act

A UK law designed to combat all forms of human trafficking, forced or slave labour in an entity's own operations or in its supply chain. All operating entities or subsidiaries in the UK are subject to the law.

## UN Global Compact

The UN Global Compact was created in 1999 at the World Economic Forum in Davos. Its purpose was to create international principles around human rights, labour, environment and anti-corruption to be enacted by businesses. The principles are based on the UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the Rio Declaration and the UN Convention against Corruption.

## UN Sustainable Development Goals

Part of Agenda 2030; consists of 17 Sustainable Development Goals (SDGs) adopted by the UN General Assembly. The purpose is to end extreme poverty, reduce inequality and injustice in the world, promote peace and justice and solve the climate crisis by 2030.

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## Consolidated statement of comprehensive income

MSEK	Note	2023	2022
Revenue Leases			
Rental income	C1, C2, E1	3,548	3,052
Other property revenue	C1, C2, E1	142	255
Revenue Own Operations	C1	3,159	2,347
<b>Net sales</b>		<b>6,849</b>	<b>5,654</b>
Costs Leases	C1, C4, C6, C7, G5	-533	-439
Costs Own Operations	C1, C5, C6, C7, G5	-2,729	-2,111
<b>Gross profit</b>		<b>3,587</b>	<b>3,104</b>
<i>- of which gross profit Leases</i>	C1	3,157	2,868
<i>- of which gross profit Own Operations</i>	C1	430	236
Central administration	C1, C3, C6, C7	-197	-153
Financial income	C1, G1	31	19
Financial expense	C1, G1	-1,498	-1,022
Financial expense for right-of-use assets	G1, G5	-108	-95
<b>Profit before changes in value</b>		<b>1,815</b>	<b>1,853</b>
<b>Changes in value</b>			
Change in property value	C1, E1	-1,107	1,180
Change in value of derivatives	C1, G2	-1,205	2,318
<b>Profit before tax</b>		<b>-497</b>	<b>5,351</b>
Current tax	C1, D1	-375	-164
Deferred tax	C1, D1	292	-983
<b>Profit for the year</b>		<b>-580</b>	<b>4,204</b>
<b>Other comprehensive income</b>			
<i>Items that may not be reclassified to profit or loss, net after tax</i>			
Remeasurement for the year of property, plant and equipment		39	—
<i>Items that may be reclassified to profit or loss, net after tax</i>			
Hedging of net investment in foreign operations		26	-439
Translation differences, foreign operations		-177	1,762
<b>Other comprehensive income for the year</b>		<b>-112</b>	<b>1,323</b>
<b>Comprehensive income for the year</b>		<b>-692</b>	<b>5,527</b>

MSEK	Note	2023	2022
Profit for the year attributable to owners of the parent		-585	4,217
Profit for the year attributable to non-controlling interests		5	-13
Comprehensive income for the year attributable to owners of the parent		-698	5,522
Comprehensive income for the year attributable to non-controlling interests		6	5
<b>Per share data</b>	G4		
Weighted average number of shares		183,849,999	183,849,999
Earnings per share after tax, before and after dilution, SEK		-3.18	22.94

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## Consolidated statement of financial position

MSEK	Note	31 Dec 2023	31 Dec 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Operating properties	E2	8,273	7,306
Furniture, fixtures and equipment	E3	580	683
Investment properties	E1	57,226	57,563
Right-of-use assets	G5	2,848	3,218
Deferred tax assets	D1	340	305
Derivatives	G2, G3	1,535	2,374
Other non-current receivables	E5, G3	77	88
<b>Total non-current assets</b>		<b>70,879</b>	<b>71,537</b>
<b>Current assets</b>			
Inventories		16	17
Current tax assets	D1	173	147
Trade accounts receivable	E4, G3	445	600
Prepaid expenses and accrued income	E6	648	587
Other receivables		207	225
Cash and cash equivalents		769	1,630
Assets held for sale	E7	71	474
<b>Total current assets</b>		<b>2,329</b>	<b>3,680</b>
<b>TOTAL ASSETS</b>		<b>73,208</b>	<b>75,217</b>

MSEK	Note	31 Dec 2023	31 Dec 2022
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	G4	460	460
Other paid-in capital		7,525	7,525
Reserves		1,205	1,318
Retained earnings including profit for the year		20,383	21,428
<b>Total equity attributable to the owners of the parent</b>		<b>29,573</b>	<b>30,731</b>
Non-controlling interests		152	202
<b>Total equity</b>		<b>29,725</b>	<b>30,933</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Non-current interest-bearing liabilities	G2, G3	24,190	17,888
Other non-current liabilities		29	3
Non-current lease liabilities	G5	2,826	3,192
Derivatives	G2, G3	479	114
Provisions	F2	40	37
Deferred tax liabilities	D1	5,270	5,538
<b>Total non-current liabilities</b>		<b>32,834</b>	<b>26,772</b>
<b>Current liabilities</b>			
Provisions	F2	35	40
Current interest-bearing liabilities	G2, G3	8,580	15,983
Current lease liabilities	G5	30	31
Tax liabilities	D1	551	328
Trade accounts payable	G3	333	314
Other current liabilities		170	173
Accrued expenses and deferred income	F1	950	643
<b>Total current liabilities</b>		<b>10,649</b>	<b>17,512</b>
<b>Total liabilities</b>		<b>43,483</b>	<b>44,284</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>73,208</b>	<b>75,217</b>

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## Consolidated statement of changes in equity

MSEK	Attributable to owners of the parent							Total equity
	Share capital	Other paid-in capital	Translation reserve	Revaluation reserve <sup>1)</sup>	Retained earnings, including profit for the year	Total	Non-controlling interests	
<b>Equity, opening balance, 1 January 2022</b>	460	7,525	-174	187	17,215	25,213	209	25,422
Profit for the year	—	—	—	—	4,217	4,217	-13	4,204
Other comprehensive income	—	—	1,305	—	—	1,305	18	1,323
Dividend non-controlling interests	—	—	—	—	—	—	-16	-16
Transfer non-controlling interests	—	—	—	—	-4	-4	4	—
<b>Equity, closing balance, 31 December 2022</b>	460	7,525	1,131	187	21,428	30,731	202	30,933
<b>Equity, opening balance, 1 January 2023</b>	460	7,525	1,131	187	21,428	30,731	202	30,933
Profit for the year	—	—	—	—	-585	-585	5	-580
Other comprehensive income	—	—	-152	39	—	-113	1	-112
Dividend non-controlling interests	—	—	—	—	—	—	-56	-56
Dividend	—	—	—	—	-460	-460	—	-460
<b>Equity, closing balance, 31 December 2023</b>	460	7,525	979	226	20,383	29,573	152	29,725

<sup>1)</sup> Change in fair value due to reclassification of hotel properties from Own Operations to Leases.

### 2022

Number of shares outstanding at year-end 183,849,999

### 2023

Number of shares outstanding at year-end 183,849,999

The share quota value is SEK 2.50.

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## Consolidated statement of cash flows

MSEK	Note	2023	2022
<b>OPERATING ACTIVITIES</b>			
Profit before tax		-497	5,351
Reversal of depreciation		286	334
Change in property value		1,107	-1,180
Change in value of derivatives		1,205	-2,319
Other items not included in cash flow	I1	40	145
Taxes paid		-178	-86
<b>Cash flow from operating activities before changes in working capital</b>		<b>1,963</b>	<b>2,245</b>
Increase/decrease in operating receivables		137	-14
Increase/decrease in operating liabilities		93	146
<b>Changes in working capital</b>		<b>230</b>	<b>132</b>
<b>Cash flow from operating activities</b>		<b>2,193</b>	<b>2,377</b>
<b>INVESTING ACTIVITIES</b>			
Investments in investment properties		-493	-432
Investments in operating properties		-382	-399
Investments in furniture, fixtures and equipment		-47	-32
Divestment of hotel properties, net effect on liquidity	I1	894	124
Acquisition of hotel properties, net effect on liquidity	I1	-1,465	-901
Acquisition/divestment of financial assets		12	3
<b>Cash flow from investing activities</b>		<b>-1,481</b>	<b>-1,637</b>
<b>FINANCING ACTIVITIES</b>			
New loans		12,944	12,811
Debt repayment		-14,168	-13,601
Dividend non-controlling interests		-17	-16
Paid dividend		-460	—
<b>Cash flow from financing activities</b>		<b>-1,701</b>	<b>-806</b>
<b>Cash flow for the year</b>		<b>-989</b>	<b>-66</b>
Cash and cash equivalents at beginning of year		1,630	1,593
Exchange rate differences in cash and cash equivalents		128	103
<b>Cash and cash equivalents at year-end</b>		<b>769</b>	<b>1,630</b>

MSEK	Note	2023	2022
<b>Information on interest paid</b>			
Interest received		31	20
Interest paid		-1,243	-893
Financial expense for right-of-use assets		-108	-95

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## Parent Company income statement

MSEK	Note	2023	2022
Net sales	L1	112	79
Administrative costs	C3, C7	-245	-130
<b>Operating profit</b>		<b>-133</b>	<b>-51</b>
Profit from participations in Group companies	G1, L1	964	1,840
Other interest expense and similar profit/loss items	G1, L1	1,235	338
Derivatives, unrealised		-231	184
<b>Profit after financial items</b>		<b>1,835</b>	<b>2,311</b>
Year-end appropriations	J4	352	23
<b>Profit before tax</b>		<b>2,187</b>	<b>2,334</b>
Tax on profit for the year	D1	-217	-17
Deferred tax	D1	46	-49
<b>Profit for the year</b>		<b>2,016</b>	<b>2,268</b>
<b>Other comprehensive income for the year</b>		<b>—</b>	<b>—</b>
<b>Comprehensive income for the year</b>		<b>2,016</b>	<b>2,268</b>

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## Parent Company balance sheet

MSEK	Note	31 Dec 2023	31 Dec 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Property, plant and equipment</b>			
Equipment	E2	11	14
<b>Total non-current assets</b>		<b>11</b>	<b>14</b>
<b>Financial non-current assets</b>			
Shares and participations in Group companies	H1	12,227	7,431
Receivables from Group companies	L1	10,515	11,552
Other non-current receivables	E5	28	26
Deferred tax assets	D1	60	14
<b>Total financial non-current assets</b>		<b>22,830</b>	<b>19,023</b>
<b>Total non-current assets</b>		<b>22,841</b>	<b>19,037</b>
<b>Current assets</b>			
Other receivables		20	2
Prepaid expenses and accrued income	E6	90	9
Receivables from Group companies	L1	1,941	3,778
Cash and bank balances		3	5
<b>Total current assets</b>		<b>2,054</b>	<b>3,794</b>
<b>TOTAL ASSETS</b>		<b>24,895</b>	<b>22,831</b>

MSEK	Note	31 Dec 2023	31 Dec 2022
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	G4	460	460
Statutory reserve		10	11
Share premium reserve		2,970	2,968
Retained earnings		7,858	6,050
Profit for the year		2,016	2,268
<b>Total equity</b>		<b>13,314</b>	<b>11,759</b>
<b>Untaxed reserves</b>			
		<b>4</b>	<b>1</b>
<b>Provisions</b>			
	F2	<b>69</b>	<b>73</b>
<b>Non-current liabilities</b>			
Non-current interest-bearing liabilities	J2	5,702	6,013
Liabilities, Group companies	L1	1,931	1,414
Derivatives		260	36
Deferred tax liabilities		0	0
<b>Total non-current liabilities</b>		<b>7,893</b>	<b>7,463</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	J2	1,994	1,256
Trade accounts payable		15	15
Current tax liabilities		233	16
Liabilities, Group companies	L1	1,284	2,217
Other current liabilities		4	1
Accrued expenses and deferred income	F1	85	30
<b>Total current liabilities</b>		<b>3,615</b>	<b>3,535</b>
<b>Total liabilities</b>		<b>11,581</b>	<b>11,072</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>24,895</b>	<b>22,831</b>

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## Statement of changes in equity for the Parent Company

MSEK	Restricted equity		Non-restricted equity			Profit for the year	Total equity
	Share capital	Statutory reserve	Share premium reserve	Other comprehensive income	Retained earnings		
<b>Equity, opening balance, 1 January 2022</b>	460	10	2,969	—	5,164	888	9,490
Appropriation of profit	—	—	—	—	888	-888	—
Other comprehensive income	—	—	—	—	—	—	—
Profit for the year	—	—	—	—	—	2,268	2,268
<b>Equity, closing balance, 31 December 2022</b>	460	10	2,969	—	6,052	2,268	11,759
<b>Equity, opening balance, 1 January 2023</b>	460	10	2,969	—	6,052	2,268	11,759
Appropriation of profit	—	—	—	—	2,268	-2,268	—
Other comprehensive income	—	—	—	—	—	—	—
Profit for the year	—	—	—	—	—	2,016	2,016
Dividend	—	—	—	—	-460	—	-460
<b>Equity, closing balance, 31 December 2023</b>	460	10	2,969	—	7,860	2,016	13,314

### 2022

Number of shares outstanding at year-end 183,849,999

### 2023

Number of shares outstanding at year-end 183,849,999

The share quota value is SEK 2.50.

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# Statement of cash flows for the Parent Company

MSEK	2023	2022
<b>OPERATING ACTIVITIES</b>		
Profit after financial items	1,835	2,311
Reversal of depreciation	3	4
Other items not included in cash flow	310	-1,814
Taxes paid	-1	0
<b>Cash flow from operating activities before changes in working capital</b>	<b>2,147</b>	<b>501</b>
Increase/decrease in operating receivables	-99	-5
Increase/decrease in operating liabilities	916	-2,066
<b>Changes in working capital</b>	<b>817</b>	<b>-2,071</b>
<b>Cash flow from operating activities</b>	<b>2,964</b>	<b>-1,570</b>
<b>INVESTING ACTIVITIES</b>		
Changes in shares and participations	-2,734	-37
Investments in equipment	0	-1
Divestment of subsidiaries, net effect on liquidity	—	2,403
Acquisition of subsidiaries, net effect on liquidity	-2,113	-474
Acquisition of financial assets	-8,355	-1,957
Divestment of financial assets	9,391	2,903
<b>Cash flow from investing activities</b>	<b>-3,811</b>	<b>2,837</b>
<b>FINANCING ACTIVITIES</b>		
Group contributions received	458	331
Group contributions provided	-104	-307
New loans	5,042	8,633
Debt repayment	-4,091	-9,920
Paid dividend	-460	—
<b>Cash flow from financing activities</b>	<b>845</b>	<b>-1,263</b>
<b>Cash flow for the year</b>	<b>-2</b>	<b>4</b>
Cash and cash equivalents at beginning of year	5	1
<b>Cash and cash equivalents at year-end</b>	<b>3</b>	<b>5</b>

MSEK	2023	2022
<b>Information on interest paid</b>		
Interest received	1,100	519
Interest paid	-194	-304
Information on cash and cash equivalents at year-end	3	5
Cash and cash equivalents consist of bank balances		

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## A1 Alternative performance measures

### Key figures not defined according to IFRS

A number of the financial descriptions and measures in this annual report provide information about the development and status of financial and per share measurements that are not defined in accordance with IFRS (International Financial Reporting Standards). The alternative financial performance measures below provide useful supplementary information to investors and management, as they facilitate evaluation of the Company's performance. Since not all companies calculate performance measures in the same manner, these are not always comparable to measures used by other companies. Hence these financial measures should not be seen as a substitute for measures defined according to IFRS. Unless otherwise stated, the following tables present measures which are not defined according to IFRS, along with a reconciliation of these.

① See definitions on page 185.

RECONCILIATION ALTERNATIVE PERFORMANCE MEASURES (MSEK)	2023	2022
<b>Net interest-bearing debt</b>		
Non-current interest-bearing liabilities	24,190	17,888
Current interest-bearing liabilities	8,580	15,983
Arrangement fees for loans	189	93
Cash and cash equivalents	-769	-1,630
<b>Net interest-bearing debt</b>	<b>32,190</b>	<b>32,334</b>
<b>Loan-to-value ratio, net %</b>		
Net interest-bearing debt	32,190	32,334
Market value, properties	69,039	69,231
<b>Loan-to-value ratio, %</b>	<b>46.6</b>	<b>46.7</b>
<b>Interest coverage ratio, times</b>		
EBITDA	3,696	3,304
Less: Financial expense for right-of-use assets	-108	-95
Net interest expense	1,335	873
<b>Interest coverage ratio, times</b>	<b>2.7</b>	<b>3.7</b>
<b>Average interest on debt, %</b>	<b>4.2</b>	<b>3.2</b>
See Note G2 for a complete reconciliation		
<b>Investments, incl. Parent Company excl. acquisitions</b>	<b>922</b>	<b>863</b>

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RECONCILIATION ALTERNATIVE PERFORMANCE MEASURES (MSEK)	2023	2022
<b>Net operating income Leases</b>		
Rental income	3,548	3,052
Other property revenue	142	255
Expenses, excl. property administration	-290	-245
<b>Net operating income before property administration</b>	<b>3,400</b>	<b>3,062</b>
Property administration	-243	-194
<b>Net operating income Leases</b>	<b>3,157</b>	<b>2,868</b>
<b>Net operating income Own Operations</b>		
Revenue Own Operations	3,159	2,347
Costs Own Operations	-2,729	-2,111
<b>Gross profit</b>	<b>430</b>	<b>236</b>
Add: Depreciation included in costs	283	330
<b>Net operating income Own Operations</b>	<b>713</b>	<b>566</b>
<b>EBITDA</b>		
Total gross profit from respective business segment	3,587	3,104
Add: Depreciation included in costs Own Operations	283	330
Add: Depreciation included in Central administration	23	23
Less: Central administration, excluding depreciation	-197	-153
<b>EBITDA</b>	<b>3,696</b>	<b>3,304</b>
<b>Cash earnings</b>		
EBITDA	3,696	3,304
Add: Financial income	31	19
Less: Financial expense	-1,498	-1,022
Less: Financial expense for right-of-use assets	-108	-95
Add/Less: Unrealised translation gains on bank balances	1	1
Less: Current tax	-375	-164
Add/Less: Profit for the year attributable to non-controlling interests	-5	13
<b>Cash earnings attributable to the parent</b>	<b>1,742</b>	<b>2,056</b>

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① ② See explanations on next page.

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CONT. RECONCILIATION ALTERNATIVE PERFORMANCE MEASURES	2023	2022
<b>EPRA NRV</b>		
Group equity attributable to owners of the parent	29,573	30,731
Add: Revaluation of operating properties	2,971	3,220
Add: Fair value of financial derivatives	-1,056	-2,260
Less: Deferred tax assets related to derivatives	218	466
Add: Deferred tax liabilities related to properties	5,270	5,538
<b>EPRA NRV</b>	<b>36,976</b>	<b>37,694</b>
<b>Growth in EPRA NRV, annual rate, %</b>		
EPRA NRV attributable to owners of the parent, opening balance	37,694	31,905
EPRA NRV attributable to owners of the parent, closing balance	36,976	37,694
Dividend added back, current year	460	—
<b>Growth in EPRA NRV, annual rate, %</b>	<b>-0.7</b>	<b>18.1</b>

RECONCILIATION ALTERNATIVE PERFORMANCE MEASURES PER SHARE <sup>1)</sup>	2023	2022
<b>Comprehensive income per share, SEK</b>		
Comprehensive income for the period attributable to owners of the parent, MSEK	-698	5,522
Weighted average number of shares before and after dilution	183,849,999	183,849,999
<b>Comprehensive income per share, SEK</b>	<b>-3.80</b>	<b>30.04</b>
<b>Cash earnings per share, SEK</b>		
Cash earnings attributable to owners of the parent, MSEK	1,742	2,056
Weighted average number of shares before and after dilution	183,849,999	183,849,999
<b>Cash earnings per share, SEK</b>	<b>9.48</b>	<b>11.18</b>
<b>Net reinstatement value (EPRA NRV) per share, SEK</b>		
EPRA NRV, MSEK	36,976	37,694
Number of shares at year-end	183,849,999	183,849,999
<b>Net reinstatement value (EPRA NRV) per share, SEK</b>	<b>201.12</b>	<b>205.03</b>
<b>Dividend per share, SEK</b>		
Dividend, MSEK	735	460
Number of shares at dividend	183,849,999	183,849,999
<b>Dividend per share, SEK</b>	<b>4.0</b>	<b>2.5</b>
Weighted average number of shares before and after dilution	183,849,999	183,849,999
Number of shares at year-end	183,849,999	183,849,999
<b>PROPERTY-RELATED PERFORMANCE MEASURES</b>		
Number of hotels, end of period <sup>2)</sup>	159	157
Number of rooms, end of period <sup>2)</sup>	35,851	35,490
WAULT, years	15.0	15.0
Market value properties, MSEK	69,039	69,231
Market value investment properties, MSEK	57,226	57,563
Market value operating properties, MSEK	11,813	11,669
RevPAR (operating properties) for comparable units at comparable exchange rates, SEK	1,036	839

<sup>1)</sup> The total number of shares outstanding after full dilution amounts to 183,849,999, of which 75,000,000 are class A shares and 108,849,999 are class B shares. Calculated on the total number of shares for balance sheet items and the weighted number of shares for income statement items.

<sup>2)</sup> Pandox-owned hotel properties.

### 1 EXPLANATIONS

#### Financial risk

Pandox owns, manages and develops hotel properties and operates hotels. The level of risk-taking is expressed in a loan-to-value ratio of between 45 and 60 percent, depending on market development and the opportunities that exist. In addition to the loan-to-value ratio, other relevant measures of Pandox's financial risk are interest coverage ratio, average interest on debt and net interest-bearing debt.

### 2 Growth and profitability

Pandox's overall goal is to increase cash flow and property value and thereby have the resources for investments to support the Company's continued expansion. Since Pandox both owns and operates hotel properties, multiple indicators are needed to measure the Company's performance in relation to goals in this regard. Growth in cash earnings is Pandox's primary focus and this is also the basis for the dividend paid annually to the shareholders, i.e. 30–50 percent of cash earnings with an average dividend share of 40 percent over time. Measuring net operating income creates transparency and comparability between the Company's two business segments and with other property companies. EBITDA measures Pandox's total operational profitability in a uniform way.

### 3 Net reinstatement value (EPRA NRV) and equity

Net asset value is the aggregate capital Pandox manages on behalf of its shareholders; Pandox generally measures this as net reinstatement value (EPRA NRV). Pandox measures long-term net asset value based on the balance sheet adjusted for items that will not yield any payments in the near future, such as derivatives and tax liabilities. The market value of operating properties is also included in the calculation.

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**Net asset value expressed as EPRA NRV, EPRA NTA and EPRA NDV**

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

As of 31 December 2023 Pandox is reporting the performance measures EPRA NRV (net reinstatement value), which for Pandox corresponds to the previously reported EPRA NAV (net asset value), EPRA NTA (net tangible assets) and EPRA NDV (net disposal value). See page 185 for definitions. EPRA NRV (net reinstatement value) is the long-term net asset value and is based on the balance sheet adjusted for items where there will be no payments made in the near future, such as goodwill, financial derivatives, deferred tax liability and surplus value of operating properties. EPRA NTA (net tangible assets) is the same as long-term net asset value with the difference that goodwill not attributable to deferred tax is to be added back and that deferred tax can be assigned a market value taking into account how the entity has carried out real estate transactions in recent years. As Pandox has no goodwill and has a long-term investment horizon, in Pandox's case the value of NRV and NTA is the same. EPRA NDV (net disposal value) is net asset value according to equity in the balance sheet adjusted for goodwill (Pandox has no goodwill) and surplus value of operating properties.

	31 Dec 2023		31 Dec 2022	
	MSEK	SEK per share <sup>1)</sup>	MSEK	SEK per share <sup>1)</sup>
Net asset value				
Equity attributable to owners of the parent	29,573	160.85	30,731	167.15
Add: Revaluation of operating properties	2,971	16.16	3,220	17.51
Add: Fair value of financial derivatives	-1,056	-5.74	-2,260	-12.29
Less: Deferred tax assets related to derivatives	218	1.18	466	2.53
Add: Deferred tax liabilities	5,270	28.66	5,538	30.12
<b>Net reinstatement value (EPRA NRV), MSEK</b>	<b>36,976</b>	<b>201.12</b>	<b>37,694</b>	<b>205.03</b>
Added back:	—	—	—	—
<b>Net tangible assets (EPRA NTA), MSEK</b>	<b>36,976</b>	<b>201.12</b>	<b>37,694</b>	<b>205.03</b>
Added back: derivatives and deferred tax	-4,432	-24.10	-3,744	-20.36
<b>Net disposal value (EPRA NDV), MSEK</b>	<b>32,544</b>	<b>177.01</b>	<b>33,951</b>	<b>184.67</b>

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

	31 Dec 2023			31 Dec 2022		
	Loan-to-value ratio reported to date, %	Adj.	Loan-to-value ratio, %, EPRA	Loan-to-value ratio reported to date, %	Adj.	Loan-to-value ratio, %, EPRA
Loan-to-value ratio, MSEK						
Non-current interest-bearing liabilities	24,190	—	24,190	17,888	—	17,888
Current interest-bearing liabilities	8,580	—	8,580	15,983	—	15,983
Arrangement fees for loans	189	—	189	93	—	93
Net operating receivables and operating liabilities	—	264	264	—	—	—
Exclude: Cash and cash equivalents	-769	—	-769	-1,630	—	-1,630
<b>Net debt</b>	<b>32,190</b>	<b>264</b>	<b>32,454</b>	<b>32,334</b>	<b>—</b>	<b>32,334</b>
Market value, properties	69,039	—	69,039	69,231	—	69,231
Net operating receivables and operating liabilities	—	—	—	—	117	117
<b>Total properties and other applicable assets</b>	<b>69,039</b>	<b>—</b>	<b>69,039</b>	<b>69,231</b>	<b>117</b>	<b>69,348</b>
<b>Loan-to-value ratio, %</b>	<b>46.6%</b>		<b>47.0%</b>	<b>46.7%</b>		<b>46.6%</b>

**Loan-to-value ratio according to EPRA LTV**

EPRA LTV is a key ratio that shows interest-bearing net debt in relation to the total market value of the property portfolio and other applicable assets, and is used to create comparability between property companies. EPRA LTV is essentially the same as Pandox's previous definition of loan-to-value ratio, the only difference being that net operating receivables and operating liabilities are included in the EPRA measurement. As Pandox has no associated companies or joint ventures, and as there are no minority interests that are material for the Company, no further adjustments are made. Adjustment compared with the loan-to-value ratio reported to date is the net of the following short-term operating items: tax assets, trade accounts receivable, deferred rent receivables, other receivables, provisions, tax liabilities, trade accounts payable and other current liabilities.

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## B General information and overall accounting principles

### B1 OVERALL ACCOUNTING PRINCIPLES

#### Introduction

The consolidated accounts cover Pandox AB (the Parent Company) and its subsidiaries (the Group). The Parent Company, Pandox AB (publ), is a Swedish company (company reg. no. 556030-7885) and has its registered office in Sweden at Vasagatan 11, SE-111 20 Stockholm. Pandox was formed in 1995 and the Company's class B shares have been listed on Nasdaq Stockholm since 18 June 2015. For disclosures concerning the ownership structure, see "The share and the capital market" on page 46. The financial statements as per 31 December 2023 were approved by the Board of Directors and CEO on 6 March 2024 for adoption at the Annual General Meeting on 10 April 2024.

The executive management team and the Board of Directors have discussed the development, choice of and disclosures on the Group's important accounting principles and estimates, as well as the application of these.

The accounting principles can be found in the respective note where applicable. For the Parent Company's accounting principles, see Note J1. They are divided up in the following way in the notes:

#### § ACCOUNTING PRINCIPLES

Refers to the principles, bases, rules and practices that the Company applies in the preparation and presentation of the Annual Report.

#### ! KEY ESTIMATES AND JUDGMENTS

When preparing financial statements it is necessary to make judgments in the application of accounting principles and estimates with respect to the value of assets, liabilities, revenue and expenses. Estimates and assumptions are based on past experience and other factors deemed relevant and reasonable. Estimates and assumptions are reviewed regularly and compared with the actual outcome.

#### 1. Accounting basis

##### 1.1 Conformity with standards and laws

The consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the EU. The Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups has also been applied.

##### 1.2 Basis for valuation

Investment properties and derivative instruments are recognised at fair value on an ongoing basis. Other assets and liabilities are recognised at historic cost or, where applicable, at amortised cost in the case of non-derivative financial liabilities and financial assets.

##### 1.3 Functional currency and reporting currency

The functional currency of the Parent Company is Swedish kronor (SEK), which is also the reporting currency of the Parent Company and of the Group. The financial statements are therefore presented in Swedish kronor. All figures are in millions of Swedish kronor (MSEK) unless indicated otherwise.

##### 1.4 Classification

Non-current assets and non-current liabilities consist of amounts expected to be recovered or paid after 12 months have passed since the balance sheet date. Current assets and current liabilities consist of amounts expected to be recovered or paid within 12 months of the balance sheet date.

##### 1.5 Reporting of acquisitions

The IFRS 3 financial reporting standard states that acquisitions are to be classified as business combinations or asset purchases. In an asset purchase, the transaction is not covered by IFRS 3. An individual assessment of the nature of the acquisition is required for each individual transaction. All of Pandox's acquisitions are classified as asset purchases. Until a final settlement has been drawn up or legal restructuring has been completed, the accounts that consolidate acquired properties, assets and liabilities are prepared based on available information, review and assessment to ensure that Pandox's accounting principles are applied. On final settlement a difference may arise, requiring the acquired property value to be adjusted. In asset purchases, no separate deferred tax is recognised at the time of acquisition; instead the asset is recognised at cost, which corresponds to the fair value of the asset after deducting any discount for non-tax-deductible costs. Transaction expenses are capitalised and added to cost.

#### 2. New accounting standards

A number of existing accounting standards have entered into force in 2023. None has had any material impact on the Group's financial statements. Amendments entering into force in 2024 or later are also expected to have no significant impact on the Group's financial statements.

##### 2.1 Pillar 2

It is likely that Pandox exceeded the threshold of MEUR 750 during the 2022 financial year due to substantial valuation gains on properties and financial instruments (around SEK 3.5 billion). The revenue threshold was not exceeded in the 2023 financial year, however. This was also the case for the 2020 and 2021 financial years. Our assessment is therefore that Pandox should not be affected by the minimum tax rules in Pillar 2 in relation to the 2024 financial year.

#### 3. Foreign currency

##### 3.1 Foreign currency transactions

Foreign currency transactions are translated into the functional currency at the exchange rate prevailing on the transaction date. Functional currency is the currency of the primary economic environment where the companies conduct their business. Monetary assets and liabilities in foreign currency are translated to the functional currency at the exchange rate prevailing on the closing day. Exchange rate differences that arise on translation are recognised in profit or loss for the year.

##### 3.2 Financial statements of foreign entities

Assets and liabilities of foreign entities and consolidated surpluses and deficits are translated from the foreign entity's functional currency to the Group's reporting currency (Swedish kronor) at the exchange rate in effect on the closing day. Revenue and expenses in a foreign operation are translated to Swedish kronor at an average exchange rate which is an approximation of the exchange rates prevailing on each transaction date. Translation differences arising in currency translation of foreign entities and net investments or other financial instruments designated for hedging of such investments are recognised in other comprehensive income and accumulated in a separate component of equity called the translation reserve. When a controlling interest ceases to exist for a foreign entity, the cumulative translation differences relating to the entity are realised, at which point they are reclassified from the translation reserve in equity to profit or loss for the year.

#### EXCHANGE RATES

The exchange rates used were obtained from the Riksbank (Sweden's central bank), [www.riksbank.se](http://www.riksbank.se).

Currency code	Ultimo 31 Dec 2022	Average Jan-Dec 2023	Ultimo 31 Dec 2023
CAD	7.706000	7.863670	7.578200
CHF	11.291476	11.817330	11.982700
DKK	1.496483	1.540250	1.488800
EUR	11.128300	11.476520	11.096000
GBP	12.581100	13.197850	12.768000
NOK	1.057179	1.005430	0.987100
SEK	1.000000	1.000000	1.000000

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#### 4. Consolidation principles

##### 4.1 Controlling interest and the acquisition method

Subsidiaries are companies that are under the direct or indirect control of the Parent Company.

The acquisition method of accounting is used for subsidiaries. With the acquisition method, a subsidiary is regarded as a transaction through which the Group indirectly acquires the subsidiary's assets and assumes its liabilities. The fair value on the date of acquisition of the identifiable assets acquired and liabilities assumed, as well as any non-controlling interests, are established in a purchase price allocation. Acquisitions made on several occasions which increase ownership of a company are recognised as step acquisitions. Once a controlling interest has been achieved, changes in ownership are recognised as a transfer in equity between owners of the Parent Company and non-controlling interests.

An acquisition of a company can be regarded either as an asset purchase or as a business combination. In an asset purchase, the transaction is not covered by IFRS 3. See also section 1.5 concerning reporting of acquisitions.

#### 5. Inventories

Inventories are stocks of consumables in the hotel operations. Inventories are measured at cost or net realisable value, whichever is lower. The cost of inventories is calculated using the first-in, first-out (FIFO) method and includes expenditures that have arisen from the acquisition of inventory assets and from bringing them to their present location and condition.

#### 6. Impairment

The assets carried in the Group are tested on each closing date for indications of impairment. IAS 36 is applied for impairment of assets other than financial assets, which are recognised according to IFRS 9. Investment properties are recognised at fair value (IAS 40). For other assets, the carrying amount is determined according to the respective standard.

##### 6.1 Impairment of property, plant and equipment

If there is an indication of impairment, the recoverable amount of the asset is calculated as described below. If it is not possible to determine the largely independent cash flows for an individual asset, and its fair value less costs to sell cannot be used, the assets are grouped for the purpose of impairment testing at the lowest level at which it is possible to identify largely independent cash flows – a so-called cash-generating unit.

An impairment loss is recognised when an asset's or a cash-generating unit's carrying amount exceeds its recoverable amount. Impairment losses are expensed through profit or loss. The recoverable amount is the higher of fair value less costs to sell and value in use. When calculating value in use, future cash flows are discounted using a discount factor that takes into account risk-free interest and the risk associated with the specific asset.

##### 6.2 Impairment of financial assets

At each reporting date the Company assesses whether there is objective evidence of impairment of a financial asset or group of assets. Objective evidence consists of an observable circumstance that has arisen and that has a negative impact on the ability to recover the cost of the asset.

The Company classifies rent receivables and other receivables as doubtful based on individual assessments. For impairment of receivables the simplified model is applied.

##### 6.3 Reversal of impairment losses

Impairment losses on assets covered by IAS 36 are reversed if there is both an indication that the impairment loss no longer exists and there has been a change in the assumptions on which the calculation of the recoverable amount was based. An impairment loss is reversed only to the extent that the carrying amount of the asset after the reversal does not exceed the carrying amount that would have been recognised, minus depreciation/amortisation where applicable, if no impairment loss had been recognised.

Impairment losses on loans receivable and trade accounts receivable that are recognised at amortised cost are reversed if the past reason for the impairment loss no longer exists and the corresponding payment is expected to be received from the customer.

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## C Revenue and costs

### C1 BUSINESS SEGMENTS

#### § ACCOUNTING PRINCIPLES

A business segment is a unit in the Group with operations from which revenue can be generated and costs incurred, and for which independent financial information is available. A business segment's performance is monitored by the Company's chief operating decision-maker (CEO) to evaluate performance and to be able to allocate resources to the business segment.

Pandox's business segments are Leases and Own Operations. The Leases segment owns and leases out hotel properties to hotel operators for hotel operations. In the Own Operations segment we both own the hotel property and operate the hotel business situated within it. Unallocated items are any items that are not attributable to a specific segment or are common to both segments, as well as financial expense attributable to right-of-use assets according to IFRS 16. Scandic Hotels Group and Fattal Hotel Group are tenants which, individually, account for more than 10 percent of revenue.

GROUP 2023				
Business segments, MSEK	Leases <sup>3)</sup>	Own Operations <sup>3)</sup>	Group-wide and unallocated items	Total
<b>Revenue Leases</b>				
Rental income and other property revenue <sup>1)</sup>	3,690	—	—	3,690
Revenue Own Operations	—	3,159	—	3,159
<b>Net sales</b>	<b>3,690</b>	<b>3,159</b>	<b>—</b>	<b>6,849</b>
Costs Leases	-533	—	—	-533
Costs Own Operations <sup>2)</sup>	—	-2,729	—	-2,729
<b>Gross profit</b>	<b>3,157</b>	<b>430</b>	<b>—</b>	<b>3,587</b>
– of which gross profit Leases	3,157	—	—	3,157
– of which gross profit Own Operations	—	430	—	430
Central administration	—	—	-197	-197
Financial income	—	—	31	31
Financial expense	—	—	-1,498	-1,498
Financial expense for right-of-use assets	—	—	-108	-108
<b>Profit before changes in value</b>	<b>3,157</b>	<b>430</b>	<b>-1,772</b>	<b>1,815</b>
<b>Changes in value</b>				
Change in property value	-1,155	48	—	-1,107
Change in value of derivatives	—	—	-1,205	-1,205
<b>Profit before tax</b>	<b>2,002</b>	<b>478</b>	<b>-2,977</b>	<b>-497</b>
Current tax	—	—	-375	-375
Deferred tax	—	—	292	292
<b>PROFIT FOR THE YEAR</b>	<b>2,002</b>	<b>478</b>	<b>-3,060</b>	<b>-580</b>

<sup>1)</sup> Other revenue refers to government assistance amounting to MSEK 0 (117). For full-year 2023 revenue-based rent in the Leases segment amounted to MSEK 1,275.

<sup>2)</sup> Including depreciation of operating properties in the amount of MSEK 283 and reduced costs due to government assistance of MSEK 0 (143).

<sup>3)</sup> Management revenue is recognised over time and fixed fees are received in advance. Variable compensation in the Leases segment is paid on a six-monthly or annual basis, as agreed. In the Own Operations segment revenue is recognised and payments are received at the time of delivery of the service and/or product.

Geographical market, MSEK	Sweden	Denmark	Norway	Finland	Germany	Belgium	UK Ireland	Other	Total
<b>Net sales</b>									
Leases	967	227	246	306	795	73	841	235	3,690
Own Operations	—	87	—	40	728	1,181	637	485	3,158
Properties, market value <sup>1)</sup>	15,470	4,063	3,303	4,458	16,374	5,701	14,866	4,804	69,039
Investments in properties <sup>2)</sup>	156	47	38	20	189	217	222	32	921
Acquisition of properties	326	—	—	—	—	4	1,247	—	1,577
Change in property value	-448	43	-73	-83	-267	-2	-415	138	-1,107
Carrying amount, operating properties	—	—	—	30	2,026	3,047	2,754	985	8,842
Total non-current assets at carrying amount excl. deferred tax	17,514	4,076	3,306	5,172	15,285	4,717	15,592	4,805	70,467

<sup>1)</sup> Also includes fair value of operating properties at MSEK 11,813.

<sup>2)</sup> Includes investments in furniture, fixtures and equipment in operating properties at MSEK 47.

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GROUP 2022				
Business segments, MSEK	Leases <sup>3)</sup>	Own Operations <sup>3)</sup>	Group-wide and unallocated items	Total
<b>Revenue Leases</b>				
Rental income and other property revenue <sup>1)</sup>	3,307	—	—	3,307
Revenue Own Operations	—	2,347	—	2,347
<b>Net sales</b>	<b>3,307</b>	<b>2,347</b>	<b>—</b>	<b>5,654</b>
Costs Leases	-439	—	—	-439
Costs Own Operations <sup>2)</sup>	—	-2,111	—	-2,111
<b>Gross profit</b>	<b>2,868</b>	<b>236</b>	<b>—</b>	<b>3,104</b>
– of which gross profit Leases	2,868	—	—	2,868
– of which gross profit Own Operations	—	236	—	236
Central administration	—	—	-153	-153
Financial income	—	—	19	19
Financial expense	—	—	-1,022	-1,022
Financial expense for right-of-use assets	—	—	-95	-95
<b>Profit before changes in value</b>	<b>2,868</b>	<b>236</b>	<b>-1,251</b>	<b>1,853</b>
<b>Changes in value</b>				
Change in property value	1,180	—	—	1,180
Change in value of derivatives	—	—	2,318	2,318
<b>Profit before tax</b>	<b>4,048</b>	<b>236</b>	<b>1,067</b>	<b>5,351</b>
Current tax	—	—	-164	164
Deferred tax	—	—	-983	-983
<b>PROFIT FOR THE YEAR</b>	<b>4,048</b>	<b>236</b>	<b>-80</b>	<b>4,204</b>

<sup>1)</sup> Other revenue refers to government assistance amounting to MSEK 117. For full-year 2022 revenue-based rent in the Leases segment amounted to MSEK 1,020.

<sup>2)</sup> Including depreciation of operating properties in the amount of MSEK 331 and reduced costs due to government assistance of MSEK 143.

<sup>3)</sup> Management revenue is recognised over time and fixed fees are received in advance. Variable compensation in the Leases segment is paid on a six-monthly or annual basis, as agreed. In the Own Operations segment revenue is recognised and payments are received at the time of delivery of the service and/or product.

Geographical market, MSEK	Sweden	Denmark	Norway	Finland	Germany	Belgium	UK Ireland	Other	Total
<b>Net sales</b>									
Leases	860	190	249	264	801	54	697	191	3,307
Own Operations	1	73	—	39	515	843	306	571	2,348
Properties, market value <sup>1)</sup>	15,436	3,987	3,575	4,536	16,964	5,536	13,641	5,556	69,231
Investments in properties <sup>2)</sup>	247	48	34	14	243	179	65	32	863
Acquisition of properties	—	—	—	—	—	365	537	—	902
Change in property value	501	97	129	214	-156	-6	428	-27	1,180
Carrying amount, operating properties	—	388	—	29	2,045	2,980	1,529	1,480	8,450
Total non-current assets at carrying amount excl. deferred tax	17,920	3,950	3,578	5,268	15,974	4,624	14,680	5,298	71,292

<sup>1)</sup> Also includes fair value of operating properties at MSEK 11,669.

<sup>2)</sup> Includes investments in equipment/interiors of operating properties at MSEK 31.

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## C2 REVENUE

## § ACCOUNTING PRINCIPLES

**Rental income**

Rental income from Leases is recognised on a straight line basis according to the terms and conditions in the agreements. Rental income relates to the space leased for hotel operations and minor rental income from other premises.

**Other property revenue and government assistance**

Other property revenue consists mainly of charges for heating, electricity and property tax and is recognised on a straight line basis according to the terms and conditions in the agreements.

Government assistance within Leases are recognised as other revenue in the income statement when it is reasonably certain that the assistance will be received and in the same period as the costs they are intended to cover.

**Revenue from Own Operations**

Revenue from Own Operations refers to the hotels operated by Pandox itself. The revenue comes mainly from accommodation, food and beverages, as well as conference activities. Revenue from Own Operations is recognised in the period in which the activities are performed.

**Revenue from property sales**

Revenue from property sales is recognised on the occupancy date unless the risks and benefits have been transferred to the purchaser on an earlier occasion, in which case the revenue from the property sale is recognised at this earlier point in time.

Pandox's revenue is attributable to the segments Leases and Own Operations.

Revenue from Leases consists of rental income and a smaller element of other property revenue. The leases are generally linked to the hotels' sales of rooms, conference rooms and food and beverages, and usually involve a guaranteed minimum rent – making it possible to have increased income as well as downside protection. Contractual rental income has been translated at the average exchange rate. Total variable rental income accounts for MSEK 1,275 (1,020) of the total rental income of MSEK 3,548 (3,052) in 2023.

The Own Operations segment generates revenue from hotels that Pandox operates itself. In this segment the hotels' revenue from sales of rooms, conference facilities, food and beverages etc. accrues entirely to Pandox. Total revenue from Own Operations amounts to MSEK 3,159 (2,347).

The average remaining lease terms at the end of the financial year amounted to 15.0 (15.0) years for the current portfolio. The maturity structure of the future rental income as of the closing day is presented in the table below. Revenue due more than 12 months after the closing date is based on the outcome of variable rental income in 2023 and is therefore an estimate.


GROUP RENTAL INCOME, MATURITY STRUCTURE OF CONTRACTUAL RENT		
MSEK	2023	2022
<b>Rental income</b>		
Due within one year	3,497	2,846
Due in 1–5 years	16,521	14,803
Due after more than 5 years	32,273	26,346
<b>Total</b>	<b>52,291</b>	<b>43,996</b>

Around 1.6 percent of rental income comes from other rents for offices and retail outlets, and other minor rental income. These lease terms are significantly shorter and the rental income is not included in the table above.

**Government assistance****Leases**

Pandox received transition relief in government programmes in Norway, Sweden and Denmark totalling an amount equivalent to MSEK – (117), which was recognised in "Other property revenue".

No government assistance are recognised as liabilities, since all fulfilled the conditions for recognition in the income statement. See also accounting principles.

 For comprehensive information on government assistance, see the Administration Report and Note C7 concerning government assistance within the Own Operations segment.

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**C3 FEES AND REMUNERATION TO AUDITORS****REMUNERATION TO AUDITORS**

MSEK	Group		Parent Company	
	2023	2022	2023	2022
<b>PwC</b>				
Audit assignments	-12.3	-10.9	-5.2	-5.1
Audit-related services <sup>1)</sup>	-0.3	-0.9	0	-0.2
<i>(of which to the auditor for the Parent Company Pricewaterhouse-Coopers AB)</i>	—	-0.2	—	—
Tax advisory services <sup>1)</sup>	-0.3	-0.2	—	—
<i>(of which to the auditor for the Parent Company Pricewaterhouse-Coopers AB)</i>	—	—	—	—
Other assignments <sup>1)</sup>	-0.8	-0.2	-0.8	-0.2
<i>(of which to the auditor for the Parent Company Pricewaterhouse-Coopers AB)</i>	—	-0.2	—	—
<b>Other auditors</b>				
Audit assignments	-6.3	-2.7	—	—
Audit-related services	-0.2	-0.1	—	—
Tax advisory services	-0.2	-0.2	—	—
Other assignments	—	-0.1	—	—
<b>Total</b>	<b>-20.4</b>	<b>-15.3</b>	<b>-6.0</b>	<b>-5.5</b>

<sup>1)</sup> Audit-related services include analysis relating to sustainability reporting.

**C4 COSTS LEASES****GROUP**

MSEK	2023	2022
Operating costs	-60	-43
Maintenance costs	-72	-55
Property tax	-128	-123
Property administration	-242	-194
Other administration costs	-31	-24
<b>Total</b>	<b>-533</b>	<b>-439</b>

Operating costs include costs for electricity, heating, water and janitorial services. Maintenance costs consist of ongoing measures to maintain the standard of the properties and their technical systems.

A portion of the operating costs and the property tax is passed on to the tenants. This revenue is recognised under the heading "Other property revenue" in the income statement at MSEK 115 (102). Property administration of MSEK -242 (-194) includes costs of bookkeeping, auditing, legal advice and other administrative costs.

**C5 COSTS OWN OPERATIONS****GROUP**

MSEK	2023	2022
Employee costs <sup>1)</sup>	-1,043	-788
Marketing and sales	-199	-156
Repairs and maintenance	-118	-78
Property tax	-101	-94
Other operating costs	-985	-773
Depreciation/amortisation	-283	-330
Cost reduction from government assistance for fixed costs, local taxes and levies, and other costs <sup>1)</sup>	—	108
<b>Total</b>	<b>-2,729</b>	<b>-2,111</b>

<sup>1)</sup> Government assistance reduced this item by MSEK - (143), of which the cost reduction for employee costs is MSEK - (34). See also Note C7 for a breakdown of government assistance in the Own Operations segment.

Costs for Own Operations include costs for employees, administration, marketing, maintenance and operating costs. Maintenance costs consist of ongoing measures to maintain the standard of the properties and their technical systems. Also included is depreciation of operating properties recognised at book value and charged with annual depreciation. The operating properties are reported at cost, which is decreased on an ongoing basis for depreciation.

**C6 OPERATING COSTS BY TYPE****GROUP**

MSEK	2023	2022
Employee costs <sup>1)</sup>	-1,198	-908
Cost of goods sold	-199	-156
Maintenance	-191	-133
Operation and administration	-1,339	-1,049
Property tax	-229	-216
Depreciation/amortisation	-303	-349
Cost reduction from government assistance for fixed costs, local taxes and levies, and other costs <sup>1)</sup>	—	108
<b>Total</b>	<b>-3,459</b>	<b>-2,703</b>

<sup>1)</sup> Government assistance reduced this item by MSEK - (143), of which the cost reduction for employee costs is MSEK - (34).

Maintenance costs consist of ongoing measures to maintain the standard of the properties and their technical systems. Also included is depreciation of operating properties recognised at book value and charged with annual depreciation, as well as depreciation of office equipment. Depreciation also includes a one-time cost of MSEK - (-66) for disposal of furniture, fixtures and equipment in connection with remodelling.

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## C7 SALARIES, OTHER REMUNERATION AND PAYROLL OVERHEADS

### § ACCOUNTING PRINCIPLES

#### Short-term benefits

Short-term benefits to employees are undiscounted and are expensed when the related services are performed. A liability is recognised for the anticipated cost of bonus payments when the Group has a valid legal or constructive obligation to make such payments because services have been performed by employees and the obligations can be reliably calculated.

#### Defined contribution pension plans

Defined contribution plans are plans for post-employment benefits where a company pays fixed contributions to another company (normally an insurance company) and has no legal or constructive obligation to pay any additional amount, even if the other company does not meet its commitments. The Company's obligations with respect to contributions to defined contribution plans are expensed through profit or loss as they are earned when the employees perform services for the Company over a period of time.

#### Endowment policies for employees

The Company has defined contribution endowment policies for employees who have a pension premium exceeding 10 price base amounts. Under the Company's pension policy, the portion which exceeds 10 price base amounts is invested in an endowment policy. The premium is defined as a percentage of salary taking into account the employee's salary and age, and the endowment policy is pledged to the employee. Endowment policies are recognised as an estimated liability, with a corresponding asset owned by the Parent Company.

#### Incentive schemes for employees

Pandox's incentive schemes are reported according to IFRS 2. The schemes give rise to a commitment to the scheme participants that is measured at fair value and recognised as an expense, with a corresponding increase in provisions. Fair value is calculated as of the end of each reporting period. The expense including payroll overheads is distributed and the provision accumulated over the scheme's vesting period.

#### Government assistance

Based on the nature of the business, within the Own Operations segment Pandox has elected to recognise all government assistance net as a cost reduction and these are presented within "Costs Own Operations" in the consolidated income statement. Government assistance is recognised in the income statement when it is reasonably certain that the assistance will be received.

Salary costs and board fees for the Group and the Parent Company amount to MSEK -1,205.0 (-933.4) and are presented in the table below.

#### SALARIES, FEES AND BENEFITS

MSEK	Group		Parent Company	
	2023	2022	2023	2022
<b>Chair of the Board</b>				
Christian Ringnes	-1.0	-1.0	-1.0	-1.0
<b>Other board members</b>				
Ann-Sofi Danielsson	-0.6	-0.6	-0.6	-0.6
Jeanette Dyhre Kvisvik	-0.4	-0.4	-0.4	-0.4
Bengt Kjell	-0.8	-0.8	-0.8	-0.8
Jon Rasmus Aurdal	-0.6	-0.6	-0.6	-0.6
Jakob Iqbal	-0.5	-0.5	-0.5	-0.5
Ulrika Danielsson	-0.4	—	-0.4	—
<b>Chief Executive Officer</b>				
Basic salary	-6.8	-6.1	-6.8	-6.1
Variable remuneration	-2.6	-2.6	-2.6	-2.6
Incentive schemes	-0.3	-3.0	-0.3	-3.0
<b>Other senior executives</b>				
Basic salary	-21.7	-19.9	-21.7	-19.9
Variable remuneration	-7.2	-6.1	-7.2	-6.1
Other remuneration <sup>1)</sup>	-8.4	-7.8	-1.2	-1.2
Incentive schemes	-1.4	-14.1	-1.2	-12.4
<b>Other employees</b>				
Incentive schemes	-0.5	-4.7	-0.3	-3.2
<b>Total</b>	<b>-1,013.4</b>	<b>-780.7</b>	<b>-75.2</b>	<b>-89.5</b>

MSEK	Group		Parent Company	
	2023	2022	2023	2022
<b>Contractual pension costs</b>				
Chief Executive Officer	-2.4	-2.2	-2.4	-2.2
Other senior executives	-6.2	-5.3	-6.2	-5.3
Other employees	-28.9	-28.1	-6.8	-6.4
<b>Total</b>	<b>-37.5</b>	<b>-35.6</b>	<b>-15.4</b>	<b>-13.9</b>
<b>Payroll overheads including payroll tax</b>				
Chair of the Board	-0.1	-0.1	-0.1	-0.1
Other board members	-0.6	-0.5	-0.6	-0.5
Chief Executive Officer	-3.6	-4.2	-3.6	-4.2
Other senior executives	-9.9	-12.9	-9.8	-12.3
Other employees	-139.9	-99.4	-12.1	-12.7
<b>Total</b>	<b>-154.1</b>	<b>-117.1</b>	<b>-26.2</b>	<b>-29.8</b>
<b>Total</b>	<b>-1,205.0</b>	<b>-933.4</b>	<b>-116.8</b>	<b>-133.2</b>

<sup>1)</sup> Remuneration is invoiced by one senior executive.

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**The Board’s proposed guidelines for remuneration of senior executives and board members**

*Scope*

These guidelines cover the Company’s board members and executive management team, which includes the Chief Executive Officer and other senior executives. The guidelines are to be applied to contractual remuneration, and to changes that are made to contractual remuneration, after the guidelines were adopted by the 2020 Annual General Meeting. The guidelines do not cover remuneration that is voted on at shareholders’ meetings.

*Promotion of the Company’s business strategy, long-term interests and sustainability*

Pandox’s vision is to be a world-leading hotel property company. Pandox’s strategy is to own large hotel properties in the upper-mid to high-end segment in strategic locations and to lease them to strong hotel operators under long-term revenue-based leases. In situations where the conditions are not in place for a profitable lease, Pandox can choose to operate a hotel itself. Pandox is an active owner that moves freely throughout the hotel value chain, which both reduces risk and creates new business opportunities. Through specialisation, business agility and carefully considered diversification in multiple dimensions, Pandox is laying the foundation for the Company’s value creation.

Long-term successful and sustainable implementation of the Company’s business strategy requires the Company to be able to recruit and retain qualified employees. To do this, the Company needs to be able to offer competitive remuneration. These guidelines enable senior executives to be offered a competitive remuneration package.

Variable cash remuneration as described in these guidelines must also be aimed at promoting the Company’s business strategy and long-term interests, including its sustainability.

*Remuneration for senior executives*

*Forms of remuneration etc.*

Remuneration is to be in line with market norms and may consist of the following components: fixed cash salary, short-term variable cash remuneration, cash-based incentive scheme, pension benefits and other benefits. The shareholders’ meeting may in addition – and irrespective of these guidelines – decide to offer, for example, share-related/share price-related or performance-based remuneration.

Variable remuneration is maximised at six monthly salaries for the Chief Executive Officer and four monthly salaries for other senior executives. In addition, the Chief Executive Officer and other senior executives may be offered the opportunity to participate in long-term, cash-based incentive schemes and, if such schemes are introduced by the Board and Remuneration Committee, they must be designed in a similar way to Pandox’s existing cash-based incentive schemes. If such a scheme is implemented it must also, within the framework of the scheme, continue to be possible for the participant to

receive several annual salaries if the return for the Company’s shareholders during the same period has been very good.

Pension benefits for the Chief Executive Officer and other senior executives are to be in the form of defined contribution plans. Pension premiums for the defined contribution pension plans may be up to a maximum of 35 percent of fixed annual cash salary. Variable cash remuneration is to be non-pensionable.

Other benefits may include life insurance, health insurance and a company car. Such benefits are not to constitute a significant portion of the total remuneration.

Additional cash remuneration may be paid in extraordinary circumstances provided that such extraordinary arrangements are for a limited time and only at the individual level. They may be either for the purpose of recruiting or retaining an executive, or as compensation for work over and above the individual’s normal duties. Such remuneration must be commercially justified, in proportion to the individual’s fixed salary and not be paid out more than once a year per individual. Decisions on such remuneration are to be made by the Board at the suggestion of the Remuneration Committee.

Regarding employment terms that are subject to rules other than those in Sweden, appropriate adjustments may be made to follow mandatory rules or established local practices, while also remaining in line with the overall purpose of these guidelines as far as possible.

*Criteria for payment of variable cash remuneration etc.*

The variable cash remuneration and remuneration payable under any cash-based incentive scheme are to be linked to predetermined and measurable criteria, which may be financial or non-financial. Fulfilment of criteria to receive short-term variable cash remuneration must, however, be able to be measured for a period of one year. They may also be based on individualised quantitative and qualitative targets. The criteria for both short-term and long-term variable cash remuneration are to be designed to promote the Company’s business strategy and long-term interests, including its sustainability, for example by being clearly linked to the business strategy or promoting the executive’s long-term development.

When the measurement period for meeting the criteria for payment of variable cash remuneration has ended, the extent to which the criteria have been met is to be established. The Remuneration Committee is responsible for making this assessment. With respect to financial targets, the assessment is to be based on the latest financial information published by the Company.

The Board of Directors must have the ability, by law or contractually, and observing any limitations thereby imposed, to reclaim in full or in part any variable remuneration that has been paid out on erroneous grounds.

*Fees for board members*

The board members’ fees for serving on Pandox’s Board are decided on by the shareholders’ meeting. Board members only have the right to receive fees

that the shareholders’ meeting has decided on. Additional remuneration may, however, be payable for services rendered to Pandox by the board members within their respective areas of expertise and outside their board assignment. Such remuneration is to be in line with market norms and set out in a consultant agreement approved by the Board.

*Employment terms*

*Salary and employment terms for employees*

In the preparation of the Board’s proposals for these remuneration guidelines, the salary and employment terms of the Company’s employees have been taken into account by including information on total remuneration, remuneration components and remuneration increases and rates of increase over time as a basis for the Remuneration Committee’s and the Board’s decision when evaluating whether the guidelines and the limitations they impose are reasonable.

*End of employment*

If notice is given by the Company, the period of notice for the Chief Executive Officer and other senior executives is maximised at between six and twelve months. If notice is given by the senior executive, the period of notice is maximised at six months. If the Company serves the Chief Executive Officer with notice of termination, severance pay of 18 monthly salaries is payable. This may be reduced if the Chief Executive Officer is receiving other income. No other severance pay is payable.

*Decision process, changes and deviations, etc.*

*Decision process to establish, review and implement the guidelines*

The Board has established a Remuneration Committee. The Committee’s duties include preparing for board decisions on proposed guidelines for remuneration for senior executives. The Board is to prepare proposals for new guidelines at least once every four years and to submit the proposal for a decision by the Annual General Meeting. These guidelines are to apply until new guidelines have been adopted by the shareholders’ meeting. The Remuneration Committee is also to monitor and evaluate variable remuneration programmes for the executive management team, the application of guidelines for remuneration for senior executives, and the remuneration structures and levels applied within the Company. The members of the Remuneration Committee are independent of the Company and the executive management team. When the Board addresses and decides on remuneration-related matters, neither the Chief Executive Officer nor other members of the executive management team are to be present if the discussion concerns them.

*Deviation from the guidelines*

The Board may decide to temporarily deviate entirely or partly from the guidelines if there are special reasons for doing so in an individual case and deviation is necessary to serve the Company’s long-term interests, includ-

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ing its sustainability, or to ensure the Company's financial strength. As stated above, the Remuneration Committee's duties include preparing for the Board's remuneration decisions, including decisions on deviating from the guidelines.

#### Employment terms for senior executives

Variable remuneration for the Chief Executive Officer is maximised at five monthly salaries. Variable remuneration for other senior executives is maximised at four monthly salaries. The variable remuneration is based on criteria relating to the Group's results and to targets set for the individual. There are also long-term incentive schemes. Between the Company and the Chief Executive Officer a mutual notice period of six months applies. If employment is terminated by the Company, severance pay amounting to 18 monthly salaries is payable. The severance pay is reduced by other income received. If employment is terminated by the Chief Executive Officer, no severance pay is paid. Between the Company and other senior executives a notice period of six to twelve months applies if employment is terminated by the Company and six months if employment is terminated by the executive. No severance pay is payable to other senior executives. The pension premium for the Chief Executive Officer is to amount to 35 percent of pensionable salary. The pension premiums for other senior executives are based on an established policy whereby the provision varies depending on salary level and age.

#### Incentive schemes for employees

Pandox has an incentive scheme for senior executives and key individuals:

- The incentive scheme is a continuous, ongoing performance- and cash-based incentive scheme based on predetermined and measurable financial and non-financial criteria.

#### Parent Company Board of Directors in 2023:

Christian Ringnes, Chair	Ann-Sofi Danielsson
Jakob Iqbal	Jeanette Dyhre Kvisvik
Jon Rasmus Aurdal	Ulrika Danielsson
Bengt Kjell	

#### Senior executives in 2023:

Liia Nõu, CEO	Martin Creydt
Anneli Lindblom, CFO	Anders Berg
Lars Häggström	Caroline Tivéus
Jonas Törner	Mattias Bernunger
Aldert Schaaphok	Tobias Ekman

#### Board of Directors and senior executives in 2023:

Number in the Parent Company: 16, of which 6 women

Number in the Group: 17, of which 6 women

The average number of employees in 2023 amounted to 1,380 (1,084) broken down by country and gender as shown below.

Average number of employees	Group		Parent Company	
	2023	2022	2023	2022
Women	709	540	17	19
Men	671	544	24	21
<b>Total</b>	<b>1,380</b>	<b>1,084</b>	<b>41</b>	<b>40</b>
<b>Board of Directors</b>				
Women	3	2	3	2
Men	4	4	4	4
<b>Total</b>	<b>7</b>	<b>6</b>	<b>7</b>	<b>6</b>
<b>Senior executives</b>				
Women	3	4	3	4
Men	7	6	6	5
<b>Total</b>	<b>10</b>	<b>10</b>	<b>9</b>	<b>9</b>
<b>Average number of employees by country</b>				
Sweden	41	40	41	40
Belgium	452	331	—	—
Germany	318	242	—	—
Canada	190	218	—	—
Denmark	20	18	—	—
Finland	23	24	—	—
Norway	1	1	—	—
Netherlands	39	32	—	—
UK	296	178	—	—
<b>Total</b>	<b>1,380</b>	<b>1,084</b>	<b>41</b>	<b>40</b>

#### Government assistance

##### Own Operations

Pandox received government assistance equivalent to MSEK – (259), of which MSEK – (143) has been recognised in the income statement as a cost reduction within "Costs Own Operations". In total, employee costs in the income statement were reduced by MSEK – (34).

#### GOVERNMENT ASSISTANCE RECOGNISED IN THE INCOME STATEMENT

MSEK	Group	
	2023	2022
<b>Own Operations</b>		
Cost reduction recognised within Costs Own Operations	—	143
<i>Of which salary support including payroll overheads</i>	—	34
<i>Of which assistance with fixed costs</i>	—	108

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## D Tax

### D1 TAX

#### § ACCOUNTING PRINCIPLES

Tax for the period consists of current tax and deferred tax. Taxes are recognised in the income statement except where the underlying transaction is recognised in other comprehensive income or directly in equity, in which case the associated tax effect is also included there.

Current tax is tax to be paid or received for the current year applying the tax rates that have been enacted or substantively enacted as of the closing day. Current tax also includes adjustment of current tax that is attributable to earlier periods.

Deferred tax is calculated according to the balance sheet method, and deferred tax liabilities and assets are recognised in the balance sheet for all temporary differences between reported and fiscal values of assets and liabilities. The carrying amount of deferred tax assets and loss carryforwards is tested on the closing day and reduced if it is no longer probable that sufficient taxable surplus will be available for their full or partial utilisation.

Deferred tax is calculated according to statutory tax rates that have been enacted as at the closing day and that are expected to apply when the deferred tax asset in question is realised or the deferred tax liability is settled. The temporary difference arising on initial recognition of assets and liabilities in connection with an asset purchase is not recognised as deferred tax.

#### ! KEY ESTIMATES AND JUDGMENTS

Pandox has tax loss carryforwards. Pandox has measured the loss carryforwards that, according to the tax rules in effect, will be able to be utilised against forecast future profits. Pandox cannot, however, provide any guarantee that current or new tax rules will not limit the possibility of utilising the loss carryforwards.

#### TAX IN THE INCOME STATEMENT

MSEK	Group		Parent Company	
	2023	2022	2023	2022
Current tax	-375	-164	-217	-17
Deferred tax	292	-983	46	-49
<b>Total</b>	<b>-83</b>	<b>-1,147</b>	<b>-171</b>	<b>-66</b>

#### RECONCILIATION OF EFFECTIVE TAX RATE

MSEK	Group		Parent Company	
	2023	2022	2023	2022
<b>Tax</b>				
Reported profit before tax	-497	5,351	2,187	2,335
Income tax assessed based on the tax rate in effect <sup>2)</sup>	103	-1,100	-451	-481
Tax relating to previous years	13	54	0	—
Tax-exempt income <sup>1)</sup>	61	150	293	419
Non-deductible expenses	-103	-169	-12	-3
Non-deductible interest expense	-184	-121	—	—
Other	—	3	—	—
Utilisation of previously unrecognised tax losses	48	25	—	—
Tax loss carryforwards for which no deferred tax asset is recognised	-56	-17	—	—
Recognition of previous unrecognised tax losses	99	76	—	—
Adjustment of temporary differences	-33	26	-1	0
Change in tax rate	6	-29	—	—
Tax effect of foreign subsidiaries	-37	-45	—	—
<b>Tax for the year according to the income statement</b>	<b>-83</b>	<b>-1,147</b>	<b>-171</b>	<b>-66</b>

<sup>1)</sup> Tax-free capital gain arising from intra-Group sale of shares in subsidiaries, tax-free unrealised exchange gains and settlement of foreign tax.

<sup>2)</sup> The Pandox Group's weighted average tax rate, calculated using the statutory tax rate in each country, is around 24 percent. Pandox's biggest markets are Germany, which has tax rates of up to 30 percent, and the UK, which as of 1 April 2023 (for financial years beginning on or after 1 April 2023) increased the tax rate to 25 percent from the previous 19 percent. The tax rate in Sweden is 20.6 percent.

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## GROUP DEFERRED TAX ASSETS

MSEK	Group		Parent Company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
<b>Opening balance, tax loss carryforwards</b>	<b>206</b>	<b>155</b>	<b>0</b>	<b>11</b>
Recognition of previously unrecognised tax losses	97	61	0	0
Acquisitions	—	11	—	—
Additional tax loss carryforwards	22	20	—	—
Utilised loss carryforwards	-95	-51	—	-11
Reclassification	—	—	—	—
Translation difference	-3	10	—	—
<b>Closing balance</b>	<b>227</b>	<b>206</b>	<b>0</b>	<b>0</b>
<b>Opening balance, interest rate derivatives</b>	<b>0</b>	<b>12</b>	<b>7</b>	<b>45</b>
Adjusted opening balance	—	—	—	—
Change for the year	—	—	47	-38
Reclassified as liabilities	—	-12	—	—
Translation difference	—	—	—	—
<b>Closing balance</b>	<b>0</b>	<b>0</b>	<b>54</b>	<b>7</b>
<b>Opening balance, other temporary differences</b>	<b>99</b>	<b>82</b>	<b>7</b>	<b>6</b>
Adjusted opening balance	0	-12	—	—
Change for the year	16	26	-1	1
Translation difference	-2	3	—	—
<b>Closing balance</b>	<b>113</b>	<b>99</b>	<b>6</b>	<b>7</b>
<b>Closing balance, tax assets</b>	<b>340</b>	<b>305</b>	<b>60</b>	<b>14</b>

The Group's accumulated tax losses are estimated at MSEK 4,822 (2,892) as of 31 December 2023. Deferred tax assets have been estimated at MSEK 2,001 (1,580) of the tax loss. Deferred tax assets have not been reported on tax losses of MSEK 2,820 (1,313) where settlement against future taxable profits is assessed to be uncertain. The majority of all unrecognised tax loss carryforwards have no time limit.

The change in deferred tax assets for the year has been recognised in the income statement except for translation differences on foreign losses, which are recognised through comprehensive income.

## GROUP DEFERRED TAX LIABILITIES

MSEK	Investment properties	Operating properties	Untaxed reserves	Other temporary differences	Interest rate derivatives	Total
<b>Opening balance, 1 Jan 2022</b>	<b>3,863</b>	<b>327</b>	<b>66</b>	<b>25</b>	<b>—</b>	<b>4,281</b>
Adjusted opening balance	—	—	—	4	1	5
Change recognised in the income statement	492	-6	126	-12	476	1,076
Sales	-1	—	—	—	—	-1
Reclassification	0	—	—	—	-12	-12
Acquisitions	30	—	—	—	—	30
Translation difference	123	29	5	1	1	159
<b>Closing balance, 31 Dec 2022</b>	<b>4,507</b>	<b>350</b>	<b>197</b>	<b>18</b>	<b>466</b>	<b>5,538</b>
<b>Opening balance, 1 Jan 2023</b>	<b>4,507</b>	<b>350</b>	<b>197</b>	<b>18</b>	<b>466</b>	<b>5,538</b>
Adjusted opening balance	—	—	—	0	0	0
Change recognised in the income statement	-54	-38	15	80	-250	-247
Sales	—	—	—	—	—	0
Reclassification	—	—	—	—	—	0
Acquisitions	—	—	—	—	—	0
Translation difference	-20	0	0	-2	1	-21
<b>Closing balance, 31 Dec 2023</b>	<b>4,433</b>	<b>312</b>	<b>212</b>	<b>96</b>	<b>217</b>	<b>5,270</b>

Deferred tax liabilities relating to investment properties are temporary differences between fair value and adjusted taxable value. The adjustment represents the difference between the property's recognised cost on the date of acquisition, after deducting any tax discount, and the property's estimated value on the date of acquisition. Deferred tax liabilities relating to operating properties are temporary differences between cost and the taxable value of the properties. The deferred tax liability for interest rate derivatives refers to unrealised changes in value that do not affect taxation.

**Deferred tax on right-of-use assets**

Deferred tax liabilities associated with right-of-use assets amount to MSEK 572 (627) and deferred tax liabilities associated with lease liabilities amount to MSEK 573 (628).

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## E Assets

### E1 INVESTMENT PROPERTIES

#### § GENERAL ACCOUNTING PRINCIPLES

Investment properties are properties owned for the purpose of generating rental income as well as an appreciation in value. Investment properties include buildings, land and land improvements, as well as furniture, fixtures and equipment in properties. Properties under construction and undergoing remodelling that are intended for use as investment properties once work is completed are also classified as investment properties.

Investment properties are recognised at fair value, which is determined by executive management based on the properties' market value in accordance with IAS 40. Valuation is at Level 3 in the IFRS fair value hierarchy and is based on market value, which is the price most likely to be paid in a sale on the open property market. Level 3 is generally defined as being based on the entity's own estimates and assumptions.

Investment properties are initially recognised at cost, which includes expenses directly attributable to the acquisition, and thereafter at fair value on the closing day. Further expenditures are capitalised if it is likely that the Company will obtain economic benefits associated with the expenditure; in other words, that the expenditure increases the value. Other maintenance expenses and repairs are expensed in the period in which they arise.

Operating properties that are reclassified as investment properties are recognised at fair value on the date of reclassification.

Changes in fair value are recognised in profit or loss and are divided into realised and unrealised changes in value. Realised changes in value refers to changes in value for properties divested and unrealised changes in value refers to other changes in value.

#### Valuation

The properties' fair value is established on each closing day through appraisal of the market value for each individual property. All properties are appraised quarterly; if an agreement has been signed for the purchase or sale of a property, the agreed property value instead forms the basis of the market value on the subsequent closing day.

The value of the properties is determined based on a cash flow model with a costing period of 10 years. Each individual hotel property's value consists of the present value of the future cash flow plus the residual value in year 10 discounted by the market's valuation yield. The valuation yield used in the calculation is derived from sales of comparable properties. Factors of significance for the valuation are the future earnings capacity through rent development, the change in value in the form of improvement possibilities, the location of the property, the condition to which it has been maintained and the market's valuation yield.

For development rights and other properties where a valuation based on cash flow is not applicable, the market value is instead calculated according to the location price method.

External appraisals are carried out annually. It is Pandox's lenders who decide, or in certain cases participate in decisions on, which external appraiser to retain, which hotel properties to appraise and when to do it. The external valuations provide an important reference point for Pandox's valuation model and if a difference arises compared with internal valuations, this is analysed to challenge the model and the assumptions made. In 2023 a total of 90 percent of the property portfolio underwent external appraisal.

Investment properties are recognised at fair value in the balance sheet. In contrast, operating properties are recognised in the balance sheet at cost less depreciation and impairment. The market value of all Pandox's property types is reported for information purposes among the key ratios and is included in the EPRA NRV calculations.

#### ! KEY ESTIMATES AND JUDGMENTS

##### Assumptions regarding cash flow

Pandox's hotel leases are mainly revenue-based, with or without a contractual minimum rent, which means that the hotel operator's revenue has a direct impact on the level of rental income. In addition to a country-specific inflation assumption, a hotel property's future earnings capacity are assessed based on the underlying revenues in the operator's (tenant's) business, taking into consideration and analysing the market situation with a focus on supply – for example, new hotels being built or hotels ceasing their operations. Other factors include changes in demand from e.g. the leisure, business or conference segment, and the effects on the hotels' occupancy, average room rate and market share among its group of competitors. Market analysis and assessment of hotel-specific factors (for example, newly completed renovations) are used to calculate the operator's forecast revenue for each category (hotel rooms, conference rooms, food and beverages etc.), and the revenue-based rent is applied according to the lease in order thereby to calculate total revenue-based rent. In general, the percentage rents for room revenue amount to 25–40 percent and other revenue to 5–15 percent. Where the estimated revenue-based rent is less than the contractual minimum level, the minimum rent level is used as revenue. Property costs refers to operation, maintenance, property tax, insurance and site leasehold rent.

##### Assumptions regarding valuation yield

The valuation yield is based on the market's valuation yield; if this is not available, it is derived from sales of comparable hotel properties. In the absence of such information Pandox uses a combination of information on past hotel property transactions and the location price method, focusing on factors such as the state of the hotel property (technical condition and in terms of product), its location (city, microlocation) and development opportunities (annexes, extensions, suitable areas), as well as the operator's capacity to pay rent, the structure and length of the lease, rent guarantees and financial covenants.

In 2023 the valuation yields increased due to rising financing costs.

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The tables below show the change for each geographical market:

## BY GEOGRAPHICAL MARKET 31 DECEMBER 2023

MSEK	Sweden	Denmark	Norway	Finland	Germany	Belgium	UK Ireland	Other	Total
<b>Opening balance</b>	<b>15,436</b>	<b>3,548</b>	<b>3,575</b>	<b>4,511</b>	<b>13,124</b>	<b>1,380</b>	<b>12,283</b>	<b>3,706</b>	<b>57,563</b>
Acquisitions	326	—	—	—	—	4	—	—	330
Investments in existing portfolio	156	26	38	15	142	36	79	1	493
Disposals/divestments	—	—	—	—	-228	—	—	—	-228
Reclassifications	—	467	—	—	—	—	—	—	467
Change in value	-447	43	-73	-83	-407	-2	-331	6	-1,294
Change in exchange rates	—	-21	-237	-13	-31	-3	154	47	-105
<b>Closing balance</b>	<b>15,470</b>	<b>4,063</b>	<b>3,303</b>	<b>4,430</b>	<b>12,600</b>	<b>1,415</b>	<b>12,185</b>	<b>3,760</b>	<b>57,226</b>

## BY GEOGRAPHICAL MARKET 31 DECEMBER 2022

MSEK	Sweden	Denmark	Norway	Finland	Germany	Belgium	UK Ireland	Other	Total
<b>Opening balance</b>	<b>14,796</b>	<b>3,153</b>	<b>3,308</b>	<b>3,954</b>	<b>11,354</b>	<b>912</b>	<b>11,355</b>	<b>3,383</b>	<b>52,215</b>
Acquisitions	—	—	—	—	—	365	—	—	365
Investments in existing portfolio	248	21	34	13	47	11	49	9	432
Divestments	-109	—	—	-17	—	—	—	—	-126
Reclassifications	—	—	—	—	878	—	—	—	878
Change in value	501	97	129	214	-156	-6	428	-27	1,180
Change in exchange rates	—	277	104	347	1,001	98	451	341	2,619
<b>Closing balance</b>	<b>15,436</b>	<b>3,548</b>	<b>3,575</b>	<b>4,511</b>	<b>13,124</b>	<b>1,380</b>	<b>12,283</b>	<b>3,706</b>	<b>57,563</b>

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## CALCULATION ASSUMPTIONS BY GEOGRAPHICAL AREA IN 2023

	Fair value, MSEK	Valuation yield		Discount rate	
		Range, %	Average, %	Range, %	Average, %
Sweden	15,470	4.5–7.3	5.5	6.7–9.5	7.7
– of which Stockholm	5,670	4.5–6.2	5.1	6.7–8.4	7.3
– of which Gothenburg	2,883	4.6–7.3	5.1	6.8–9.5	7.3
– of which Malmö	1,400	5.2–6.4	5.5	7.4–8.6	7.7
– of which Other Sweden	5,518	5.6–6.6	6.1	7.8–8.8	8.4
Denmark	4,063	5.2–6.8	5.7	7.2–8.8	7.8
Norway	3,303	5.0–8.3	6.3	7.2–10.5	8.5
Finland	4,430	5.4–10.0	6.1	7.4–12.0	8.1
Germany	12,600	5.3–6.9	6.3	7.5–9.1	8.5
Belgium	1,415	6.0–7.1	6.6	8.2–9.4	8.8
UK, Ireland	12,185	5.8–8.0	6.6	8.0–10.2	8.8
Other	3,760	5.4–6.9	6.1	7.3–8.9	8.0
<b>Total</b>	<b>57,226</b>	<b>4.5–10.0</b>	<b>6.1</b>	<b>6.7–12.0</b>	<b>8.2</b>

## CALCULATION ASSUMPTIONS BY GEOGRAPHICAL AREA IN 2022

	Fair value, MSEK	Valuation yield		Discount rate	
		Range, %	Average, %	Range, %	Average, %
Sweden	15,436	4.1–6.2	5.1	6.4–8.5	7.4
– of which Stockholm	5,840	4.1–5.8	4.8	6.4–8.0	7.1
– of which Gothenburg	2,993	4.3–6.2	4.7	6.5–8.4	7.0
– of which Malmö	1,366	4.8–6.0	5.1	7.0–8.3	7.3
– of which Other Sweden	5,236	5.3–6.2	5.8	7.5–8.5	8.0
Denmark	3,548	4.8–6.3	5.3	6.8–8.4	7.4
Norway	3,575	4.4–8.3	5.7	6.5–10.3	7.7
Finland	4,511	4.7–8.0	5.6	6.7–10.1	7.6
Germany	13,124	5.0–6.4	5.8	7.2–8.9	8.0
Belgium	1,380	6.0–6.3	6.2	8.1–8.4	8.3
UK, Ireland	12,283	5.3–6.8	5.9	7.5–9.1	8.2
Other	3,706	5.4–6.4	5.8	7.2–8.2	7.6
<b>Total</b>	<b>57,563</b>	<b>4.1–8.3</b>	<b>5.6</b>	<b>6.3–10.4</b>	<b>7.8</b>

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**Sensitivity analysis**

The sensitivity analysis below shows how a +/-1 percentage point change in a parameter affects the value of the investment properties in isolation. The sensitivity analysis is to be interpreted with caution, however, since changes in net operating income and valuation yield are often correlated, thereby leading to changes in multiple parameters simultaneously.

**SENSITIVITY ANALYSIS - FAIR VALUE**

	Change	Effect on value 2023, MSEK	Effect on value 2022, MSEK
Valuation yield	+/-0.5 PP	-4,345 / +5,123	-4,731 / +5,662
Change in exchange rates	+/-1%	+/-418	+/-421
Rental income	+/-1%	+/-583	+/-556
Discount rate <sup>1)</sup>	+/-0.5 PP	-3,273 / +3,696	-3,483 / +3,963
Net operating income <sup>1)</sup>	+/-1%	+/-547	+/-532

<sup>1)</sup> The value relates to the level at the end of 2023 based on 31 revenue-based leases without a contractual minimum rent level and 84 revenue-based leases with a contractual minimum rent level that generated variable rent above the minimum level. In leases with a contractual minimum rent level, revenue-based rent is generated only once cumulative rent exceeds the minimum level.

In revenue-based leases without a minimum rent level the rental income is directly affected by a change in RevPAR. For revenue-based leases with a contractual minimum rent level, variable rent is only paid when the cumulative total rent exceeds the cumulative minimum rent; only then is rental income affected by a change in RevPAR. Fixed rent agreements are normally indexed on an annual basis.

The sensitivity analysis is based on the simplified assumption that a change in rental income is perpetual.

**EFFECT OF REVPAR CHANGE AS OF 31 DECEMBER 2023:**

Investment properties, effect on revenues	Change	Revenue effect, MSEK
RevPAR (assuming a 50/50 split between occupancy and rate)	+/-1%	+/- 27

The hotel properties mainly contain spaces for hotel purposes, which are fully leased (Leases) or operated by Pandox itself (Own Operations) and have a void rate of 0 percent. Other spaces in premises, such as retail and office spaces, made up around 1 percent of the total property space in 2023 and had a void rate of around 16 percent. Overall, therefore, the total void rate for Pandox's property portfolio was around 0.2 percent in 2023.

**Significant commitments for investments in hotel properties**

At the end of the fourth quarter of 2023, approved investments for ongoing and future projects amounted to around MSEK 790, of which around MSEK 605 is expected to be completed during 2024. In 2023 total investments and maintenance amounted to around MSEK 493 and MSEK 72 respectively.

Major ongoing and future projects include Citybox Brussels, Leonardo Royal Hotel Baden-Baden, Leonardo Royal Hotel Frankfurt, Leonardo Hotel Glasgow, Leonardo Galway, Hotel Mayfair Copenhagen, Quality Hotel Luleå, Scandic Go Fridhemsplan, Frich's Hotel Hamar, the green investment programme and the joint investment programme with Scandic.

**SPECIFICATION OF PROPERTY REVENUE AND RELATED COSTS**

MSEK	2023	2022	2021
<b>Hotel rents</b>			
Fixed rent	226	193	284
Revenue-based rent in leases without a contractual minimum level	615	636	341
Minimum rent in leases with a contractual minimum level	1,989	1,786	1,578
Revenue-based rent in leases with a contractual minimum level	661	383	32
<b>Total hotel rents</b>	<b>3,492</b>	<b>2,999</b>	<b>2,235</b>
<b>Other property revenue</b>			
Other rent (commercial premises, shops, mobile phone masts etc.)	57	53	44
Other revenue (supplements, assistance/relief etc.)	141	255	143
<b>Total other property revenue</b>	<b>198</b>	<b>308</b>	<b>187</b>
<b>Total property revenue</b>	<b>3,690</b>	<b>3,307</b>	<b>2,422</b>
Direct costs for investment properties that generated rental income during the period (operating and maintenance costs, property tax and site leasehold rent) <sup>1)</sup>	-291	-245	-218

<sup>1)</sup> Excluding property administration and insurance costs.

Investment properties are recognised using the fair value method. Investment properties are properties owned for the purpose of obtaining rental income, an appreciation in value or a combination of both. Regarding operating properties, i.e. properties where Pandox also acts as hotel operator, see Note E2. The table below shows the change in the fair value of investment properties:

**CHANGE IN VALUE - INVESTMENT PROPERTIES**

MSEK	2023	2022
Investment properties, opening balance (1 January)	57,563	52,215
+ Acquisitions <sup>1)</sup>	330	365
+ Investments in existing portfolio	493	432
- Disposals/divestments	-228	-126
+/- Reclassifications <sup>2)</sup>	467	878
+/- Change in value	-1,294	1,180
+/- Change in exchange rates	-105	2,619
<b>Investment properties, closing balance (31 December)</b>	<b>57,226</b>	<b>57,563</b>

<sup>1)</sup> Acquisition of Best Western Fridhemsplan 326, NH Brussels Louise 4.

<sup>2)</sup> Reclassification of one hotel property from operating properties.

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## E2 OPERATING PROPERTIES

## § ACCOUNTING PRINCIPLES

The properties used in Own Operations are classified as operating properties. Operating properties are recognised at cost less depreciation and any impairment losses in accordance with IAS 16.

The operating properties consist of a number of components with varying useful lives. The main division is into buildings and land. There is no depreciation of the land component as its useful life is deemed to be unlimited.

Further expenditures are added to cost only if it is likely that the future economic benefits associated with the asset will accrue to the Company and the cost can be reliably calculated. All other further expenditures are expensed in the period when they arise.

A further expenditure is added to cost if the expenditure is related to replacement of identified components or parts thereof. In cases where a new component is created, this expenditure is also added to cost. Any undepreciated carrying amounts for replaced components, or parts of components, are disposed of and expensed at the time of the replacement. Repairs are expensed on a continuous basis. Depreciation periods are between three years and 200 years, depending on the component.

The following main groups of components have been identified and form the basis for the depreciation of buildings, the straight line method of depreciation being applied:

- Frame	150–200 years
- Roof	50 years
- Facade	50 years
- Interior surfaces	20 years
- Installations	25 years
- Bathrooms	25 years
- Special adaptations	50 years
- Fixtures and fittings	15–25 years
- Land improvements	28 years
- Furniture, fixtures and equipment	3–25 years

The depreciation methods, residual values and useful lives used are reassessed at the end of each year.

GROUP	31 Dec 2023	31 Dec 2022
<b>MSEK</b>		
<b>Buildings</b>		
Cost, opening balance	7,553	7,484
Reclassification	-48	-1,044
Acquisitions	1,246	375
Divestments	-392	—
Investments	89	75
Impairment	-84	—
Sales/disposals	—	-16
Reclassification from construction/reconstruction work in progress	26	50
Translation difference	-37	629
<b>Accumulated cost, closing balance</b>	<b>8,353</b>	<b>7,553</b>
Depreciation, opening balance	-1,400	-1,170
Reclassification	216	76
Sales/disposals	—	16
Depreciation for the year	-159	-217
Translation difference	6	-105
<b>Accumulated depreciation, closing balance</b>	<b>-1,337</b>	<b>-1,400</b>
<b>Residual value according to plan, buildings</b>	<b>7,016</b>	<b>6,153</b>
<b>Land</b>		
Cost, opening balance	933	1,009
Reclassification	-55	-213
Acquisitions/divestments	-41	52
Translation difference	-1	85
<b>Accumulated cost, land, closing balance</b>	<b>836</b>	<b>933</b>
<b>Total residual value according to plan, closing balance</b>	<b>7,852</b>	<b>7,086</b>
<b>Work in progress, operating properties</b>		
Cost, opening balance	220	127
Reclassification	-49	-170
Investments	293	325
Sales/disposals	—	-3
Reclassification from construction/reconstruction work in progress	-35	-72
Translation difference	-8	13
<b>Cost, work in progress, closing balance</b>	<b>421</b>	<b>220</b>
<b>Total, operating properties</b>	<b>8,273</b>	<b>7,306</b>

The fair value (market value) of the operating properties exceeds their cost and is shown below. See Note E1 for the fair value measurement model.

MSEK	31 Dec 2023	31 Dec 2022
Market value, operating properties (incl. furniture, fixtures and equipment)	11,813	11,669

## EFFECT OF REVPAR CHANGE AS OF 31 DECEMBER 2023:

Operating properties, effect on revenues	Change	Revenue effect, MSEK
RevPAR (assuming a 50/50 split between occupancy and rate)	+/-1%	+/-27 (20)

## CHANGE IN VALUE - OPERATING PROPERTIES, REPORTED FOR INFORMATION PURPOSES ONLY

	MSEK
Operating properties, opening balance (1 January 2023)	11,669
+ Acquisitions	1,246
+ Investments in existing portfolio	429
- Divestments	-616
+/- Reclassifications <sup>1)</sup>	-467
+/- Change in value	-386
+/- Change in exchange rates	-62
<b>Operating properties, closing balance (31 December 2023)</b>	<b>11,813</b>

<sup>1)</sup> Reclassification of one hotel property to investment properties.

## Significant commitments for investments in hotel properties

At the end of the fourth quarter of 2023, approved investments for ongoing and future projects amounted to around MSEK 810, of which around MSEK 345 is expected to be completed during 2024. In 2023 total investments and maintenance amounted to around MSEK 429 and MSEK -118 respectively. See also Note E3 for the share of the MSEK 429 investments relating to equipment. Major ongoing and future projects include DoubleTree by Hilton Brussels City, Radisson Blu Glasgow and the green investment programme.

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## E3 FURNITURE, FIXTURES AND EQUIPMENT

## § ACCOUNTING PRINCIPLES

Property, plant and equipment are recognised within the Group at cost minus accumulated depreciation and any impairment losses. Cost includes the purchase price plus expenses directly attributable to the asset in order to bring it to the location and condition to be used in the manner intended when it was purchased. The carrying amount of a property, plant and equipment item is removed from the statement of financial position when an item is disposed of or divested, or when no further economic benefits are expected from the use or disposal/divestment of the asset. Gains or losses arising from divestment or disposal of an asset consist of differences between the selling price and the asset's carrying amount minus direct costs to sell.

**Depreciation principles**

Depreciation occurs on a straight line basis over the estimated useful life of the asset:

– Machinery and furniture, fixtures and equipment 3–15 years

**Further expenditures**

Further expenditures are added to cost only if it is likely that the future economic benefits associated with the asset will accrue to the Company and the cost can be reliably calculated. All other further expenditures are expensed in the period when they arise.

**Parent Company**

Non-current assets for the Parent Company are recognised at cost after deducting accumulated depreciation and any impairment losses in the same way as for the Group, but with the addition of any appreciation.

MSEK	Group		Parent Company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Cost, opening balance	1,577	1,354	23	21
Acquisitions	—	109	—	—
Divestments	–41	—	—	—
Investments	47	32	0	1
Reclassification from work in progress	9	23	—	—
Sales/disposals	–1	–49	—	—
Reclassifications	–174	–5	—	1
Translation differences	2	113	—	—
<b>Accumulated cost, closing balance</b>	<b>1,419</b>	<b>1,577</b>	<b>23</b>	<b>23</b>
Depreciation, opening balance	–894	–773	–9	–5
Depreciation for the year	–115	–105	–3	–4
Sales/disposals	1	49	—	—
Reclassifications	167	2	—	—
Translation differences	2	–67	—	—
<b>Accumulated depreciation, closing balance</b>	<b>–839</b>	<b>–894</b>	<b>–12</b>	<b>–9</b>
<b>Residual value according to plan</b>	<b>580</b>	<b>683</b>	<b>11</b>	<b>14</b>

## E4 TRADE ACCOUNTS RECEIVABLE

Consists of rent receivables within Leases and trade accounts receivable within Own Operations. As of 31 December 2023 total rent receivables and trade accounts receivable amounted to MSEK 445 (600). No discounts on hotel rents have been granted.

## E5 OTHER NON-CURRENT RECEIVABLES

MSEK	Group		Parent Company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Endowment policies	28	26	28	26
Prepaid compensation for land use	5	5	—	—
Other non-current receivables	44	57	—	—
<b>Total</b>	<b>77</b>	<b>88</b>	<b>28</b>	<b>26</b>

## E6 PREPAID EXPENSES AND ACCRUED INCOME

MSEK	Group		Parent Company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Prepaid expenses	195	111	90	9
Accrued rental income	453	476	—	—
<b>Total</b>	<b>648</b>	<b>587</b>	<b>90</b>	<b>9</b>

## E7 ASSETS HELD FOR SALE

GROUP	MSEK	
	31 Dec 2023	31 Dec 2022
<b>Assets</b>		
Transfer of assets and liabilities Hotel Pomander	71	—
Operating property InterContinental Montreal	—	474
<b>Assets classified as held for sale</b>	<b>71</b>	<b>474</b>

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## F Operating liabilities

### F1 ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Parent Company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
<b>MSEK</b>				
Prepaid rent	231	216	—	—
Accrued interest expense	184	63	33	-11
Accrued property tax	6	7	—	—
Accrued employee costs	111	80	31	29
Other prepaid income	77	53	—	—
Accrued property costs	34	26	—	—
Other accrued costs	278	163	—	—
Other	29	84	21	13
<b>Total</b>	<b>950</b>	<b>643</b>	<b>85</b>	<b>31</b>

### F2 PROVISIONS

#### § ACCOUNTING PRINCIPLES

A provision differs from other liabilities in that there is uncertainty concerning the time of payment or the sum required for settlement. A provision is recognised in the statement of financial position when there is an existing legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are made in the amount that represents the best estimate of funds needed to settle the existing obligation on the closing day.

In the sale of properties where rent guarantees exist, the present value of the likely outflow of guarantee payments is calculated and this is recognised as a provision. Disputes may arise in the course of operating activities, but there has been no material impact on the Group's financial position.

#### Parent Company

Provisions are recognised on a separate line in the balance sheet for the Parent Company. The Parent Company applies the easing rule in RFR 2 in its recognition of financial guarantees, which means that IFRS 9 Financial Instruments is not applied. The Parent Company's financial guarantees mainly consist of sureties in favour of subsidiaries and are reported as contingent liabilities. Where a commitment exists for the Parent Company, the financial guarantee is instead recognised as a provision.

MSEK	Group		Parent Company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Carrying amount at beginning of period	77	96	73	91
Provisions made during the period	35	9	30	9
Amounts used during the period	-37	-28	-34	-27
<b>Carrying amount at end of period</b>	<b>75</b>	<b>77</b>	<b>69</b>	<b>73</b>
– of which the long-term portion of the provisions	40	37	34	33
– of which the short-term portion of the provisions	35	40	35	40

The provisions consist of pension provisions, provisions for incentive schemes and provisions for furniture, fixtures and equipment in buildings.

The opening balance of provisions was MSEK 33 (31) for pensions, MSEK 40 (60) for incentive schemes and MSEK 4 (5) for other provisions.

The change for the year was MSEK 1 for pensions, MSEK -5 for incentive schemes and MSEK 2 for other provisions.

The closing balance of provisions was MSEK 34 (33) for pensions, MSEK 35 (40) for incentive schemes and MSEK 6 (4) for equipment in buildings and other provisions.

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## F3 PLEDGED ASSETS AND CONTINGENT LIABILITIES

## § ACCOUNTING PRINCIPLES

A contingent liability is recognised when there is a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events that are outside the Group's control, or where there is an obligation that is not recognised as a liability or provision because it is not likely that an outflow of resources will be required or this cannot be estimated with sufficient reliability.

MSEK	Group		Parent Company	
	2023	2022	2023	2022
<b>Assets pledged to credit institutions</b>				
Assets pledged for own liabilities, properties	32,143	33,266	—	—
Bank deposits	9	9	—	—
Guarantees for employees	28	26	28	26
<b>Total pledged assets</b>	<b>32,180</b>	<b>33,300</b>	<b>28</b>	<b>26</b>
<b>Contingent liabilities</b>				
Security commitments for subsidiaries	—	—	24,325	25,535
<b>Total contingent liabilities</b>	<b>—</b>	<b>—</b>	<b>24,325</b>	<b>25,535</b>

Property mortgages are used as security for bank loans; the amounts above refer to outstanding bank loans for which security has been provided. Guarantees for employees refers to guarantees for endowment insurance taken out for five individuals.

Contingent liabilities consist mainly of bank guarantees issued on behalf of the subsidiaries.

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## G Financing, capital structure and equity

### G1 FINANCIAL INCOME AND EXPENSE

#### § ACCOUNTING PRINCIPLES

Financial income consists of interest income on cash and cash equivalents. Interest income is recognised using the effective interest method, as the income is earned.

Financial expense consists of interest, charges and other expenses arising when Pandox takes on interest-bearing liabilities.

Exchange gains and losses are recognised as net amounts.

Derivatives are used to hedge interest rate risk. Interest payments for interest rate derivatives (interest rate swaps) are recognised as interest expense in the period to which they relate. Other changes in the fair value of interest rate derivatives are recognised on a separate line in profit or loss for the year.

Dividend income is recognised when the right to receive dividends is established at the respective subsidiaries' annual general meetings.

#### Parent Company

Anticipated dividends from subsidiaries are reported in cases where the Parent Company has the sole right to determine the size of the dividend and has taken a decision on the size of the dividend before publishing its financial statements.

MSEK	Group		Parent Company	
	2023	2022	2023	2022
<b>Financial income</b>				
Interest income	31	19	5	3
Interest income, subsidiaries	—	—	1,095	516
Dividend	—	—	1,016	—
Capital gains on divestment of subsidiaries	—	—	-45	1,847
Currency effects relating to internal loans	—	—	361	483
<b>Total financial income</b>	<b>31</b>	<b>19</b>	<b>2,432</b>	<b>2,849</b>
<b>Financial expense</b>				
Interest expense, loans measured at amortised cost	-1,974	-863	-412	-174
Net interest income/expense, interest rate derivatives measured at fair value	608	-30	595	-18
Interest expense, subsidiaries	—	—	-422	-81
Impairment losses on shares in subsidiaries	—	—	-7	-7
Other financial items	-132	-129	13	-391
Financial expense for right-of-use assets	-108	-95	—	—
<b>Total financial expense</b>	<b>-1,606</b>	<b>-1,117</b>	<b>-234</b>	<b>-671</b>

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## G2 FINANCIAL RISK AND RISK MANAGEMENT

## § ACCOUNTING PRINCIPLES

**Hedging of net investment**

The hedging relationship exists during a quarter, with the hedged item and the hedging instrument being identified and linked at the start of the quarter. Hedged risk is the risk that changes in the exchange rate between the foreign entity's local currency and SEK result in changes in the value of the Group's net investment when the investment is translated to SEK in the consolidated financial statements. Only loans external to the Group are used as hedging instruments. The effective portion of the currency remeasurement for the hedging instrument is recognised in other comprehensive income and accumulated in the translation reserve in equity. The ineffective portion is recognised in net financial income/expense in the income statement. The amount recognised in other comprehensive income and accumulated in the translation reserve is to be reclassified through other comprehensive income to profit or loss when Pandox fully or partly divests subsidiaries.

**Hedging of net investment in foreign operations**

In the consolidated financial statements Pandox is exposed to currency risk when foreign entities use a different currency to the Group's currency (SEK). The risk is hedged by taking out external loans in the local currency. The effective portion of the currency remeasurement for the hedging instrument is recognised in other comprehensive income and accumulated in the translation reserve in equity. The ineffective portion is recognised in net financial income/expense in the income statement.

**Derivatives and interest rate risk**

In accounting for interest rate risk, interest expense and changes in value are reported on separate lines. Interest rate swaps are used for financial hedging of forecast interest flows from borrowing at variable interest rates; in these, the Company receives variable interest and pays fixed interest. Interest rate swaps are measured at fair value in the statement of financial position. The interest coupon portion is recognised in profit for the year on an ongoing basis, as a component of interest expense. Unrealised changes in fair value on interest rate swaps are recognised through profit or loss after the financial items on the line for changes in the value of derivatives.

Through its business Pandox is exposed to various types of financial risk. Financial risk relates to fluctuation in values in the Company's income statement, balance sheet and cash flow. Pandox is mainly exposed to financial risks such as interest rate risk, liquidity risk, refinancing risk, currency risk and credit risk. Pandox's Financial Policy is a general framework for managing financial risk within the Group, for the purpose of providing guidelines and rules on how financial activity is to be conducted within the Pandox Group, defining financial risks and how to limit these risks, establishing a division of responsibility and administrative rules, and also serving as guidance in the day-to-day work of the CFO and Treasury. The Financial Policy is evaluated and established by the Board of Directors on an annual basis and revised as needed.

Loan agreements with credit institutions are often conditional upon the Group and the subsidiaries achieving certain predetermined key ratios and meeting certain conditions. In addition, there are certain specific reservations and restrictions in the loan agreements relating to further debt, guarantees and pledges, significant changes to the business, acquisitions and divestments etc. Pandox has a geographically diversified portfolio of lenders consisting of 14 Nordic and international banks as well as AMF Tjänstepension AB. Short-term credit facilities maturing in less than one year amount to MSEK 8,760. Constructive discussions on refinancing are ongoing. Pandox's financial covenants consist of loan-to-value ratio and interest coverage ratio.

**Interest-bearing liabilities and loans**

As of 31 December 2023 loans amounted to MSEK 35,337. Unutilised long-term credit facilities amounted to MSEK 2,378 and the volume issued under the commercial paper programme amounted to MSEK 816.

Pandox has a Swedish commercial paper programme with a total framework amount of MSEK 5,000. The purpose of the programme is to reduce financing costs and also to diversify the financing structure. The issued commercial papers are backed up in full by existing long-term, unutilised credit facilities.

**DEBT OVERVIEW AND UNUTILISED CREDIT FACILITIES 31 DECEMBER 2023**

MSEK	Maturing	Interest basis	Total credit limit	Utilised amount	Unutilised amount
Bank loans	0–5 years	Variable	29,563	29,563	0
Revolving credit facilities	0–3 years	Variable	5,774	2,580	3,194
Commercial paper	0–1 year	Fixed	—	816	–816
<b>Total credit facilities</b>	—	—	<b>35,337</b>	<b>32,960</b>	<b>2,378</b>

Pandox's fixed interest periods and repayment periods are at the total levels shown below.

**FIXED INTEREST/REPAYMENT PERIOD**

	Average fixed interest period, years	Average interest rate, %	Repayment period, years
2023	3.9	4.2	2.3
2022	2.7	3.2	1.7

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**Interest rate risk**

Interest rate risk is the risk that the fair value and future cash flows will be affected by changes in market interest rates through ongoing interest expense for loans and derivatives, as well as through changes in the market value of derivatives. The interest rate risk strategy consists of a combination of short and long fixed interest periods where interest rate swaps are used to achieve the desired fixed interest period. The strategy takes into account the Company's aggregate assets and liabilities including derivatives. The interest rate strategy is expressed as a standard portfolio that defines risk limits and maximum deviation mandates for each maturity. Pandox's fixed interest periods and repayment periods are at the total levels shown below.

**FIXED RATE MATURITY PROFILE 31 DECEMBER 2023**

Maturity (MSEK)	Total fixed rate		Fixed rate, derivatives		
	Amount <sup>1)</sup>	Share, %	Volume	Share, %	Average interest rate, derivatives %
0–2 years	9,981	30%	1,526	6%	-0.3
2–4 years	6,789	21%	6,789	28%	0.4
4–6 years	8,644	26%	8,644	35%	1.0
6–8 years	3,358	10%	3,358	14%	1.2
8–10 years	4,188	13%	4,188	17%	3.7
>10 years	—	—	—	—	—
<b>Total</b>	<b>32,960</b>	<b>100%</b>	<b>24,504</b>	<b>100%</b>	<b>1.2</b>

<sup>1)</sup> Share of loans with an interest rate reset during the period.**FIXED RATE MATURITY PROFILE 31 DECEMBER 2022**

Maturity (MSEK)	Total fixed rate		Fixed rate, derivatives		
	Amount <sup>1)</sup>	Share, %	Volume	Share, %	Average interest rate, derivatives %
0–2 years	16,087	47%	3,059	15%	1.6
2–4 years	5,637	17%	5,637	27%	0
4–6 years	8,234	24%	8,234	39%	0.8
6–8 years	2,893	9%	2,893	14%	-0.1
8–10 years	1,113	3%	1,113	5%	0.0
>10 years	—	—	—	—	—
<b>Total</b>	<b>33,964</b>	<b>100%</b>	<b>20,936</b>	<b>100%</b>	<b>0.5</b>

<sup>1)</sup> Share of loans with an interest rate reset during the period.**SENSITIVITY ANALYSIS OF CHANGES IN INTEREST RATES FOR 2023 AND 2022 RESPECTIVELY**

The table below shows the change in various scenarios.

	2023		2022	
	Change	Profit before changes in value, MSEK	Change	Profit before changes in value, MSEK
Current fixed interest, change in interest rates, with derivatives	+/-1%	-/+75	+/-1%	-/+120
Current fixed interest, change in interest rates, without derivatives	+/-1%	-/+320	+/-1%	-/+330
Remeasurement of interest rate derivatives following shift in yield curves	+/-1%	+/-1,067	+/-1%	+/-698

Presented above is the effect on earnings of specific changes in interest rates which, adjusted for tax, have the same nominal effect on equity. Derivatives are recognised on an ongoing basis at fair value in the statement of financial position, and the change in value – which does not affect cash flow – is recognised in profit for the year.

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**Currency risk**

Currency risk is the risk that fair value or future cash flows will be affected by changes in foreign currency exchange rates. Pandox reduces currency exposure in foreign investments by taking out loans in local currency. Equity is currency-hedged as needed ahead of acquisitions, investments and divestments to avoid changes in the value of equity. In general, foreign operations report both income and costs in local currencies, which means that currency exposure resulting from current flows is limited.

Loans and property investments at market value are broken down into different currencies as shown below.

**LOAN-TO-VALUE RATIO AND LOANS BY CURRENCY 31 DECEMBER 2023**

MSEK <sup>1)</sup>	SEK	DKK	EUR	CHF	CAD	NOK	GBP	Total	Share, %	Interest rate, % <sup>2)</sup>
<b>Total interest-bearing liabilities</b>	<b>6,781</b>	<b>2,049</b>	<b>15,712</b>	<b>547</b>	<b>0</b>	<b>1,109</b>	<b>6,762</b>	<b>32,960</b>	<b>100%</b>	<b>4.2%</b>
Maturing in foreign currency, %	20.6	6.2	47.7	1.7	0	3.4	20.5	100.0	—	—
Average interest rate, %	3.2	3.9	3.6	4.5	0	5.8	6.3	4.2	—	—
Average fixed interest period, years	4.5	1.3	3.9	0.2	0.0	4.7	4.3	3.9	—	—
Fair value, properties	15,470	4,063	31,396	957	631	3,303	13,219	69,039	—	—

**LOAN-TO-VALUE RATIO AND LOANS BY CURRENCY 31 DECEMBER 2022**

MSEK <sup>1)</sup>	SEK	DKK	EUR	CHF	CAD	NOK	GBP	Total	Share, %	Interest rate, % <sup>2)</sup>
<b>Total interest-bearing liabilities</b>	<b>6,628</b>	<b>2,090</b>	<b>17,356</b>	<b>527</b>	<b>293</b>	<b>1,218</b>	<b>5,853</b>	<b>33,964</b>	<b>100%</b>	<b>3.2%</b>
Maturing in foreign currency, %	19.5	6.2	51.1	1.6	0.9	3.6	17.2	100.0	—	—
Average interest rate, %	3.6	3.0	2.5	3.6	7.1	5.8	4.3	3.2	—	—
Average fixed interest period, years	3.0	1.7	3.2	0.2	0.0	2.4	1.9	2.7	—	—
Fair value, properties	15,436	3,987	31,852	896	1,446	3,575	12,040	69,231	—	—

<sup>1)</sup> The values in the tables have been converted to MSEK.

<sup>2)</sup> Average interest rate including bank margin; the interest is calculated on the total credit utilised.

**FINANCIAL ASSETS AND LIABILITIES BY CURRENCY AT 31 DECEMBER 2023, MILLIONS IN LOCAL CURRENCY**

	SEK	DKK	EUR	CHF	CAD	NOK	GBP	Total SEK
<b>Assets</b>	<b>18,005</b>	<b>3,687</b>	<b>2,711</b>	<b>82</b>	<b>100</b>	<b>3,362</b>	<b>1,294</b>	<b>73,208</b>
<i>of which Financial assets</i>	1,557	929	121	1	8	4	32	2,826
<b>Liabilities</b>	<b>17,388</b>	<b>939</b>	<b>1,386</b>	<b>52</b>	<b>12</b>	<b>2,999</b>	<b>593</b>	<b>43,483</b>
<i>of which Financial liabilities</i>	13,272	574	1,075	46	3	1,042	465	33,582
Effect on earnings +/-10% exchange rate	—	+/-12	+/-1	+/-0	+/-15	+/-4	+/-154	+/-186
Effect on financial assets and liabilities (MSEK) +/-10% exchange rate	—	+/-52	+/-1 059	+/-54	+/-4	+/-102	+/-552	+/-1 711

**FINANCIAL ASSETS AND LIABILITIES BY CURRENCY AT 31 DECEMBER 2022, MILLIONS IN LOCAL CURRENCY**

	SEK	DKK	EUR	CHF	CAD	NOK	GBP	Total SEK
<b>Assets</b>	<b>19,387</b>	<b>3,514</b>	<b>2,860</b>	<b>82</b>	<b>181</b>	<b>3,453</b>	<b>1,218</b>	<b>75,217</b>
<i>of which Financial assets</i>	2,941	824	232	2	16	13	25	4,693
<b>Liabilities</b>	<b>17,091</b>	<b>915</b>	<b>1,414</b>	<b>53</b>	<b>61</b>	<b>3,010</b>	<b>666</b>	<b>44,284</b>
<i>of which Financial liabilities</i>	12,521	575	1,102	47	42	1,065	531	34,299
Effect on earnings +/-10% exchange rate	—	+/-25	+/-65	+/-1	+/-8	+/-20	+/-35	+/-154
Effect on financial assets and liabilities (MSEK) +/-10% exchange rate	—	+/-37	+/-951	+/-50	+/-20	+/-111	+/-637	+/-1,732

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### Liquidity and refinancing risk

Liquidity risk is the risk of not having sufficient funds to fulfil payment obligations when they fall due. A consolidated liquidity forecast forms the basis of the Company's borrowing or investment requirements, as well as its control of the total liquidity reserves. A long-term target for the level of liquidity in the form of liquidity reserves (cash, liquid interest-bearing investments and forecast net cash flows over 12 months) and credit facilities is an amount corresponding to at least 12 months' known outgoing payments including interest payments and current repayments or repayments that have been decided on. Pandox's liquidity reserve at year-end amounted to MSEK 3,146 (4,489) distributed as shown in the table below.

Refinancing risk is the risk that financing cannot be obtained, or can only be obtained at considerably higher cost. To reduce refinancing risk the maturity of loans is to be spread out evenly over time, to reduce the risk of a large percentage of loans maturing at the same time.

MSEK	31 Dec 2023	31 Dec 2022
Cash and cash equivalents	769	1,630
Unutilised credit facilities	2,378	2,859
<b>Total liquidity reserve</b>	<b>3,146</b>	<b>4,489</b>

The maturity profile of financial liabilities is shown in the table below. Interest calculated as per terms effective at the time in question.

#### MATURITY PROFILE OF FINANCIAL LIABILITIES ON 31 DECEMBER 2023, MSEK

Year due	Other liabilities <sup>3)</sup>	Loan amount <sup>2)</sup>	Interest, loans and derivatives <sup>1)</sup>
2024	—	8,760	350
<i>Due 0–1 month</i>	333	—	—
<i>Due 1–3 months</i>	—	744	—
<i>Due 3–12 months</i>	—	8,016	—
2025	—	12,577	414
2026	—	4,885	185
2027	—	285	14
2028	—	8,831	423
<b>Total</b>	<b>333</b>	<b>35,337</b>	<b>1,386</b>

#### MATURITY PROFILE OF FINANCIAL LIABILITIES ON 31 DECEMBER 2022, MSEK

Year due	Other liabilities <sup>3)</sup>	Loan amount <sup>2)</sup>	Interest, loans and derivatives <sup>1)</sup>
2023	—	16,213	507
<i>Due 0–1 month</i>	314	—	—
<i>Due 1–3 months</i>	—	5,748	—
<i>Due 3–12 months</i>	—	10,465	—
2024	—	5,026	155
2025	—	12,788	346
2026	—	2,796	85
2027	—	—	0
<b>Total</b>	<b>314</b>	<b>36,823</b>	<b>1,092</b>

<sup>1)</sup> Calculation based on the balance on 31 December of the respective year, interest rates in effect as of the same date and an implied annual interest expense for the various maturity periods.

<sup>2)</sup> Excluding contractual repayments. Including unutilised amount. Contractual repayments amounted to MSEK 395 (516).

<sup>3)</sup> Trade accounts payable and other financial liabilities normally fall due for payment within 30 days and have therefore been classified accordingly in the tables above.

### Credit risk

Credit risk is the risk that Pandox's counterparty will be unable to fulfil its financial obligations to Pandox. Credit risk arises, for example, when investing surplus liquidity, when signing derivative contracts and when credit agreements are issued. The risk is spread by using multiple counterparties. Only approved counterparties are to be used. Permitted counterparties for credit facilities, revolving facilities and derivative instruments are Nordic counterparties with a minimum rating of either A– (S&P) or A3 (Moody's), or another counterparty with a minimum rating of either A (S&P) or A2 (Moody's).

Pandox has a well-diversified property portfolio with well-established, stable and solid tenants, which reduces the credit risk in trade accounts receivable. A further factor that reduces the potential credit risk is Pandox's operational readiness, meaning that it is able to take over operation of a property quickly if necessary and thereby secure the cash flow. The occupancy rate of Pandox's wholly owned property portfolio was 99.8 percent and vacant space consisted of retail and office premises. Provisions are made for doubtful trade accounts receivable on an individual basis, i.e. each individual customer balance is analysed in the ledger.

### Capital management

Pandox's financial position is monitored primarily on the basis of loan-to-value ratio, with a target of 45–60 percent. Internal monitoring of financial position does not focus on equity. At year-end 2023 the loan-to-value ratio was 46.6 (46.7) percent.

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## G3 FINANCIAL ASSETS AND LIABILITIES – CLASSIFICATION, FAIR VALUE AND OFFSETTING

## § ACCOUNTING PRINCIPLES

**Financial instruments**

Financial instruments recognised in the statement of financial position include: on the asset side, cash and cash equivalents, loans receivable, rent receivables, trade accounts receivable and derivatives; and on the liabilities side, trade accounts payable, loan liabilities and derivatives.

A financial asset or financial liability is recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

A financial asset is derecognised from the statement of financial position when the contractual rights are realised, expire or the Company loses control of them. The same applies to a portion of a financial asset. A financial liability is derecognised from the statement of financial position when the contractual obligation is fulfilled or otherwise extinguished.

The relevant categories are as follows:

***Financial assets (and liabilities) at amortised cost***

This category refers to non-derivative financial assets/liabilities with fixed or determinable payments that are not quoted in an active market. Examples of items in this category include trade accounts receivable, cash and cash equivalents, trade accounts payable and interest-bearing liabilities. These assets and liabilities are measured at amortised cost applying the effective interest method. Rent receivables and other receivables are recognised at the amounts that are expected to be received, i.e. after deductions for doubtful receivables.

***Financial assets (and liabilities) at fair value through profit or loss***

Financial instruments in this category are measured on an ongoing basis at fair value with changes in value recognised through profit or loss. Derivative instruments belong to this category. Pandox does not exercise the option to measure other financial instruments at fair value.

***Financial assets/liabilities at fair value through other comprehensive income***

Financial instruments in this category are measured on an ongoing basis at fair value with changes in value recognised through other comprehensive income. See also Note G2 regarding accounting principles for hedge accounting.

***Other financial liabilities***

Loans and other financial liabilities, e.g. trade accounts payable, are included in this category. The liabilities are measured at amortised cost applying the effective interest method.

***Recognition in and derecognition from the statement of financial position***

A financial asset or financial liability is recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. A receivable is recognised when the Company has performed and there is a contractual obligation for the counterparty to pay, even if an invoice has not yet been sent. Trade receivables are recognised in the statement of financial position when an invoice has been sent. A liability is recognised when the counterparty has performed and there is a contractual obligation to pay, even if an invoice has not yet been received. Trade payables are recognised when an invoice is received.

A financial asset is derecognised from the statement of financial position when the contractual rights are realised, expire or the Company loses control of them. The same applies to a portion of a financial asset. A financial liability is derecognised from the statement of financial position when the contractual obligation is fulfilled or otherwise extinguished. The same applies to a portion of a financial liability. Financial assets and financial liabilities are offset and recognised as a net amount in the statement of financial position only when the Company has a legal right to offset items against each other and intends to settle these items in a net amount or to simultaneously realise the asset and settle the liability.

Acquisitions and divestments of financial assets are recognised on the transaction date, which is the date the Company undertakes to acquire or divest the asset.

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## FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

31 DECEMBER 2023, MSEK	Category	Financial assets/liabilities at amortised cost	Financial assets/liabilities at fair value through profit or loss	Financial assets/liabilities at fair value through other comprehensive income
Other non-current receivables		77	—	—
Rent receivables and trade accounts receivable		445	—	—
Derivatives	Level 2	—	1,535	—
Cash and cash equivalents		769	—	—
<b>Total financial assets</b>		<b>1,291</b>	<b>1,535</b>	<b>—</b>
Non-current interest-bearing liabilities		24,190 <sup>1)</sup>	—	—
Derivatives	Level 2	—	479	—
Current interest-bearing liabilities		8,580 <sup>1)</sup>	—	—
Trade accounts payable		333	—	—
<b>Total financial liabilities</b>		<b>33,103</b>	<b>479</b>	<b>—</b>

31 DECEMBER 2022, MSEK	Category	Financial assets/liabilities at amortised cost	Financial assets/liabilities at fair value through profit or loss	Financial assets/liabilities at fair value through other comprehensive income
Other non-current receivables		88	—	—
Rent receivables and trade accounts receivable		600	—	—
Derivatives	Level 2	—	2,374	—
Cash and cash equivalents		1,630	—	—
<b>Total financial assets</b>		<b>2,318</b>	<b>2,374</b>	<b>—</b>
Non-current interest-bearing liabilities		17,888 <sup>1)</sup>	—	—
Derivatives	Level 2	—	114	—
Current interest-bearing liabilities		15,983 <sup>1)</sup>	—	—
Trade accounts payable		314	—	—
<b>Total financial liabilities</b>		<b>34,185</b>	<b>114</b>	<b>—</b>

<sup>1)</sup> Arrangement fees of MSEK 189 (93) have reduced interest-bearing liabilities in the balance sheet.

## Fair value of financial assets and liabilities

The financial instruments for which it is important to carefully measure fair value consist of interest-bearing liabilities and derivatives; other financial instruments either have short maturities or consist of insignificant amounts. The loans have short-term interest rates corresponding to the market interest rates on the closing day. The Company's margins on the loans are deemed to represent the margins that would be received as of the closing day. This assessment assumes that the carrying amounts of the loans are a reasonable approximation of the fair value. Derivatives, which consist of interest rate swaps, are at level 2 in the fair value hierarchy, i.e. based on directly or indirectly observable inputs for the asset or liability, with no significant inputs that are not observable market data. The fair value is based on discounted estimated future cash flows according to the terms and maturities of the contracts, based on current market rates of interest. To establish fair value, market interest rates are used for each maturity noted on the closing day.

## Offsetting

The Group's interest rate derivatives are subject to the International Swaps and Derivatives Association's (ISDA) Master Agreements on netting. Under these agreements, when a counterparty cannot settle its obligations in all transactions, the agreement is cancelled and all outstanding transactions are settled in a net amount. The ISDA agreements do not fulfil the criteria for netting in the statement of financial position. Other than this, there are no master netting agreements for any of Pandox's financial instruments.

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## G4 EQUITY

## § ACCOUNTING PRINCIPLES

**Non-controlling interests**

Non-controlling interests, which consist of the share of Group companies' profit or loss and net assets not accruing to the Parent Company's shareholders, are reported as a separate item within equity. In the consolidated statement of comprehensive income the share attributable to non-controlling interests is included in comprehensive income for the year.

**Earnings per share**

The earnings per share calculation is based on the Group's profit for the year attributable to the owners of the Parent Company and on the weighted average number of shares outstanding during the year. At this time there are no potential ordinary shares that could result in dilution.

**Equity items****Share capital**

The share capital consists of 75,000,000 class A shares and 108,849,999 class B shares, totalling 183,849,999 (183,849,999) shares with a quota value of SEK 2.50 per share, making a total value of MSEK 460. See also the information on page 46 in the section "Pandox and the capital market".

**Other paid-in capital**

Other paid-in capital consists of capital contributions from Pandox AB's owners in the form of new share issues and shareholder contributions.

**Translation reserve**

The translation reserve includes all exchange rate differences arising in the translation of the financial statements of foreign operations that have prepared their financial statements in a currency other than the presentation currency of the Group's financial statements. The Group presents its financial statements in millions of Swedish kronor (MSEK).

**Revaluation reserve**

The revaluation reserve includes changes in fair value arising on the reclassification of hotel properties between Pandox's two business segments, Own Operations and Leases.

**Retained earnings including net profit for the year**

Retained earnings consist of profits earned in previous years, including net profit for the year.

**Non-controlling interests**

Non-controlling interests that have arisen upon the acquisition of investment properties and the minority's share of net profit for the year and other comprehensive income reduced by the dividend paid to the minority.

**Dividend**

The Board of Directors is proposing a dividend of SEK 4.00 (2.50) per share, totalling around MSEK 735 (460).

**Per share data**

The average number of shares used to calculate earnings per share is 183,849,999. Earnings per share for the year after tax amount to SEK -3.18 (-585,000,000/183,849,999).

**SHARE CAPITAL HISTORY**

Year	Event	Change in number of shares		Number of shares after the transaction			Share capital, SEK	
		B	A	B	A	Total	Change	Total
1994	Formation	2,500	—	2,500	—	2,500	150,000	150,000
1995	New share issue	1,250,000	—	1,252,500	—	1,252,500	75,000,000	75,150,000
1995	Bonus issue	1,247,500	—	2,500,000	—	2,500,000	74,850,000	150,000,000
1997	4:1 split	7,500,000	—	10,000,000	—	10,000,000	—	150,000,000
1998	New share issue	5,000,000	—	15,000,000	—	15,000,000	75,000,000	225,000,000
2000	New share issue	9,900,000	—	24,900,000	—	24,900,000	148,500,000	373,500,000
2013	New share issue	100,000	—	25,000,000	—	25,000,000	1,500,000	375,000,000
2015	New share series and 6:1 share split	50,000,000	75,000,000	75,000,000	75,000,000	150,000,000	—	375,000,000
2016	New share issue	7,499,999	—	82,499,999	75,000,000	157,499,999	18,749,998	393,749,998
2017	New share issue	10,000,000	—	92,499,999	75,000,000	167,499,999	25,000,000	418,749,998
2019	New share issue	16,350,000	—	108,849,999	75,000,000	183,849,999	40,875,000	459,624,998

Source: Euroclear, Pandox.

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## G5 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

## § ACCOUNTING PRINCIPLES

Pandox applies the exemption for leases where the underlying asset is of low value or the lease term is 12 months or less. The lease payment is divided between a reduction of the lease liability and interest expense, while the lease payments reported previously as external costs are replaced by depreciation/amortisation expense on the right-of-use assets. To calculate the right-of-use asset and the lease liability, Pandox applies an estimated financing cost in local currency based on the term of the various leases.

Pandox reports these as three balance sheet items: right-of-use assets, and current and non-current lease liabilities. In the income statement the financial component is recognised in net financial income/expense on the line "Financial expense for right-of-use assets".

Where applicable the implicit interest rate based on agreements is used, and for other right-of-use assets the incremental borrowing rate has been used. The rates applied range from 1.29 to 4.45 percent.

The holder of a site leasehold in Sweden has the right to use the land for a very long period; certain descriptions by municipalities state "in principle, perpetual". As a result, according to IFRS 16 the discounted value of site leasehold rents is to be recognised in the balance sheet as a perpetual right-of-use asset and lease liability. The site leasehold rent paid is recognised in full as a financial expense. Pandox also has site leaseholds or other lease agreements for land in countries other than Sweden. These agreements are structured in various ways, but are usually extended and on this basis, Pandox treats these agreements in the same way as Swedish site leaseholds.

Commercial premises are recognised at discounted value in the balance sheet as a right-of-use asset and a lease liability. In the income statement the right-of-use asset is depreciated over the lease term and payments made to the lessor/landlord are recognised partly as a reduction in lease liabilities and partly as interest expense. For commercial premises the option of extension is applicable, but since these are not deemed to be material they have not been included in the term of the lease. Lease expenses not falling within the framework of IFRS 16, including low-value leases and short-term leases, total an insignificant amount. Likewise, any variable components total an insignificant amount and are therefore not stated separately.

## RIGHT-OF-USE ASSETS

MSEK	Site leaseholds	Premises	Vehicles	Other	Total
<b>Opening balance, 1 January 2022</b>	<b>2,914</b>	<b>117</b>	<b>5</b>	<b>3</b>	<b>3,039</b>
New leases/investments	—	—	0	1	1
Changed lease payment, term or interest rate	-58	98	—	—	40
Divestments and disposals	-5	—	0	—	-5
Depreciation/amortisation	—	-27	-2	-2	-31
Exchange rate differences	163	11	0	0	174
<b>Closing balance, 31 December 2022</b>	<b>3,014</b>	<b>199</b>	<b>3</b>	<b>2</b>	<b>3,218</b>

MSEK	Site leaseholds	Premises	Vehicles	Other	Total
<b>Opening balance, 1 January 2023</b>	<b>3,014</b>	<b>199</b>	<b>3</b>	<b>2</b>	<b>3,218</b>
New leases/investments	—	—	2	—	2
Changed lease payment, term or interest rate	-351	—	—	—	-351
Divestments and disposals	-9	—	—	-1	-10
Depreciation/amortisation	—	-28	-2	-1	-31
Exchange rate differences	18	1	0	1	20
<b>Closing balance, 31 December 2023</b>	<b>2,672</b>	<b>172</b>	<b>3</b>	<b>1</b>	<b>2,848</b>

## MATURITY ANALYSIS FOR LEASE LIABILITIES 2023

	Expected to be settled in							Total contractual cash flows	Carrying amount of lease liability
	Less than 6 months	Between 6 and 12 months	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	More than 5 years		
Lease liabilities	13	17	28	26	21	21	2,729	2,856	2,856

## MATURITY ANALYSIS FOR LEASE LIABILITIES 2022

	Expected to be settled in							Total contractual cash flows	Carrying amount of lease liability
	Less than 6 months	Between 6 and 12 months	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	More than 5 years		
Lease liabilities	14	18	29	27	25	21	3,090	3,223	3,223

## LEASE LIABILITIES

MSEK	31 Dec 2023	31 Dec 2022
Current	30	31
Non-current	2,826	3,192
<b>Total lease liabilities</b>	<b>2,856</b>	<b>3,223</b>
<b>RECOGNISED IN THE INCOME STATEMENT</b>		
MSEK	2023	2022
Financial expense for right-of-use assets <sup>1)</sup>	-108	-95
Depreciation of right-of-use assets – within costs of Own Operations and central administration	-31	-31

<sup>1)</sup> Of which site leasehold rents paid amount to MSEK 100 (89).

Total cash flow during the year attributable to right-of-use assets was around MSEK 139 (126).

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## H Group structure

H1 PARTICIPATIONS IN SUBSIDIARIES		
PARENT COMPANY		
MSEK	31 Dec 2023	31 Dec 2022
Cost, opening balance	8,925	8,969
Acquisitions	2,113	474
Shareholder contributions provided	2,736	37
Divested subsidiaries	-1	-555
<b>Total accumulated cost</b>	<b>13,773</b>	<b>8,925</b>
Impairment losses, opening balance	-1,494	-1,487
Impairment losses	-51	-7
<b>Accumulated impairment losses, closing balance</b>	<b>-1,546</b>	<b>-1,494</b>
<b>Closing balance</b>	<b>12,227</b>	<b>7,431</b>

The Parent Company recognises shares in subsidiaries according to the cost method. Pandox AB has 34 directly owned companies as shown in the table below and through these owns a further 189 companies. A full list of all participations in subsidiaries is available from Pandox AB. In total the Group owns 71 companies in Sweden, 39 in Germany, 22 in the Netherlands, 19 in Norway, 17 in Finland, 17 in the UK, 13 in Belgium, 12 in Denmark, five in Canada, four in Ireland, three in Austria and one in Switzerland.

Directly owned subsidiaries	Company reg. no.	Registered office	Number of shares	Share of capital/votes
HOTAB Förvaltning AB	556475-5592	Stockholm, Sweden	1,000	100
Pandox Förvaltning AB	556097-0815	Stockholm, Sweden	5,500	100
Hotab 6 AB	556473-6352	Stockholm, Sweden	1,000	100
Fastighets AB Grand Hotell i Helsingborg	556473-6329	Stockholm, Sweden	1,000	100
Pandox Fastighets AB	556473-6261	Stockholm, Sweden	1,000	100
Fastighets AB Stora Hotellet i Jönköping	556469-4064	Stockholm, Sweden	1,000	100
Pandox Belgien AB	556495-0078	Stockholm, Sweden	1,000	100
Hotellus Holding AB	556475-9446	Stockholm, Sweden	1,000	100
Fastighets AB Hotell Kramer	556473-6402	Stockholm, Sweden	1,000	100
Pandox Luxemburg AB	556515-9216	Stockholm, Sweden	10,000	100
Pandox i Halmstad AB	556549-8978	Stockholm, Sweden	1,000	100
Pandox i Borås AB	556528-0160	Stockholm, Sweden	1,000	100
Hotellus Mellansverige AB	556745-4656	Stockholm, Sweden	100,000	100
Grand i Borås Fastighets AB	556030-7083	Stockholm, Sweden	6,506	100
Hotellus International AB	556030-2506	Stockholm, Sweden	7,480,000	100
Hotellus Östersund AB	556367-3697	Stockholm, Sweden	1,000	100
Ypsilon Hotell AB	556481-4134	Stockholm, Sweden	1,000	100
Pandox Kolmården AB	556706-8316	Stockholm, Sweden	100,000	100
Hotellus Sverige Ett AB	556778-8699	Stockholm, Sweden	1,000	100
Sech Holding AB	556819-2214	Stockholm, Sweden	357,000	100
Pandox Portfölj 2 AB	556982-7040	Stockholm, Sweden	500	100
Pandox Sollentuna Centrum 12 AB	556660-3949	Stockholm, Sweden	1,000	100
Pandox Sweden AB	556942-1687	Stockholm, Sweden	500	100

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►► Note H1, cont.

Directly owned subsidiaries, cont.	Company reg. no.	Registered office	Number of shares	Share of capital/votes
Pandox Operations AB	556980-3207	Stockholm, Sweden	50,000	100
Pandox i Malmö AB	556704-3723	Malmö, Sweden	1,000	100
Hotellus Denmark A/S	28970927	Denmark	5,000	100
Le Nouveau Palace SA	0423.048.375	Belgium	3,000	99.97 <sup>1)</sup>
Immo Hotel BCC NV	0535.679.926	Belgium	68,070	100
Pandox Royale SA	0476.704.322	Belgium	68,808	99.99 <sup>2)</sup>
Pandox Belgium NV	0890.427.732	Belgium	100,000	99.99 <sup>3)</sup>
Pandox RMC BVBA	0552.929.692	Belgium	1,000	99.00 <sup>4)</sup>
Tenzing Holding BV	70144427	Netherlands	1	100
Convention Hotel International AG	CHE-101.458.856	Switzerland	14,000	100
Pandox Peak Ltd	14593162	UK	1,001	100

<sup>1)</sup> Le Nouveau Palace SA is 0.03 percent owned by Hotellus International AB, which is wholly owned by Pandox AB (publ).

<sup>2)</sup> Pandox Royale SA is 0.01 percent owned by Hotellus International AB, which is wholly owned by Pandox AB (publ).

<sup>3)</sup> Pandox Belgium NV is 0.01 percent owned by Hotellus International AB, which is wholly owned by Pandox AB (publ).

<sup>4)</sup> Pandox RMC BVBA is 1 percent owned by Hotellus International AB, which is wholly owned by Pandox AB (publ).

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## I Cash flow statement

### 11 SPECIFICATION OF CASH FLOWS FOR THE GROUP

#### § ACCOUNTING PRINCIPLES

Cash and cash equivalents consist of bank balances. Pandox presents its cash flow statement using the indirect method. The indirect method starts with profit for the year before tax and makes adjustments for non-cash income and expense items and for changes in working capital. On the acquisition or sale of companies only the cash effect is reported. Cash transactions resulting from the company's financing are reported in cash flow from financing activities.

GROUP	2023	2022
<b>MSEK</b>		
<b>Acquisition of hotel properties and other business entities</b>		
<b>Acquired assets and liabilities</b>		
Investment properties	312	365
Operating properties	1,153	537
Deferred tax assets	—	11
Current receivables	23	12
Cash and cash equivalents	62	64
<b>Total assets</b>	<b>1,550</b>	<b>989</b>
Deferred tax	—	30
Current liabilities	105	19
<b>Total liabilities</b>	<b>105</b>	<b>49</b>
<b>Purchase consideration:</b>		
Purchase consideration paid	1,527	965
Less: Cash and cash equivalents in the acquired operations	-62	-64
<b>Effect on cash and cash equivalents</b>	<b>1,465</b>	<b>901</b>
<b>Divestment of subsidiaries and other business entities</b>		
Divested assets and liabilities		
Investment properties	228	132
Current receivables	474	1
	<b>702</b>	<b>133</b>
Deferred tax	—	1
Current liabilities	—	4
<b>Total liabilities</b>	<b>—</b>	<b>5</b>
<b>Selling price:</b>		
Purchase consideration received	894	124
<b>Effect on cash and cash equivalents</b>	<b>894</b>	<b>124</b>

#### Reconciliation of liabilities arising from financing activities:

LIABILITIES TO CREDIT INSTITUTIONS	31 Dec 2023	31 Dec 2022
<b>MSEK</b>		
Opening balance	33,871	32,624
Cash flow	-1,224	-791
Exchange rate differences	123	2,038
<b>Liabilities, closing balance</b>	<b>32,770</b>	<b>33,871</b>
<b>Other items not included in cash flow</b>		
<b>MSEK</b>	<b>2023</b>	<b>2022</b>
Accrual accounting of loan arrangement fees	90	76
Provisions	-2	-18
Acquisition-related items	—	—
Capitalised interest	123	-1
Impairment losses	—	—
Translation differences	-162	94
Other	-9	-6
<b>Total other items not included in cash flow</b>	<b>40</b>	<b>145</b>

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## J Parent Company accounting principles and supplementary disclosures

### J1 PARENT COMPANY ACCOUNTING PRINCIPLES

#### Parent Company accounting principles

The Parent Company's annual accounts are prepared in accordance with the Swedish Annual Accounts Act (1995:1554), Swedish Financial Reporting Board recommendation RFR 2 (Accounting for Legal Entities) and the statements issued by the Swedish Financial Reporting Board (UFR). RFR 2 requires the Parent Company to apply all EU-adopted IFRS standards and statements as far as this is possible within the framework of the Swedish Annual Accounts Act and the Swedish Pension Obligations Vesting Act, and taking into account the connection between reporting and taxation. The recommendation states the exceptions from and additions to IFRS that must be made. These are described below.

#### Differences between the Group's and the Parent Company's accounting principles

##### Classification and presentation

The Parent Company's annual accounts include an income statement and balance sheet in accordance with Chapter 9 of the Swedish Annual Accounts Act. They are presented according to the presentation schedule in this Act. The differences between the Parent Company's income statement and balance sheet and the Group's financial statements mainly relate to reporting of financial income and expense, non-current assets and equity, and provisions appearing as a separate heading in the balance sheet.

##### Assets and liabilities held for sale

Non-current assets held for sale and discontinued operations are not disclosed separately in the Parent Company's income statement and balance sheet since the Parent Company complies with the income statement and balance sheet format set out in the Swedish Annual Accounts Act. Information regarding non-current assets held for sale and discontinued operations is disclosed in the notes instead. Depreciation and amortisation are applied in accordance with the Annual Accounts Act.

##### Financial instruments

Due to the connection between reporting and taxation, the rules for financial instruments and hedge accounting in IFRS 9 are not applied in the Parent Company as a legal entity.

The Parent Company's non-current financial assets are measured at cost less any impairment losses, and current financial assets are measured according to the lowest cost principle. The cost of interest-bearing instruments is adjusted for the accrued difference between the amount originally paid, after

deducting transaction costs, and the amount paid on the maturity date (premium or discount).

Interest rate swaps that effectively hedge cash-flow risk in interest payments on liabilities are measured at the net of the accrued receivable at variable interest and accrued liability at fixed interest, with the difference recognised as interest expense or interest income. Hedging is effective if the financial substance of the hedge and the liability are the same as if the liability had instead been recognised at a fixed market interest rate when the hedging relationship was entered into. Any premium paid for the swap agreement is accrued as interest over the term of the agreement.

##### Participations in subsidiaries

The Parent Company recognises participations in subsidiaries according to the cost method, whereby transaction expenses are included in the carrying amount of holdings in subsidiaries. Contingent consideration is measured based on the likelihood that the consideration will be paid. Any changes in provisions/receivables are added to/subtracted from cost. The value of shares in subsidiaries is reassessed if impairment is indicated.

##### Group contributions

Group contributions are recognised as year-end appropriations in the income statement for the Parent Company.

##### Recognition of leases

Lease payments are expensed on a straight line basis over the term of the lease. Right-of-use assets and lease liabilities are therefore not recognised in the balance sheet.

### J2 CURRENT AND NON-CURRENT LIABILITIES, PARENT COMPANY

#### PARENT COMPANY

MSEK	2023	2022
Liabilities to credit institutions due within 12 months	1,994	1,256
Liabilities to credit institutions due in 1–4 years	5,720	6,036
Liabilities to credit institutions due in 5 years or later	—	—
<b>Total current and non-current liabilities<sup>1)</sup></b>	<b>7,714</b>	<b>7,292</b>

<sup>1)</sup> Arrangement fees of MSEK –18 (–23) have reduced interest-bearing liabilities in the balance sheet.

### J3 APPROPRIATION OF PROFIT

At the disposal of the Annual General Meeting:

Retained earnings	10,828,944,856
Profit for the year	2,016,346,984
<b>SEK</b>	<b>12,845,291,840</b>

The Board proposes that the earnings be allocated as follows:

Dividend to shareholders, SEK 4.00 per share	735,399,996
Carried forward	12,109,891,844
<b>SEK</b>	<b>12,845,291,840</b>

### J4 YEAR-END APPROPRIATIONS PARENT COMPANY

#### PARENT COMPANY

MSEK	2023	2022
Group contributions	354	24
Change in untaxed reserves	–2	–1
<b>Total year-end appropriations</b>	<b>352</b>	<b>23</b>

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## K Events after the closing day

### K1 EVENTS AFTER THE CLOSING DAY

In 2024 Pandox AB (publ) entered into an agreement to divest DoubleTree by Hilton Montreal in Canada. The sale includes both the hotel property and hotel operations and the transaction price is around MCAD 80. The handover is planned for the second quarter of 2024.

Other than this there have been no events or transactions of significance since 31 December 2023 that affect the issued financial statements for the Pandox Group for the 2023 financial year.

## L Related party transactions

### L1 RELATED PARTY TRANSACTIONS

Related companies are defined as the subsidiaries in the Pandox Group and companies over which related physical persons have a controlling, joint controlling or significant influence. Related persons include board members, senior executives and close family members of these. Pandox AB has three main owners: Eiendomsspar Sverige A/S, Christian Sundt AB and Helene Sundt AB. The Parent Company is a related party of its subsidiaries. Conflicts of interest affecting the Board of Directors are dealt with prior to each board meeting by analysing whether any item on the agenda could involve a conflict of interests. If so, the minutes of the meeting will record how the conflict of interest in question is being managed, e.g. a Board member declares an interest and therefore does not participate in the discussion or item concerned.

Certain dividend restrictions apply in a few of the subsidiaries' credit agreements. Disclosures concerning remuneration to key individuals in senior positions can be found in Note C7. Disclosures concerning subsidiaries can be found in Note H1.

Group-internal transactions are entered into on market terms. The transactions entail allocation of central administration costs and interest relating to financial receivables and liabilities.

Eiendomsspar AS owns 5.1 percent of 22 properties in Germany and 9.9 percent of a further hotel property in Germany. The properties were acquired by Pandox in 2015, 2016 and 2019. Pandox has a management agreement for Pelican Bay Lucaya Resort in the Bahamas, which is owned by affiliates of Helene Sundt AS and CGS Holding AS. During January–December 2023, revenue from Pelican Bay Lucaya amounted to MSEK 0.2 (0.8).

#### Parent Company

The Parent Company's fees for central administrative services from Group companies during the year amounted to MSEK 112 (77). No other purchases were made between the Parent Company and its Group companies.

#### TRANSACTIONS BETWEEN THE PARENT COMPANY AND RELATED PARTIES

Parent Company MSEK	31 Dec 2023	31 Dec 2022
Central administration costs	112	77
Interest income from subsidiaries	1,095	516
Dividends from subsidiaries	1,016	—
Interest paid to subsidiaries	–422	–81
Receivables from related parties	12,456	15,330
Liabilities to related parties	3,215	3,631
Group contributions received	458	331
Group contributions provided	–104	–307

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# Signing of the Annual Report

The Board and CEO hereby provide an assurance that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and provide a fair representation of the Group's position and results. The Annual Report has been prepared in accordance with generally accepted accounting principles and provides a fair representation of the Parent Company's position and results. The Administration Report for the Group and the Parent Company provides a fair representation of operations in the Group and the Parent Company, their position and results, and describes the material risks and uncertainties facing the Parent Company and the companies included in the Group. The undersigned hereby also present Pandox's Sustainability Report for 2023.

Stockholm, 6 March 2024

Christian Ringnes  
*Chair*

Jon Rasmus Aurdal  
*Board member*

Jeanette Dyhre Kvisvik  
*Board member*

Ann-Sofi Danielsson  
*Board member*

Jakob Iqbal  
*Board member*

Ulrika Danielsson  
*Board member*

Bengt Kjell  
*Board member*

Liia Nõu  
*Chief Executive Officer*

Our auditors' report in respect of this annual report and the consolidated accounts was submitted on 6 March 2024.

PricewaterhouseCoopers AB

Patrik Adolfson  
*Authorised Public Accountant  
Auditor-in-charge*

Linda Andersson  
*Authorised Public Accountant*

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# Auditors' report

Unofficial translation

To the general meeting of the shareholders of Pandox Aktiebolag (publ), corporate registration number 556030-7885

## REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

### Opinion

We have audited the annual accounts and consolidated accounts of Pandox AB (publ) for the year 2023 with the exception of the sustainability information on pages 94–130. The annual accounts and consolidated accounts of the company are included on pages 91–175 in this document. Our audit does not include the pages not covered by those listed here to which reference is made in the administration report or other parts of the formal annual report.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

### Basis for opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing

standards in Sweden. Our responsibilities under those standards are further described in the Auditor's responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Our audit approach

#### Audit scope

We designed our audit by establishing materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the focus and scope of our audit in order to perform sufficient work to enable us to provide an opinion on the annual financial statements and consolidated financial statements as a whole, taking into account the structure of the Pandox Group, the accounting processes and controls, and the industry in which the group operates.

Pandox is a property company specialising in hotels with operations throughout the world and with a hotel portfolio that has a market value of MSEK 69,039. Pandox's core business is to own and lease hotel properties to well-known hotel operators under long revenue-based leases with shared invest-

ments. If the conditions are not in place for a profitable lease, Pandox can choose to operate a hotel itself. Overall, the hotel market has been strong in 2023. The percentage of rents that were revenue-based has thereby increased to 37% (around 33% in 2022). Due to the strong hotel market, sales in the Own Operations segment have increased to 46% of total sales (around 42% in 2022). As a result of this the main focus of our audit, and also our key audit matters, were valuation of hotel properties measured at fair value (investment properties) and measurement of revenue-based rents. Among other things, our audit has also focused in particular on financing and financial covenants, investments, acquisitions and measurement of trade accounts receivable, and assessment of risk for disputes related to tenants.

Our audit involves conducting a review of all significant companies in the group. Our audit covers operations in 12 countries and our activities included:

- Combined audit of the valuation of the hotel properties and the related process to establish their carrying amounts.
- Audit of internal control over financial reporting, routines and processes based on assessed risks.
- Assessment of and discussion on the accounts as of 30 June 2023 with the executive management team and audit committee.
- Review of the closing accounts as of 30 September 2023 for the purpose of presenting a review report.
- Audit of year-end accounts and final audit work to present this auditors' report on the annual accounts of the parent company and group and, where applicable, other legal entities. In conjunction with these activities, we also performed review procedures to produce our statement on compliance with senior executive guidelines.

The review is performed either by the group audit team or by local teams that are normally part of the PwC network. Where another audit team takes part in the review, specific instructions are issued for the group audit and the work is performed

Strategy and value creation +

Our business +

Market and trends -

Properties +

Governance +

Financial +

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in accordance with local audit requirements in the respective countries relating to the statutory audit. In addition, during the year the auditor-in-charge and co-signing auditor had visits and meetings involving operations in the UK and Germany. This was done in order to become familiar with the operations of the entities visited and to understand the routines and control procedures in place, to evaluate compliance with Pandox's internal control framework and to review the financial reporting based on the group's accounting principles.

#### Materiality

The scope and focus of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance of whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to impact the financial decisions of the users taken on basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including for the financial reporting as a whole. These, together with qualitative considerations, helped us to determine the focus and scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of the annual accounts and consolidated accounts as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters.

#### Key audit matter

##### Valuation of hotel properties

*We refer to the administration report and the description of the Pandox group's summary of general accounting and valuation principles in Note B1 and Note E1 Investment properties.*

The value of the hotel properties as of 31 December 2023 was MSEK 69,039 (of which investment properties MSEK 57,226). The hotel properties constitute a significant portion of the balance sheet, and valuation of the hotel properties is by nature subjective and based on management's judgements of, for example, the specific property's location, condition, future rental income and valuation yield.

As of 31 December 2023, Pandox has valued the hotel properties according to the same method and model used since the IPO in 2015. The valuation model is a model where the future cash flows the hotel properties are expected to generate according to business plans that are updated at least twice a year are discounted by a valuation yield based on transactions in the market and other assessments, current contracts and other market conditions and which is compared to the valuation yield used by external property appraisers for the corresponding property. Properties undergoing more comprehensive remodelling are normally reported at the value prior to the start of remodelling if this can be justified, and if the property is to be involved in a transaction, its value is measured taking into account the contract entered into.

External valuation is used as an important reference point and Pandox has an internal process for monitoring the external valuations when they are performed. This internal quality assurance process includes analysis and control of input data from the company for the valuation models pertaining to such aspects as rent levels, space and general analysis of value growth per property. The valuations are examined both at the central level and in cooperation with the heads of business areas. This is done to check if any parameter used in Pandox's own valuation as a basis for financial reporting needs to be updated.

There is an inherent uncertainty associated with the development of the hotel market as well as the economy in general, making it more difficult to estimate future cash flows and valuation yields for Pandox's hotel properties. The significance of the estimates and judgements used in establishing the fair value, combined with the fact that when combined, small percentage differences in the individual properties' parameters can lead to material errors, means that the valuation of investment properties is a key audit matter.

#### How our audit addressed the key audit matter

Our audit focused, among other things, on the company's internal control and quality assurance that exists for both the internal and the externally performed valuations as of the date of the 2023 year-end accounts. Our audit procedures included the following:

- The group audit team, including our valuation specialists, obtained and examined a sample of the valuation reports and examined whether the valuation procedures follow the guidelines established by the board of directors for valuation and correct valuation methods.
- We evaluated the internal and external appraisers' competence and experience to determine whether there were any circumstances that would have impacted their objectivity or imposed any restrictions on their work.
- We also carried out random sampling to examine management's input data for the valuation models. We did this to determine whether the information used for property valuations is correct and accurate.
- We held meetings with those responsible for valuation processes where important assumptions and judgements were discussed. Our work focused on assessing and evaluating assumptions used, including valuation yields and estimated cash flows. We included in samples used for our audit the largest investment properties in the portfolio in monetary terms, the most significant assumptions and the properties where there were the greatest variations in value compared with previous quarters. We assessed the assumptions used with respect to yield requirements. We also assessed the reasonableness of other assumptions where there is no directly comparable published data available. In cases where the assumptions and parameters were beyond our initial expectations, these deviations were discussed with representatives of the company and additional audit evidence was obtained to support the assumptions made.
- We compared disclosures included in the annual report against the requirements in IFRS 13.

The valuations are based on judgments and are by nature associated with inherent uncertainty. Based on our audit we have determined that the assumptions used by Pandox are within a reasonable range. Based on our audit, we have no significant observations to report to the audit committee.

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**Key audit matter****Revenue-based rental income**

See Note C2 on rental income and accounting principles for disclosures and descriptions of this audit matter.

Pandox's rental income consists to a large extent of revenue-based rent. The rent charged is based on the sales reported by the tenants. Pandox has routines and control procedures to ensure that the sales reported are correct. The leases are in place for a number of years and the business model for hotel operation may over time be affected by the creation of new sales channels or the addition of various services at the hotels or in the offering etc. This audit matter includes judgments concerning contract interpretation in certain cases, as well as judgments concerning the control the group exercises with respect to the tenants' reporting. As the revenue-based rents make up a greater portion of the total rental income and there is the element of dependence on external information received and used to determine this revenue, this is a key audit matter in our audit.

**How our audit addressed the key audit matter**

Our audit is based on an evaluation of internal control as well as substantive testing and other analysis procedures, including data-based transaction analysis, of some balance sheet and income statement items of significant subsidiaries, on a random sample basis. Other audit procedures we performed include the following:

- We evaluated Pandox's routines for managing significant revenue flows.
- We studied leases and examined how Pandox as a lessor interprets various parts of the agreements as a basis for invoicing and reporting.
- We developed in understanding of and studied the control procedures employed by Pandox with respect to the tenants' reporting. We also read and familiarised ourselves with the control procedures through external scrutiny which Pandox, in according to the leases, performs annually by examining leases at random to ensure that invoicing and revenue recognition are correct;
- On a random sample basis, we examined the invoicing routines and invoices against supporting documents and we determined, through counter-checking, that the correct revenue-based rents were being reported.
- We also performed an analytical review to assess the revenue recognition and obtained Pandox's analysis and explanations of rental income outcomes for us to develop an understanding of revenue recognition control procedures, and through analysis to creating an understand of revenue recognition itself; and
- We have examined information and disclosures provided in the annual report.

Based on our audit, we have no significant observations to report to the audit committee.

**Other information than the annual accounts and consolidated accounts**

This document also contains information other than the annual accounts and consolidated accounts, and this information is found on pages 1–70 and on pages 182–187 as well as in the sustainability report on pages 94–130. Information included in the "Pandox Remuneration Report 2023", which is published on the company's website at the same time as this report and which we obtained prior to the date of this auditors' report, also constitutes other information. The board of directors and the managing director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the board of directors and the managing director**

The board of directors and the managing director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU and the Annual Accounts Act. The board of directors and the managing director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

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In preparing the annual accounts and consolidated accounts, the board of directors and the managing director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the board of directors and the managing director intend to liquidate the company, to cease operations, or have no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the board of directors' responsibilities and tasks in general, among other things oversee the company's financial reporting process.

#### Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available (in Swedish) on the website of the Swedish Inspectorate of Auditors (Revisorsinspektionen) at [www.revisorsinspektionen.se/rn/showdocument/documents/rev\\_dok/revisors\\_ansvar.pdf](http://www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf). This description is part of the auditors' report.

#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

##### The auditor's examination of the administration of the company and the proposed appropriation of the company's profit or loss

###### Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the board of directors and the managing director of Pandox AB (publ) for the year 2023 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the board of directors and the managing director be discharged from liability for the financial year.

###### Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

##### Responsibilities of the board of directors and the managing director

The board of directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which

the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The board of directors is responsible for the company's organisation and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organisation is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The managing director shall manage the ongoing administration according to the board of directors' guidelines and instructions and, among other matters, take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

##### Auditor's responsibilities

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the board of directors and the managing director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with a reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

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Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act. A further description of our responsibility for the audit of the administration is available (in Swedish) on the website of the Swedish Inspectorate of Auditors (Revisorsinspektionen) at [www.revisorsinspektionen.se/rn/showdocument/documents/rev\\_dok/revisors\\_ansvar.pdf](http://www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf). This description is part of the auditors' report.

### The auditor's examination of the ESEF report Opinion

In addition to our audit of the annual accounts and consolidated accounts, we also examined whether the board of directors and the managing director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the ESEF report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Pandox AB (publ) for the financial year 2023.

Our examination and our opinion relate only to the statutory requirement.

In our opinion, the ESEF report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

### Basis for Opinions

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the ESEF report. Our responsibility under this recommendation is described in more detail in the Auditor's responsibilities section. We are independent of Pandox AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of the board of directors and the managing director

The board of directors and the managing director are responsible ensuring that the ESEF report has been prepared in accordance with Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the board of directors and the managing director determine is necessary to prepare the ESEF report without material misstatements, whether due to fraud or error.

### Auditor's responsibilities

Our responsibility is to form an opinion with reasonable assurance as to whether the ESEF report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the ESEF report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The accounting firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the ESEF report has been prepared in a format that enables uniform electronic reporting of the annual and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the

risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the material by the board of directors and the managing director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The reasonable assurance engagement also includes an evaluation of the appropriateness and reasonableness of assumptions made by the board of directors and the managing director.

The procedures mainly include a validation of whether the ESEF report has been prepared in a valid XHTML format and a reconciliation of the ESEF report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the group's income statement, balance sheet, statement of changes in equity and statement of cash flows as well as the notes in the ESEF report have been marked with iXBRL in accordance with the ESEF Regulation.

PricewaterhouseCoopers AB, with Patrik Adolfsen as the auditor-in-charge, was appointed auditor of Pandox AB (publ) by the general meeting of shareholders on 12 April 2023 and has been Pandox AB's auditor since 29 March 2017.

Stockholm, 6 March 2024  
PricewaterhouseCoopers AB

Patrik Adolfsen  
*Authorised Public Accountant*  
*Auditor-in-charge*

Linda Andersson  
*Authorised Public Accountant*

Strategy and value creation	+
Our business	+
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# The auditors' report from the limited assurance engagement to review Pandox AB's sustainability reporting, and opinion regarding the statutory sustainability report

Unofficial translation

To the general meeting of the shareholders of Pandox Aktiebolag (publ), corporate registration number 556030-7885

## Introduction

We have been engaged by the board and management of Pandox AB (publ) ("Pandox") to carry out a limited assurance engagement to review Pandox's sustainability reporting for the year 2023. The company has defined the scope of its sustainability reporting on page 2 of this document, which also constitutes the statutory sustainability report. Pandox has included a sustainability statement as part of the administration report, based on current interpretations of future legal requirements and standards through CSRD and ESRS, which has not been reviewed and is not covered by this report.

## Responsibilities of the board and executive management for sustainability reporting

The board and executive management are responsible for the preparation of sustainability reporting, including the statutory sustainability report, in accordance with applicable criteria and with the Annual Accounts Act. The criteria are presented on page 125 of the sustainability reporting section and consist of the parts of the GRI standards that are applicable for sustainability reporting, as well as the company's own accounting and calculation principles. This responsibility also includes the internal control deemed necessary to enable sustainable reporting that is free from material misstatement, whether due to fraud or error.

## Auditor's responsibilities

Our responsibility is to express a conclusion on the sustainability reporting based on our review and to provide an opinion on the statutory sustainability report. Our assignment is limited to the historical information that is presented and thus does not include future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 (revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information. A

limited assurance engagement consists of making inquiries, primarily of persons responsible for preparing the sustainability reporting, and applying analytical and other review procedures. We conducted our review of the statutory sustainability report in accordance with FAR's recommendation RevR 12. The auditor's opinion regarding the statutory sustainability report. A limited assurance engagement and a review according to RevR 12 have a different focus and are substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards.

The accounting firm applies ISQM 1 (International Standards on Quality Management) and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethics requirements, professional standards and legal and regulatory requirements. We are independent of Pandox AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The procedures performed in a limited assurance engagement and a review in accordance with RevR 12 do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement and a review in accordance with RevR 12 therefore does not provide the same level of assurance as a conclusion based on an audit.

Our review of the sustainability reporting is based on the criteria defined by the board and executive management, as described above. We believe that these criteria are appropriate for the preparation of the sustainability reporting.

We believe that the evidence we have obtained in our review is sufficient and appropriate to provide a basis for our opinions below.

## Opinion

Based on the limited assurance engagement we have performed, nothing has come to our attention that causes us to believe that the sustainability reporting is not prepared, in all material respects, in accordance with the criteria defined by the board and executive management above.

A statutory sustainability report has been prepared.

Stockholm, 6 March 2024  
PricewaterhouseCoopers AB

Patrik Adolfsen  
Authorised Public Accountant  
Auditor-in-charge

Linda Andersson  
Authorised Public Accountant

Strategy and value creation	+
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# Multiyear summary

Pandox is applying IFRS 16 Leases from 2019 onwards. Comparative figures have not been restated.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Figures in MSEK	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Revenue Leases</b>										
Rental income	3,548	3,052	2,279	2,228	3,017	2,809	2,121	1,717	1,431	1,418
Other property revenue	142	255	143	171	112	162	81	70	112	60
Revenue Own Operations	3,159	2,347	851	779	2,424	2,153	2,067	2,158	2,046	1,598
<b>Net sales</b>	<b>6,849</b>	<b>5,654</b>	<b>3,273</b>	<b>3,178</b>	<b>5,553</b>	<b>5,124</b>	<b>4,269</b>	<b>3,945</b>	<b>3,589</b>	<b>3,076</b>
Costs Leases	-533	-439	-395	-381	-365	-454	-321	-292	-263	-292
Costs Own Operations	-2,729	-2,111	-1,151	-1,182	-1,993	-1,776	-1,743	-1,866	-1,767	-1,387
<b>Gross profit</b>	<b>3,587</b>	<b>3,104</b>	<b>1,727</b>	<b>1,615</b>	<b>3,195</b>	<b>2,894</b>	<b>2,206</b>	<b>1,787</b>	<b>1,559</b>	<b>1,397</b>
Central administration	-197	-153	-157	-171	-175	-148	-124	-117	-94	-82
Net financial expense	-1,467	-1,003	-940	-900	-865	-803	-519	-456	-438	-536
Financial expense for right-of-use assets	-108	-95	-88	-86	-81	—	—	—	—	—
<b>Profit before changes in value</b>	<b>1,815</b>	<b>1,853</b>	<b>542</b>	<b>458</b>	<b>2,074</b>	<b>1,943</b>	<b>1,563</b>	<b>1,214</b>	<b>1,027</b>	<b>779</b>
<i>Changes in value</i>										
Change in property value	-1,107	1,180	-396	-1,779	1,459	1,495	1,914	1,460	1,399	1,197
Change in value of derivatives	-1,205	2,318	740	-221	-39	25	173	-39	203	-622
<b>Profit before tax</b>	<b>-497</b>	<b>5,351</b>	<b>886</b>	<b>-1,542</b>	<b>3,494</b>	<b>3,463</b>	<b>3,650</b>	<b>2,635</b>	<b>2,629</b>	<b>1,354</b>
Current tax	-375	-164	-128	-57	-122	-216	-73	-72	-35	-16
Deferred tax	292	-983	-149	191	-672	-424	-429	-349	-463	-85
<b>Profit for the year</b>	<b>-580</b>	<b>4,204</b>	<b>609</b>	<b>-1,408</b>	<b>2,700</b>	<b>2,823</b>	<b>3,148</b>	<b>2,214</b>	<b>2,131</b>	<b>1,253</b>
Other comprehensive income for the year	-112	1,323	740	-1,010	46	465	-185	359	-291	-3
<b>Comprehensive income for the year</b>	<b>-692</b>	<b>5,527</b>	<b>1,349</b>	<b>-2,418</b>	<b>2,746</b>	<b>3,288</b>	<b>2,963</b>	<b>2,573</b>	<b>1,840</b>	<b>1,250</b>

## KEY RATIOS

Figures in MSEK	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Net operating income Leases	3,157	2,868	2,027	2,018	2,764	2,517	1,882	1,495	1,280	1,186
Net operating income Own Operations	713	566	-22	-168	625	540	494	439	416	320
EBITDA	3,696	3,304	1,868	1,699	3,215	2,909	2,252	1,817	1,603	1,425
Interest coverage ratio, times	2.7	3.7	2.1	2.0	4.1	3.8	4.4	4.0	3.6	2.6
Earnings per share, SEK	-3.18	22.94	3.32	-7.61	15.91	16.83	19.89	14.65	14.21	8.35
Cash earnings	1,742	2,056	713	669	2,167	1,890	1,652	1,284	1,122	860
Cash earnings per share, before and after dilution, SEK	9.48	11.18	3.88	3.59	12.71	11.30	10.52	8.18	7.53	5.82
RevPAR (operating properties) for comparable units and comparable exchange rates	1,036	839	295	222	904	873	806	657	684	644

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## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Figures in MSEK	31 Dec 2023	31 Dec 2022	31 Dec 2021	31 Dec 2020	31 Dec 2019	31 Dec 2018	31 Dec 2017	31 Dec 2016	31 Dec 2015	31 Dec 2014
<b>Assets</b>										
Properties including FF&E	66,079	65,552	60,246	57,555	60,558	52,949	48,217	36,578	29,463	25,701
Right-of-use assets	2,848	3,218	3,039	2,926	3,064	—	—	—	—	—
Other non-current assets	1,612	2,462	522	268	151	43	37	23	25	26
Deferred tax assets	340	305	249	631	383	465	613	748	800	924
Current assets	1,560	2,050	1,152	813	1,025	885	1,871	563	1,162	315
Cash and cash equivalents	769	1,630	1,593	2,622	632	674	999	517	170	321
<b>Total assets</b>	<b>73,208</b>	<b>75,217</b>	<b>66,801</b>	<b>64,815</b>	<b>65,813</b>	<b>55,016</b>	<b>51,737</b>	<b>38,429</b>	<b>31,620</b>	<b>27,287</b>
<b>Equity and liabilities</b>										
Equity	29,725	30,933	25,422	24,088	26,506	21,538	19,027	15,258	12,215	10,402
Deferred tax liabilities	5,270	5,538	4,281	4,307	4,552	3,430	3,026	2,582	2,281	1,993
Interest-bearing liabilities	32,770	33,871	32,623	31,452	29,621	27,917	26,298	18,841	15,546	12,907
Lease liabilities	2,856	3,223	3,042	2,928	3,064	—	—	—	—	—
Non-interest-bearing liabilities	2,587	1,652	1,433	2,040	2,070	2,131	3,386	1,748	1,578	1,985
<b>Total equity and liabilities</b>	<b>73,208</b>	<b>75,217</b>	<b>66,801</b>	<b>64,815</b>	<b>65,813</b>	<b>55,016</b>	<b>51,737</b>	<b>38,429</b>	<b>31,620</b>	<b>27,287</b>

## KEY RATIOS

Figures in MSEK	31 Dec 2023	31 Dec 2022	31 Dec 2021	31 Dec 2020	31 Dec 2019	31 Dec 2018	31 Dec 2017	31 Dec 2016	31 Dec 2015	31 Dec 2014
Net interest-bearing debt, MSEK	32,190	32,334	31,159	29,007	29,191	27,421	25,474	18,324	15,376	12,587
Loan-to-value ratio, properties, %	46.6	46.7	49.8	48.7	46	49.7	50.8	47.9	49.5	48.7
Market value properties, MSEK	69,039	69,231	62,596	59,542	63,469	55,197	50,121	38,233	31,437	26,504
EPRA NRV per share, SEK	201.12	205.03	173.54	167.60	186.40	164.04	144.54	126.24	107.71	92.11
WAULT (investment properties), years	15.0	15.0	14.0	14.6	15.6	15.7	15.6	13.9	11.2	9.0

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## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Figures in MSEK	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
<b>Revenue Leases</b>								
Rental income	895	1,002	908	743	803	886	761	602
Other property revenue	33	38	34	37	45	81	97	32
Revenue Own Operations	910	844	832	573	775	706	624	242
<b>Net sales</b>	<b>1,838</b>	<b>1,884</b>	<b>1,774</b>	<b>1,353</b>	<b>1,623</b>	<b>1,673</b>	<b>1,482</b>	<b>876</b>
Costs Leases	-159	-120	-136	-118	-150	-101	-97	-91
Costs Own Operations	-762	-694	-685	-588	-732	-578	-449	-352
<b>Gross profit</b>	<b>917</b>	<b>1,070</b>	<b>953</b>	<b>647</b>	<b>741</b>	<b>994</b>	<b>936</b>	<b>433</b>
Central administration	-53	-46	-53	-45	-59	-28	-34	-32
Net financial expense	-376	-420	-361	-310	-289	-248	-236	-230
Financial expense for right-of-use assets	-28	-28	-26	-26	-26	-24	-22	-23
<b>Profit before changes in value</b>	<b>460</b>	<b>576</b>	<b>513</b>	<b>266</b>	<b>367</b>	<b>694</b>	<b>644</b>	<b>148</b>
<i>Changes in value</i>								
Change in property value	-339	-90	-466	-212	-66	572	395	279
Change in value of derivatives	-1,236	43	332	-344	-59	815	632	930
<b>Profit before tax</b>	<b>-1,115</b>	<b>529</b>	<b>379</b>	<b>-290</b>	<b>242</b>	<b>2,081</b>	<b>1,671</b>	<b>1,357</b>
Current tax	-137	-95	-78	-65	-24	-48	-59	-33
Deferred tax	127	26	-13	152	-117	-346	-240	-280
<b>Profit for the period</b>	<b>-1,125</b>	<b>460</b>	<b>288</b>	<b>-203</b>	<b>101</b>	<b>1,687</b>	<b>1,372</b>	<b>1,044</b>
Other comprehensive income	-845	-583	1,146	170	308	341	455	219
<b>Comprehensive income for the period</b>	<b>-1,970</b>	<b>-123</b>	<b>1,434</b>	<b>-33</b>	<b>409</b>	<b>2,028</b>	<b>1,827</b>	<b>1,263</b>
<b>KEY RATIOS</b>								
<b>Figures in MSEK</b>	<b>Q4 2023</b>	<b>Q3 2023</b>	<b>Q2 2023</b>	<b>Q1 2023</b>	<b>Q4 2022</b>	<b>Q3 2022</b>	<b>Q2 2022</b>	<b>Q1 2022</b>
Net operating income Leases	769	920	806	662	698	866	761	543
Net operating income Own Operations	220	222	219	52	184	193	238	-49
EBITDA	942	1,102	977	675	829	1,037	970	467
Interest coverage ratio, times	2.6	2.8	2.9	2.3	3.1	4.8	4.7	2.2
Earnings per share, SEK	-6.05	2.48	1.56	-1.17	0.66	9.16	7.45	5.67
Cash earnings	415	558	510	259	515	717	645	178
Cash earnings per share, before and after dilution, SEK	2.26	3.04	2.77	1.41	2.80	3.90	3.51	0.97
RevPAR growth (Own Operations) for comparable units and comparable exchange rates, %	7	8	26	112	113	140	370	232

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Figures in MSEK	31 Dec 2023	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022
<b>Assets</b>								
Properties including FF&E	66,079	68,210	68,927	66,550	65,552	64,712	62,832	61,120
Right-of-use assets	2,848	2,975	3,345	3,250	3,218	3,383	3,222	3,155
Other non-current assets	1,612	2,600	2,708	2,274	2,462	2,544	1,711	1,017
Deferred tax assets	340	335	269	268	305	239	262	55
Current assets	1,560	1,454	1,333	1,287	2,050	1,964	1,434	1,398
Cash and cash equivalents	769	749	1,008	2,004	1,630	2,463	1,873	1,477
<b>Total assets</b>	<b>73,208</b>	<b>76,323</b>	<b>77,590</b>	<b>75,633</b>	<b>75,217</b>	<b>75,305</b>	<b>71,334</b>	<b>68,222</b>
<b>Equity and liabilities</b>								
Equity	29,275	31,751	31,874	30,900	30,933	30,540	28,512	26,685
Deferred tax liabilities	5,270	5,470	5,476	5,359	5,538	5,287	4,918	4,415
Interest-bearing liabilities	32,770	33,891	34,526	34,054	33,871	34,478	33,242	32,710
Lease liabilities	2,856	2,983	3,352	3,256	3,223	3,387	3,226	3,158
Non-interest-bearing liabilities	2,587	2,228	2,362	2,064	1,652	1,613	1,436	1,254
<b>Total equity and liabilities</b>	<b>73,208</b>	<b>76,323</b>	<b>77,590</b>	<b>75,633</b>	<b>75,217</b>	<b>75,305</b>	<b>71,334</b>	<b>68,222</b>
<b>KEY RATIOS</b>								
<b>Figures in MSEK</b>	<b>31 Dec 2023</b>	<b>30 Sep 2023</b>	<b>30 Jun 2023</b>	<b>31 Mar 2023</b>	<b>31 Dec 2022</b>	<b>30 Sep 2022</b>	<b>30 Jun 2022</b>	<b>31 Mar 2022</b>
Net interest-bearing debt, MSEK	32,190	33,333	33,718	32,188	32,334	32,119	31,472	31,345
Loan-to-value ratio, properties, %	46.6	46.8	46.7	46.2	46.7	47.1	47.8	49.1
Market value properties, MSEK	69,039	71,177	72,164	69,695	69,231	68,257	65,804	63,808
EPRA NRV per share, SEK	201.12	207.53	209.86	204.93	205.03	202.96	190.37	178.31
WAULT (investment properties), years	15.0	14.4	14.6	14.7	15.0	15.2	15.4	13.8

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# Financial definitions

## FINANCIAL INFORMATION

### Average interest on debt, %

Weighted average interest rate, including interest-rate derivatives, for interest-bearing liabilities at the end of the period.

### Cash earnings, MSEK

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

### EBITDA, MSEK

Total gross profit less central administration (excluding depreciation).

### EPRA LTV, %

Loan-to-value ratio, net, adjusted for net operating receivables/operating liabilities.

### EPRA NDV, MSEK

Recognised equity attributable to the Parent Company's shareholders, including revaluation of operating properties.

### EPRA NRV, MSEK

Recognised equity attributable to the Parent Company's shareholders, including reversal of derivatives, deferred tax assets related to derivatives, deferred tax liabilities related to properties and revaluation of operating properties.

### EPRA NTA, MSEK

Recognised equity attributable to the Parent Company's shareholders, including reversal of derivatives, deferred tax assets related to derivatives, deferred tax liabilities related to properties and revaluation of operating properties.

### Gross profit, Leases, MSEK

Revenue less directly related costs for Leases.

### Gross profit, Own Operations, MSEK

Revenue less directly related costs for Own Operations including depreciation within Own Operations.

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

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

### Growth for comparable units, adjusted for currency effects, %

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

### Interest coverage ratio, times

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

### Investments, excl. acquisitions, MSEK

Investments in non-current assets excluding acquisitions.

### Net interest-bearing debt, MSEK

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

### Net loan-to-value ratio, %

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

### Net operating income, Leases, MSEK

Net operating income corresponds to gross profit Leases.

### Net operating income, Own Operations, MSEK

Gross profit Own Operations plus depreciation included in costs Own Operations.

### Net operating margin, Own Operations, %

Net operating income Own Operations as a percentage of total revenue Own Operations.

### Rounding off

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

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► Financial definitions, cont.

#### PER SHARE

##### Cash earnings per share, SEK

Cash earnings divided by the weighted average number of shares outstanding.

##### Comprehensive income per share, SEK

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

##### Dividend per share, SEK

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

##### Earnings per share, SEK

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

##### EPRA NRV, NTA, NDV (net asset value) per share, SEK

EPRA NRV, NTA, NDV divided by the total number of shares outstanding after dilution at the end of the period.

##### Weighted average number of shares before dilution, thousands

The weighted average number of shares outstanding taking into account changes in the number of shares outstanding, before dilution, during the period.

##### Weighted average number of shares after dilution, thousands

The weighted average number of shares outstanding taking into account changes in the number of shares outstanding, after dilution, during the period.

## Other definitions and terms

#### PROPERTY INFORMATION

##### Market value properties, MSEK

Market value of investment properties plus market value of operating properties.

##### Number of hotels

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

##### Number of rooms

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

##### RevPAR for operating properties (comparable units at constant exchange rates), SEK

Revenue per available room, i.e. total revenue from sold rooms divided by the number of available rooms. Comparable units are defined as hotel properties that have been owned and operated during the entire current period and comparative period. Constant exchange rates is defined as the exchange rate for the current period, with the comparison period being restated based on that rate.

##### WAULT (investment properties)

Weighted average unexpired lease term, for investment properties.

#### OTHER TERMS

##### Compression night

The term compression night is used to describe particularly profitable guest nights in the hotel market, which occur when the occupancy rate in a certain hotel market is 90 percent or higher.

##### IATA (International Air Transport Association)

IATA manages international rules for commercial passenger aviation, mainly through standardisation of e.g. tickets, airport codes and airline codes.

##### OTA – Online Travel Agency

Online companies whose websites permit consumers to book various travel-related services.

##### UNWTO – United Nations World Tourism Organization

Multilateral institution promoting tourism with headquarters in Madrid. The organisation was formed at the initiative of the United Nations.

##### WTTC – World Travel & Tourism Council

A global association that brings together significant actors in travel and tourism. The WTTC works to increase awareness about travel, tourism and hospitality which together account for more than 10 percent of global GDP and employ close to 300 million people.

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# The Pandogs

The Pandogs are Pandox's strong team of office dogs. Always curious, always hungry for more, always in a good mood no matter what. Always sniffing the air to find the next business opportunity.

### Pandox's core values

It is important to the Company that all employees feel secure in themselves, take the initiative when needed and thrive in a group. This is because Pandox is a lean organisation filled with a spirit of entrepreneurship where everyone helps out and every employee is vital. Pandox also has an amusing company symbol in its illustrations of Pepper the dog, who is always up to his tricks. He is there to remind all of the employees to enjoy themselves and not to take themselves too seriously.



**Pepper**  
Mixed breed  
Eternally young

Find out more about the dogs on our website [pandox.se](https://pandox.se).

Image on front cover: Hotel Pomander, Nuremberg  
Production: Pandox in partnership with Addira.  
Photos: Sandra Biggersdotter, Rickard Monéus, Samuel Unéus, Stefan Zander, Espen Indbjør, Ulf Blomberg, Peter Hoelstad, Mats Lundqvist, Olivier Pirard and others.



**Knut**  
Golden retriever



**Sally**  
Gordon setter



**Stella**  
Yorkshire terrier



**Caesar**  
Cavapoo



**Dexter**  
Norfolk terrier



**Blum**  
Mixed breed

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