Pandox

Seizing the momentum

Annual Report 2024

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.

CITYBOX, BRUSSELS

1 STRATEGY AND VALUE CREATION

2 OPERATIONS

3 MARKET AND TRENDS

4 PROPERTIES

5 GOVERNANCE

6 FINANCIAL AND SUSTAINABILITY

● Formal audited sections of the annual report.

HOTELISM BY PANDOX

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.

FRICH'S HOTEL, HAMAR

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 ourselves, 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 yield potential. Acquisitions form the foundation for growth, and divestment is important to free up capital for investments with higher yield potential.

Sustainability

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

Read more on page 25.

Hotel property portfolio

Pandox owns 161 hotel properties with around 35,600 rooms in 11 countries. The total market value of the portfolio is just over SEK 76 billion.

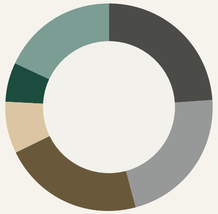
ONGOING EXTENSION TO DOUBLETREE BY HILTON BRUSSELS CITY

Diversified portfolio

MSEK **76,334**

TOTAL PROPERTY VALUE

MARKET VALUE BY COUNTRY

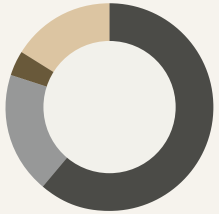


Long-term leases

14.4 YEARS

WAULT

TYPE OF AGREEMENT, NUMBER OF ROOMS



Stable demand

90 CITIES

TYPE OF DEMAND, NUMBER OF ROOMS

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 circumstances.

Only hotel properties

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

Revenue-based leases

Our long-term, revenue-based leases with skilled hotel operators have 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 exposure.

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.

RESIDENCE INN BY MARRIOTT LONDON KENSINGTON

Two segments working together

Leases

THE SEGMENT IN BRIEF

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 and property development. The hotel operator is responsible for the hotel's operation as well as purchasing and consumption of electricity, water, heating and cooling.

Own Operations

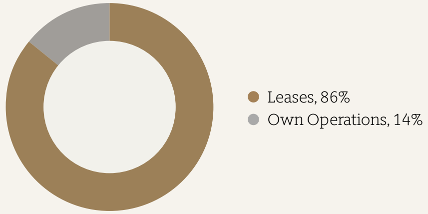
THE SEGMENT IN BRIEF

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.

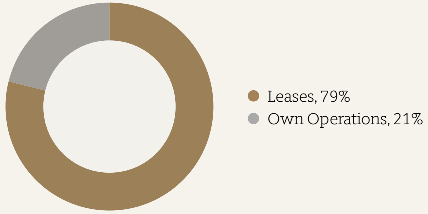
RESPONSIBILITY FOR SUSTAINABILITY

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.

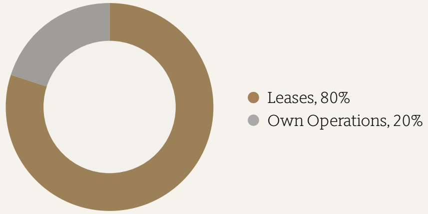
Number of hotels: 161



Market value, properties: MSEK 76,334



Net operating income: MSEK 4,139



An active and successful year

Acquisitions

THREE RESIDENCE INN BY MARRIOTT IN LONDON

UK | Three well-positioned and profitable aparthotels in central London. A total of 503 rooms with an average of 28 sq m, all with a kitchen or kitchenette. The hotel properties are of a high standard both technically and in terms of sustainability, and help to increase the quality of our hotel property portfolio. The total acquisition cost was MGBP 230 with an initial yield of just over 7 percent.

DOUBLETREE BY HILTON EDINBURGH CITY CENTRE

UK | DoubleTree by Hilton Edinburgh City Centre enjoys a strong position among its competitors, with high occupancy and good average room rates. There are also ample opportunities for developing the hotel product in various ways and increasing returns over time. The total acquisition cost was around MGBP 49 with an initial yield of 7.5 percent.

RADISSON BLU TROMSØ

Norway | The hotel has a very strong location in central Tromsø and attracts all guest segments. The hotel is currently performing very well and we completed the acquisition at a high yield. At the same time, we see great potential to create one of northern Scandinavia's premier full-service hotels for leisure, business and conference travellers through targeted investments. The total acquisition cost was around MNOK 750 and Pandox took over the hotel on 1 January 2025.

Investments

SCANDIC GO SANKT ERIKSGATAN 20

Sweden | The hotel opened in October after an extensive renovation and repositioning. New revenue-based lease with Scandic and new Scandic Go branding.

CITYBOX BRUSSELS

Belgium | Complete renovation of all rooms and public areas completed and opened during summer 2024 with Citybox as new tenant.

FRICH'S HOTEL HAMAR

Norway | Renovation and new tenant with strong local ties.

LEONARDO ROYAL GLASGOW

UK | Renovation of all 321 rooms and public spaces.

DOUBLETREE BY HILTON BRUSSELS CITY

Belgium | Extension adding around 150 rooms and large conference spaces will create Brussels' biggest hotel with a total of 500 rooms. Completion in 2026.

VIENNA HOUSE EASY BY WYNDHAM FRANKFURT AIRPORT

Germany | Complete renovation of 150 rooms, public spaces and spa, along with change of brand.

Sustainability

SCIENCE-BASED TARGETS

Own Operations (Scope 1 & 2): The initial phase of our action plan has focused on conducting extensive feasibility studies, which have laid the foundation for initiating procurement in key areas.

Leases (Scope 3): We have energy-mapped our properties in the UK and have started this process in Germany. We have also initiated dialogue with operators for cooperation on both renovations and energy saving projects.

DIVERSITY AND INCLUSION

All hotels in Own Operations have set locally adapted targets for socially marginalised groups.

SUSTAINABILITY-LINKED LOANS

The sustainability-linked portion of the loan portfolio rose from 6 percent to 45 percent during the year.

45% sustainability-linked loans

GREEN ADDENDUMS

We added green addendums to six leases with two hotel operators in the Nordics.

REPORTING IN LINE WITH ESRS

Pandox reports in line with the European Sustainability Reporting Standards (ESRS). This reporting is part of the Corporate Sustainability Reporting Directive (CSRD) that becomes mandatory for the reporting year 2025.

Other significant events

NEW SHARE ISSUE OF MSEK 2,000

In September we completed a directed new share issue that strengthened our balance sheet by MSEK 2,000. This was a proactive measure to increase our ability to make profitable acquisitions.

HOTEL MARKET DAY 2024

This year's theme was "A New Dawn – The European Hotel Market in a Changing World", bringing together industry experts and decision-makers to explore the future of the hotel industry at a time of great change.

DIVESTMENTS

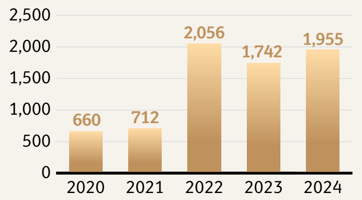
Divestment of DoubleTree by Hilton Montreal, including operations, in April 2024. The selling price was around MCAD 80. Following this, Pandox no longer owns any hotels in Canada.

The year in numbers

CASH EARNINGS

MSEK 1,955

Total cash earnings, MSEK

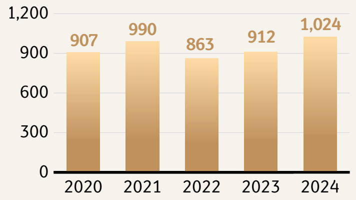


Cash earnings increased by 12 percent, supported by acquisitions, a good hotel market and contributions from investments in the existing portfolio.

INVESTMENTS

MSEK 1,024

Investments, MSEK

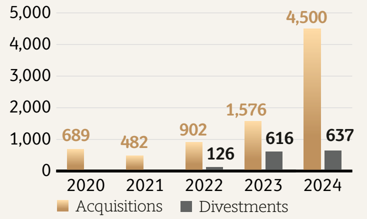


In 2024 Pandox invested MSEK 1,024 in the existing portfolio to strengthen cash flow and increase property value over time.

ACQUISITIONS

MSEK 4,500

Acquisitions/divestments, MSEK

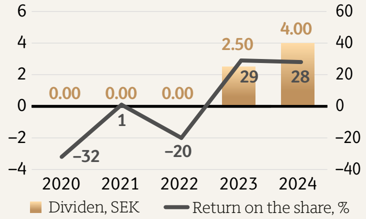


In 2024 Pandox completed acquisitions and divestments for a total equivalent to MSEK 5,100.

TOTAL RETURN ON THE SHARE

31 percent

Return on the share %/Dividend SEK



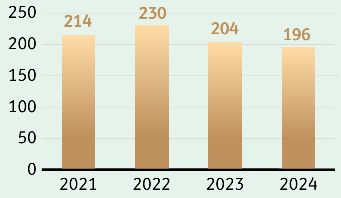
In 2024 the Pandox share's total return was 31 percent, compared with –2 percent for the OMX Stockholm Real Estate GI.

ENERGY INTENSITY

Own Operations

196 kWh/sq m

Energy intensity, kWh/sq m



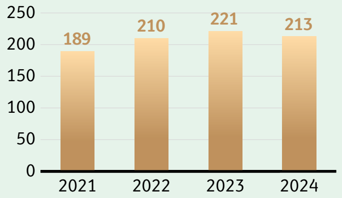
Energy use in the Own Operations segment (Scope 1 and 2) decreased by 4 percent from the previous year due to the results of the green investment programmes.

ENERGY INTENSITY

Tenants' energy use

213 kWh/sq m

Energy intensity, kWh/sq m



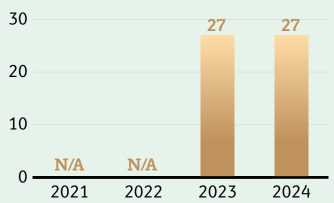
Energy use in the Leases segment (Scope 3) decreased by 10 percent compared to the previous year.

ENERGY-RELATED EMISSIONS

Own Operations

27 kg CO_2eq/sq m

kg CO_2eq/sq m



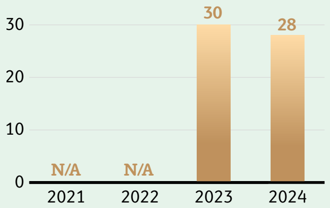
Emissions directly associated with energy use per square metre in Own Operations have not changed from the previous year.

ENERGY-RELATED EMISSIONS

Leases

28 kg CO_2eq/sq m

kg CO_2eq/sq m



Emissions directly associated with tenants' energy use in properties per square metre decreased by 7 percent from the previous year.

Financial key ratios

MSEK	2024	2023	Change, %
Total revenue	7,136	6,849	4
Revenue Leases	3,865	3,690	5
Revenue Own Operations	3,271	3,159	4
Total net operating income	4,139	3,870	7
Net operating income Leases	3,297	3,157	4
Net operating income Own Operations	842	713	18
EBITDA	3,961	3,696	7
Profit for the year	1,706	–580	N/A
Earnings per share, SEK[1]	9.04	–3.18	N/A
Cash earnings	1,955	1,742	12
Cash earnings per share, SEK[1]	10.46	9.48	10
Dividend per share, SEK	4.25	4.00	6
Loan-to-value ratio, properties, %	45.2	46.6	N/A
Interest coverage ratio, times[2]	2.7	2.7	0
Market value, properties	76,334	69,039	11
EPRA NRV per share, SEK	215.58	201.12	7

1) For information on the number of shares, see page 52.
2) For more information, see page 151.

KPIs, sustainability

	2024	2023	Change, %
Total number of BREEAM In-use certified properties[1]	16	12	33%
Employee satisfaction, %	74	77	–4%
Number of audited suppliers	77	37	108%
Total percentage of renewable energy in Own Operations, %	42	42	0%
Waste per hotel guest in Own Operations, kg	1.0	1.2	–17%
Total water consumption in Own Operations, L/gn	168	174	–3%
Total emissions per square metre, metric tons CO_2eq/sq m	47	50	–6%
Total emissions per net revenue, metric tons CO_2eq/MSEK	13	15	–10%
Total energy intensity, kWh/sq m	209	209	0%

1) Two properties obtained their certification after the financial year-end.

Liia Nõu
CEO Pandox

Seizing the momentum and focusing on the future

2024 was an active and good year for Pandox. Here CEO Liia Nõu talks about the past year and looks ahead to 2025.

Liia, 2024 was a strong year for Pandox. What highlights would you like to spotlight?
"2024 has been a very active and successful year for Pandox. Supported by a growing hotel market, we've maintained a high pace in terms of both acquisitions and value-creating investments in our existing portfolio. This has produced results. Our revenues increased by 4 percent, while net operating income and cash earnings increased by 7 percent and 12 percent respectively. In addition, EPRA NRV increased by 7 percent. All in all, this is a clear proof that we are doing the right things in the right way.

"In September we completed a directed new share issue that strengthened our balance sheet by SEK 2 billion. This was a proactive measure to increase our ability to make profitable acquisitions. The capital injection gives us great flexibility and the ability to maintain a high pace in our value creation.

"I really appreciate the strong interest shown by investors in participating in the directed new share issue and the trust they've put in us to continue developing Pandox."

> "We have maintained a brisk pace in terms of both acquisitions and value-creating investments"

What has driven growth during the year?
"In 2024 the event calendar has been strong in several of our key markets, with highlights such as Taylor Swift's European tour and the UEFA EURO championships in Germany, which of course had a positive effect. However, the main driver of growth has been a continued return to normal travel after the pandemic for both private individuals and businesses.

"The hotel and travel industries are stable. There are many reasons to travel and developments in recent years also show that both people and companies value travel and experiences highly, which continues to strengthen our sector."

In August you completed a major acquisition of three hotels in central London. Why did you do that?
"To start with, it's a very good deal that creates profitable growth. They are three well-positioned aparthotels in strong locations in central London that increase our exposure to the attractive extended-stay segment. The hotels are highly profitable, with longer average stays, lower staffing needs and higher average rates thanks to their central locations. They are well established in the market and have strong distribution reach through our new partnership with Marriott International. The hotel properties are of a high standard both technically and from a sustainability perspective, helping to enhance the quality of our hotel property portfolio. Their good energy performance also enabled us to take out a green loan – the first for Pandox – on favourable terms.

"During the year we also acquired DoubleTree by Hilton Edinburgh City Centre, which is a great addition to our portfolio. The hotel is already performing well today, and Edinburgh is a strong and attractive hotel market. At the same time, there are good opportunities to develop the hotel product further and to enhance its competitiveness in higher demand segments as well.

"At the end of the year we also announced the acquisition of Radisson Blu Hotel in Tromsø. Northern Norway is an exciting region and Tromsø is one of the strongest hotel markets in the Nordic region, with high appeal among international visitors. The hotel has a very strong location in central Tromsø with demand from all guest segments. The hotel is currently performing very well and we are completing the acquisition at a high yield. At the same time, we see great potential to create one of northern Scandinavia's premier full-service hotels for leisure, business and conference travellers through targeted investments. The acquisition was completed on 1 January 2025."

What are you looking for when you make acquisitions?
"We adapt to the opportunities that exist. The most important thing for us is the return, rather than the property's location in a certain country or city. We are happy to acquire hotel properties where there is a need for change and development, where the operating model is perceived as risky or where the lease will soon expire. In such cases competition is often lower, and we can invest our financial and industrial knowledge capital in profitable work.

"Generally speaking, we are not interested in fixed leases or low-yielding 'trophy assets'. Our strategy is based on entering into long-term, revenue-based leases with a strong and skilled operator. By creating common incentives and sharing investments, upsides and risks we create a sustainable and profitable business model.

"We have a good reputation in the transaction market thanks to our ability to act quickly, clearly and with a high degree of deal certainty. We keep our promises."

Pandox had a strong financial position at the end of the year. What opportunities do you see going forward?
"At the end of the year our loan-to-value ratio was 45.2, which is at the lower end of our policy of 45–60 percent. Our interest coverage ratio is stable, and net debt/EBITDA is at a low level. Overall, we have a strong financial position that makes us well placed to grow both through investments in our existing portfolio and through new acquisitions.

"Liquidity in the transaction market has increased steadily over the past year and we are now evaluating more potential acquisitions than for many years. However, it is important to point out that an acquisition process often takes between six and nine months to complete. Also, we won't rule out the sale of properties if we believe that we can get a better return on our capital elsewhere."

2024 has included various repositionings and renovations. Can you tell us about some of them?
"Every year we invest over SEK 1 billion in renovations, repositioning and other strategic measures that strengthen cash flow and thus increase property values over time. We can use the tools we have at our disposal to create value in many different ways. The most profitable way is usually to create new rooms in existing hotels. Two good examples are Scandic Go Sankt Eriksgatan 20 and Scandic Malmen, where during the year we created 38 new rooms – a 7 percent increase in the total number of rooms in these two properties.

"In 2024 we successfully repositioned several hotels that have now reopened under new brands, including Citybox Brussels and Scandic Go Sankt Eriksgatan 20. Both hotel concepts have had a very positive response in the market.

"We have completed a long list of value-creating projects during the year. For example, together with the Fattal Group, in 2024 we renovated various hotels in Germany, the UK and Ireland, including properties in Baden-Baden, Frankfurt, Glasgow and Galway.

"We are excited about what awaits us in 2025; for example, we will open Hobo in Copenhagen together with Strawberry, and we expect to complete renovations at hotels including Scandic Malmen in Stockholm and The Hotel in Brussels."

Pandox launched science-based targets in 2023. How have things developed in 2024?
"Our MEUR 29 green investment programme covering Scope 1 and 2 is still in place, and allows us to be flexible as regards reprioritising. This means that new circumstances that emerge from detailed studies of the properties, looking at things like heat pumps and solar panels, may affect implementation. We want to start installing heat pumps and other technology in 2025. We have also evaluated new AI technology and sensors for optimising energy use in guest rooms.

"Within Scope 3, which includes tenants' energy use and renovations, we have energy-mapped 38 properties in Germany and the UK. The reason we are focusing on these countries is that they have a higher carbon intense energy mix compared to the Nordic region, so the money invested has a greater climate impact. We aim to present a transition plan in 2025 for joint projects with our tenants.

"We have also developed a new bathroom concept together with Scandic to reduce the climate footprint of renovations by up to 30 percent. The aim is to renovate 600 bathrooms by 2026. Two pilot bathrooms have been developed – combining operational, commercial and sustainability aspects – and are expected to be put into operation in 2025."

You are reporting in accordance with CSRD this year although that is not a requirement until next year. Why is that?
"We want to be a step ahead and reinforce those areas where we need to develop. A third-party analysis shows that we already have around 75 percent of the relevant data points in place. Our focus has therefore been on covering the remaining 25 percent, work that will continue in 2025. This has involved investing in processes, documentation and structure, as well as strengthening the sustainability team."

Pandox is working actively to increase its green financing. How has this work progressed during the year?
"In addition to the green loans we took out in conjunction with the acquisition of three hotels in central London in August, we have also made great progress on sustainably-linking our loan portfolio. During the year the percentage increased from 6 percent to 45 percent of our total loan stock. Our ambition is to sustainability link all loan agreements."

The hotel market has now reached a new normal following the pandemic. What is your assessment of growth going forward?
"We have a positive outlook and expect some RevPAR growth in the hotel market in 2025, driven by both increased occupancy and higher average room rates. Group travel and a continued increase in intercontinental travel into Europe are expected to make a positive contribution. The acquisitions and repositionings we carried out in 2024 will also have a positive impact.

"I would like to pass on my great thanks to all our colleagues for their strong commitment and hard work in 2024. You inspire and motivate me every day. Thank you to our partners for successful collaboration and good results during the year. A big thank you also to our shareholders for your support and trust, which enables our work to create long-term value.

"Finally, a heartfelt thank you to our office dogs, the "Pandogs", for your playfulness, optimism and the joy you spread – you are a valued part of our working day."

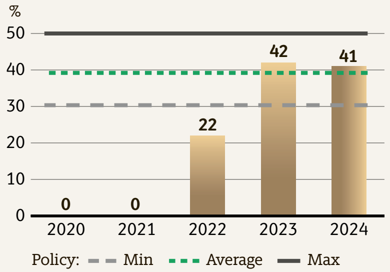
Financial Policy and performance

Financial Policy

DIVIDEND

Pandox's policy is a dividend pay-out ratio of between 30 and 50 percent of cash earnings[1)] per share, with an average pay-out ratio over time of around 40 percent.

Dividend pay-out ratio of cash earnings per share



OF CASH EARNINGS PER SHARE

30–50%

Why is the policy important?

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

How will this be achieved?

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

Outcome 2024

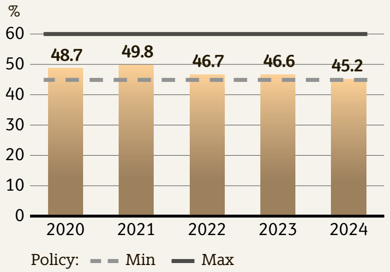
The Board of Directors is proposing a dividend for the 2024 financial year of SEK 4.25 (4.00) per share, totalling around MSEK 827 (735). This is equivalent to a dividend yield, measured on the share price at year-end, of 2.2 (2.7) percent.

[1)] 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[2)] of between 45 and 60 percent, depending on market development and the opportunities that exist.

Loan-to-value ratio, net



LOAN-TO-VALUE RATIO, NET

45–60%

Why is the policy important?

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

How will this be achieved?

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

Outcome 2024

The net loan-to-value ratio was 45.2 (46.6) percent. In September a cash-based directed new share issue amounting to around MSEK 2,000 was completed.

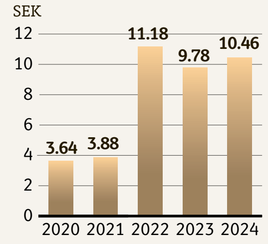
[2)] Defined as interest-bearing liabilities less cash and cash equivalents as a percentage of the market value of the properties at the end of the period.

Financial performance

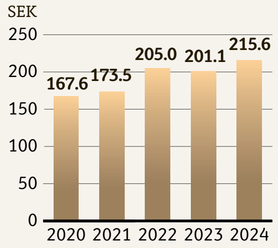
PAST PERFORMANCE

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 76 billion.

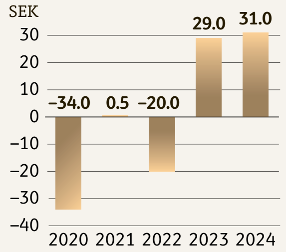
Cash earnings, per share



EPRA NRV, per share



Total return on the share, %



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 2024

- Cash earnings per share increased by 10 percent.
- EPRA NRV per share amounted to SEK 215.58. Growth in EPRA NRV per share, with the dividend added back and adjusted for the directed new share issue, amounted to 10.1 percent.
- The total return on Pandox shares was 31 percent.

Sustainability strategy

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.

FOCUS AREAS	Environment and climate	Responsible and fair business	Guest and tenant satisfaction and safety	Attractive and equal workplace	Inclusive local communities
DESCRIPTION	We work strategically on our approved science-based targets to reduce Pandox's climate emissions. Pandox also focuses on compliance and being able to meet stricter requirements when it comes to energy declarations.	Pandox is to be a long-term and reliable partner, and acting responsibly and professionally in all business relationships is a top priority. We are to ensure good business ethics and fair and just conditions throughout our value chain.	Within Own Operations the most important thing is that our hotel guests have a positive experience – before, during and after their stay. At the same time, we strive to ensure that our tenants are satisfied with our business relationship and feel confident about how we manage their data.	We are responsible for ensuring that our employees have a safe work environment with fair and just employment terms, as well as plenty of development opportunities.	Through our properties we have a presence in local communities. We want to be a positive force in these environments.
PRIORITIES	• Automate environmental data • Phase out gas • Renewable energy • Energy efficiency improvements • Reuse and sustainable material choices in renovation • Focus on behavioural changes • Sustainability-linked financing	• Compliance with Anti-Corruption Policy through regular training • Training in Code of Conduct for Employees • Supplier audits • Whistleblowing channel for all stakeholders, where abuses and violations of policies or laws can be reported; this is managed by a third party and also provides opportunity to report HR issues anonymously	• Guest satisfaction at 80 percent, which is the dividing line between satisfied and loyal • Tenant satisfaction score of NPS 60 • Cybersecurity	• The target is to have and maintain a workforce in which no more than 60 percent consists of people with the same gender identity. • All employees are to feel included • One or more locally adapted targets for socially marginalised groups • All employees to have a performance and career development review	All hotels in Own Operations are to: • have lighting at the entrance and camera surveillance to create security • support at least one charity project • have one or more locally adapted targets for socially marginalised groups
CONTRIBUTES TO UN SDG	Goal 13: Climate Action	Goal 12: Responsible Consumption and Production	Goal 3: Good Health and Well-Being	Goal 5: Gender Equality	Goal 10: Reduces Inequalities

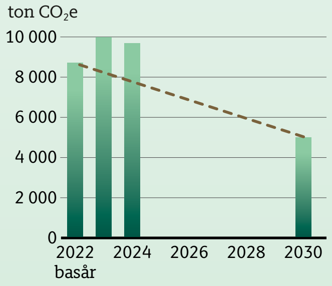
Climate targets

Pandox has science-based targets that have been approved by the Science Based Targets initiative (SBTi). These targets are calculated in accordance with the Greenhouse Gas Protocol (GHG Protocol) and are in line with the Paris Agreement. The targets allow Pandox to focus on the areas where the Company has the greatest impact.

SUSTAINABILITY FOCUS AREAS

Reduce GHG emissions in Own Operations (Scope 1 and 2) by 42 percent

SCOPE 1 AND 2



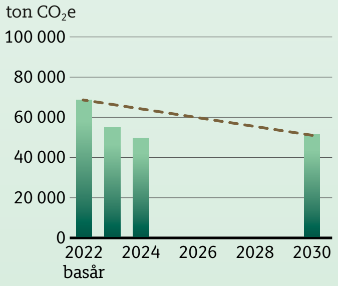
–42%

CO_2 EQUIVALENTS

- - - Total reduction in metric tons of CO_2 equivalents

Reduce GHG emissions in Leases (Scope 3) by 25 percent

SCOPE 3



–25%

CO_2 EQUIVALENTS

- - - Total reduction in metric tons of CO_2 equivalents

PRIORITIES IN 2024

Own Operations (Scope 1 and 2):

Detailed studies into:
- Solar panels
- Heat pumps

Pilot projects:
- AI solutions
- Low-flow showers
- Sensors in guest rooms to control energy use

Leases (Scope 3):

- Energy studies in some 30 properties in the UK and Germany as part of being able to develop a detailed action plan for Scope 3

Pilot projects:
- New bathroom concept with reduced climate footprint

RESULTS IN 2024

Own Operations (Scope 1 and 2):

- –3 percent compared to 2023
- +11 percent compared to the 2022 baseline; the increase is due to the sale of two hotels in Canada that had district heating and to the acquisition of three hotels in 2022/23 that consume gas (all three hotels are in the green climate transition programme)

Leases (Scope 3):

- –15 percent compared to 2023
- –22 percent compared to the 2022 baseline; the decrease is attributable to having better data, with fewer calculations based on standard values

Pandox's science-based targets

Pandox's science-based climate targets include reducing 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). In the Leases segment (Scope 3) the target is 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.

Scope 1 and Scope 2 emissions

For the Own Operations business segment (Scope 1 and 2) there is a roadmap and an earmarked investment budget of approximately MEUR 29 for 11 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. When the project concludes in 2030 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.

During the year in-depth detailed studies were carried out into opportunities for installing heat pumps and solar panels. In addition, a number of different pilot projects have been carried out that include extensive AI solutions for controlling the indoor climate, the installation of submeters for monitoring different departments' climate efforts at a more granular level, low-flow showers and sensors in guest rooms for controlling energy consumption.

Read more about this on page 107.

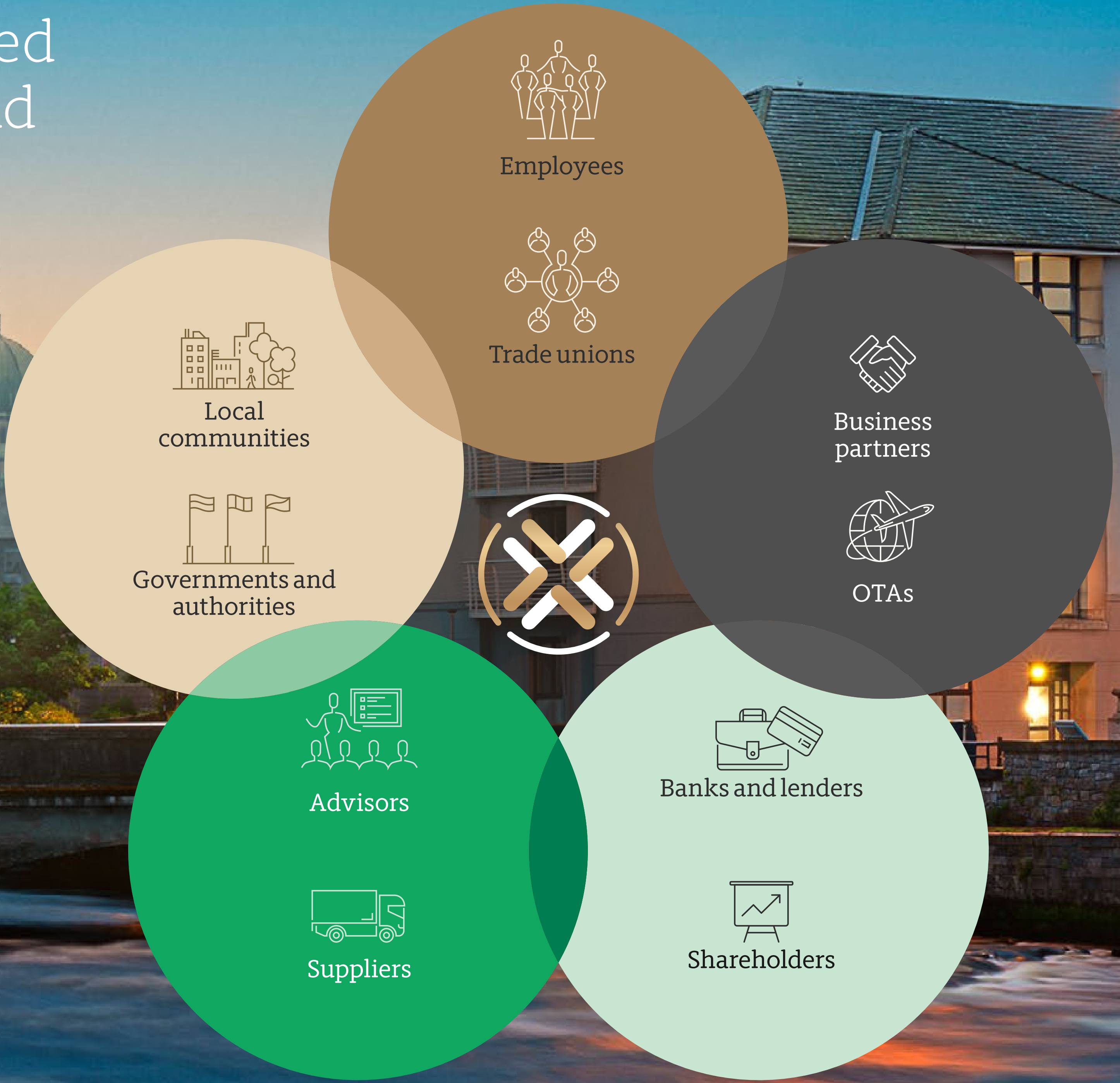
Scope 3 emissions

Measures for the Leases business segment (Scope 3) also include phasing out oil and gas, energy efficiency improvement and increasing the percentage of renewable energy. This also includes reducing CO_2 emissions in renovation, 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 2024 energy studies and analysis were carried out on some 30 properties in the UK and Germany. Another 30 properties in Germany will be studied in 2025. The goal is that this will result in an action plan in 2025. During the year a dialogue was initiated with one of our major international tenants to proactively explore opportunities for future collaborations.

Bathroom renovations are the most common type of renovation that Pandox carries out. Around 600 bathrooms are planned to be renovated for Scandic in the period up to the end of 2026. A partnership has therefore been initiated with Scandic to develop guiding principles that integrate climate aspects into bathroom renovations. The goal is to prioritise upgrades over tearing out fully functioning bathrooms, which is to become standard practice. The aim is to reduce emissions and contribute to achieving the science-based target for Scope 3 without compromising on guest comfort, design or operating costs. In 2024 test bathrooms were developed and it is hoped that the new concept can be rolled out during 2025.

An ecosystem based on partnerships and relationships



LEONARDO HOTEL GALWAY

Value creation through active and engaged ownership

Our resources

Hotel properties
- 161 hotel properties with 35,600 rooms

Employees
- 1,464 employees (FTEs), of which 1,417 in the Own Operations segment

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

Financing
- Capital from shareholders MSEK 33,695
- Loans from banks and other lenders MSEK 34,485

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 ready to then 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 3,865
- Revenue from guests at hotels operated by Pandox MSEK 3,271
- Investments MSEK 1,024

Employees
- Salaries and benefits MSEK 1,145
- Attractive and equal workplace
- Social cohesion and personal development

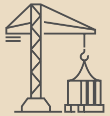
Society & environment
- Direct and indirect jobs
- Environments for meetings and recreation
- Vibrant local communities
- Working to reduce energy consumption and GHG emissions
- Taxes and levies

Capital owners
- Interest and fees MSEK 1,577
- Dividend MSEK 827

Suppliers
- Payments MSEK 4,193

Emissions in the value chain

SCOPE 3 UPSTREAM[1)]

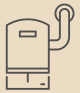


39%

Purchases of goods and services

Suppliers

SCOPE 1



7%

Direct emissions

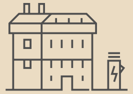
SCOPE 2

3%

Indirect emissions, purchased energy

Own Operations

SCOPE 3 DOWNSTREAM



48%

Energy use in leased properties

Leases | Tenants

1) Only the largest categories are shown, the remaining categories sum up to 3 percent.

Responsibility in the value chain

Pandox owns 161 hotel properties in 11 countries. 138 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 23 properties. Pandox's influence in the value chain differs between the two business segments.

Pandox is active in several parts of the value chain, from acquisition and property development to leasing, technical maintenance, hotel operation, remodelling, renovation and in some cases, divestment of properties. This means that we are able to impact the entire hotel industry value chain.

In addition to our direct responsibility for sustainability throughout our own operations, we also have the opportunity to impact other parts of the value chain. We do this by, for example, setting standards for our suppliers and working closely with our tenants. Within our Leases business segment, which constitutes a significant share of our business, our biggest suppliers are active in property renovation and maintenance. We also have the potential to work with our tenants to promote sustainable development of the properties.

Read more about the various types of agreement on page 19.

ACQUISITION OF PROPERTY WITH (1) LEASE, OR (2) OPERATED BY OWNER

SHARED RESPONSIBILITY

Activities	(1) Leases	(2) Own Operations
Property development	Pandox	Pandox
– Renovation	Pandox	Pandox
– Remodelling	Pandox	Pandox
Equipment	Tenant	Pandox
Property maintenance	Mainly Pandox	Pandox
Property operation	Tenant	Pandox
Hotel operation	Tenant	Pandox
– Personnel, organisational structure and management	Tenant	Pandox
– Marketing and distribution	Tenant	Pandox
– Purchase of materials and services	Tenant	Pandox
– Heating, energy and water	Tenant	Pandox
– Waste management	Tenant	Pandox

DIVESTMENT OF PROPERTY WITH (1) LEASE, OR (2) OPERATED BY PANDOX

● Pandox
● Mainly Pandox
● Tenant

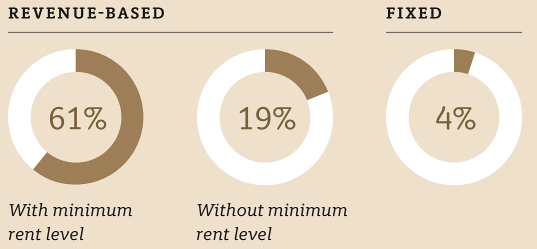
Leases are the core of our business

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%



Function and advantages
Revenue-based leases have multiple advantages:

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

These leases are directly linked to the performance of the hotel, with Pandox collecting a portion of the hotel's sales revenue as rent. The rental income increases as the hotel's sales grow. The hotel property owner and hotel operator thus share the risk and they also have joint incentives to improve the hotel's profitability and, over time, also raise its 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. In addition to revenue-based leases 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. In addition, experience from the pandemic has further strengthened the argument for revenue-based leases as a sustainable and flexible solution.

Green addendums
During the year Pandox added a green addendum to six leases in conjunction with renegotiation of the leases. This creates a shared and structured basis for Pandox and the tenants to maintain an environmental focus. In four of these leases the focus has been on data collection and information sharing in respect of energy data, certification implementation and need of building management systems. One of the leases focus on installation of solar panels and another on phasing out gas.

OWN OPERATIONS

SHARE OF ROOMS

16%

Function and advantages
Operating hotels ourselves is a key aspect of Pandox's active and engaged ownership strategy. It enables the implementation of several types of acquisition and an efficient transformation of hotels with the aim of signing new leases. The structure of our operations within the Own Operations business segment may vary depending on the market and business model.

Franchise agreement
When we own both the hotel property and the hotel business, a franchise agreement with a brand owner may be appropriate. This model gives us access to the franchiser's strong brand and extensive distribution channels, which can increase the hotel's visibility and profitability. As a franchisee Pandox pays a royalty charge based on the hotel's sales. Examples of hotels in our portfolio using this model are Hilton Brussels Grand Place and Hotel Indigo Brussels City.

Independent brand
In markets where international brands have a low recognition factor or where the cost of the brand and distribution are too high, it may more beneficial to develop our own independent brand. This gives us greater flexibility and enables adaptation to local market needs. One example of this in our portfolio is Hotel Berlin, Berlin, a brand that we have created ourselves.

Management agreement
With a management agreement Pandox assigns a hotel operator to operate and manage the hotel. Pandox pays a management fee 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 Residence Inn by Marriott, DoubleTree by Hilton Bath, The Queens Hotel in Leeds and Novotel Hannover.

Human rights work in the value chain

Pandox is a member of the UN Global Compact and has therefore pledged to work according to its Ten Principles regarding human rights, labour, the environment and anti-corruption. 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 criminality, 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 screen new and existing suppliers via a digital self-assessment system. See the next page for details of this process.

In 2024 we continued our efforts to improve our governing documents and international processes relating to human rights. The aim is to ensure we close the gaps that were found in the human impact assessment carried out in 2022 by an independent third party. The purpose of the assessment was to identify, assess and document human rights risks – both in the supply chain and within our own organisation – and to determine which steps must be taken 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.

Read more about an inclusive workplace on page 41.

DESCRIPTION OF THE PROCESS FOR HUMAN RIGHTS WORK

1 Identified actions 2022 – Development outstanding

- Develop a process to remediate and address negative impacts. This may involve paying damages, providing a guarantee that a violation will not be repeated, a public apology etc.
- Raise awareness of discrimination and harassment at the workplace.
- Strengthen commitment among and dialogue with suppliers to ensure human rights compliance in accordance with the Code of Conduct for Business Partners.
- Appoint a person to be responsible for the supplier audit system.

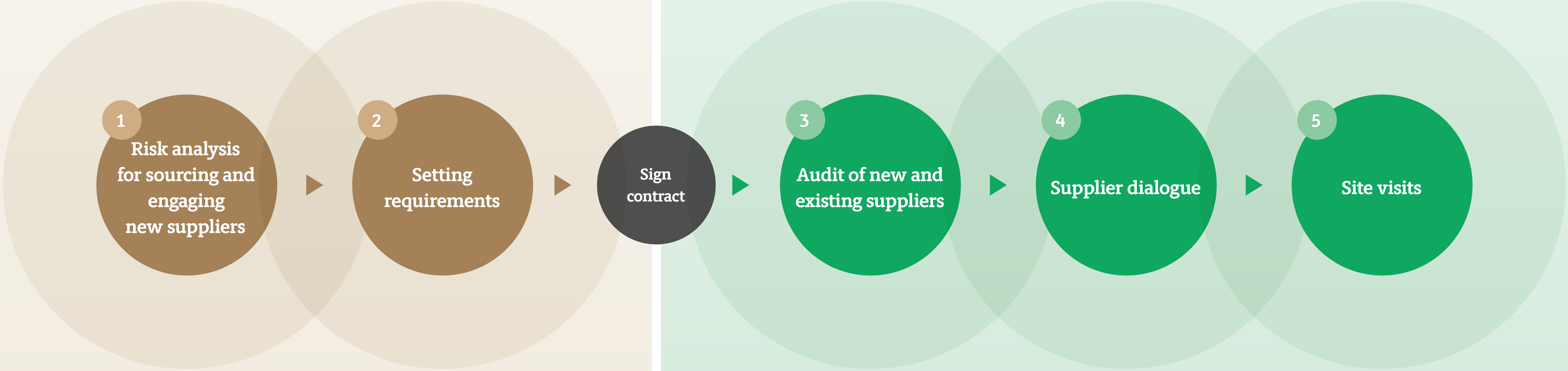
2 Activities in 2024

- Annual survey of tenants allowing them to provide feedback on cooperation.
- Education on discrimination and harassment within the framework of Pandox's diversity and inclusion programme.
- Annual inclusion survey for employees.
- Training in an inclusive and equal recruitment process.
- Present the grievance process on the Pandox website.
- Mapping suppliers through a spend analysis in order to get the group overview and work more efficient with suppliers. Was carried out by a third party.
- Eight of the hotels have not been providing training in issues around prostitution, so training has been developed for this.

3 Results in 2024

- The tenant satisfaction survey yielded a Net Promoter Score (NPS) of 19, which is classed as "good". It means that Pandox has satisfied and loyal tenants that would recommend the Company.
- Increased internal knowledge about diversion and inclusion. 17 hotels within Own Operations underwent Unconscious Bias training, representing 64 percent of employees.
- 82 percent of Pandox employees feel included.
- Increased knowledge internally concerning an inclusive and equal recruitment process. Individuals who are responsible for recruitment as well as department heads completed training in inclusive recruitment at 15 hotels.
- The executive management team completed an inclusive culture workshop with a third party.
- Risk analysis has been performed for 2,206 suppliers. Around 7 percent of the high-risk suppliers were given a self-assessment form to fill out. This provided better insight into the value chain and led to the beginnings of a due diligence process.
- 49 percent of the employees completed anti-trafficking training within the Own Operations segment at hotels that previously lacked training materials.

SUPPLY CHAIN MANAGEMENT PROCESS FOR CONSTRUCTION INDUSTRY SUPPLIERS



Sourcing and procurement

All new suppliers with contracts above a certain amount go through a digital audit process via an external tool. First there is a process to verify that the company exists and then a risk analysis is performed in the system based on risk parameters such as industry, country and size of purchases annually. High-risk suppliers are required to fill out a digital self-assessment form as a means of ensuring compliance with laws and international conventions.

In 2024 Pandox worked reactively to upload all of the around 2,206 suppliers categorised in the supplier system spend analysis. Around 7 percent of these emerged as high-risk suppliers. In 2025 a risk analysis will be performed before contracts are signed with new suppliers to provide a better basis for decisions in the final stage of negotiations.

Setting requirements

Under the terms of their contract, all new suppliers must approve Pandox's Code of Conduct for Business Partners regardless of the contract amount. This takes place in the supplier system.

Audit

All suppliers identified as high risk in the risk analysis are to fill out a self-assessment form to ensure that they meet the requirements in Pandox's Code of Conduct.

In 2025 this step must take place before contracts are signed with suppliers rated as high-risk in the risk analysis.

In 2026 random checks will also be carried out on suppliers with a medium risk rating.

Supplier dialogue

When an deviation is discovered in a self-assessment form, a dialogue begins with the supplier in which they are to propose an action plan. Pandox approves the plan and then follows up to ensure that the actions decided on are carried out within the established timeframe. Depending on the level of seriousness, suppliers that do not remedy the deviations identified may have their contracts terminated. No supplier contracts needed to be terminated in 2024.

Site visits

In 2024 none of the suppliers conducting self-assessment identified any serious deviation. If any serious deviation is identified, the supplier receives an on-site inspection from an independent external party. If an on-site inspection is not possible at the time when an existing construction project is completed, the supplier is red-flagged in the system and cannot be used again until the supplier can submit accurate information.

Exemption

Suppliers may be granted exemption from the process described above if special circumstances exist, such as if there is only one supplier of certain materials in the market or only one demolition contractor. Exemptions may only be granted by Pandox's purchasing council, which has representatives from the executive management team. Each individual case is to be documented and archived. No cases were referred to the council in 2024.

A culture that adds value

Pandox is a property company specialising in hotels. We are active in an international and dynamic market that is constantly changing.

Our business model can best be described as B2B2C, in which we work closely with our tenants and with our hotel guests (end customers). A deep understanding of many different areas is required: properties, hotel development, hotel operation, sustainability, accounting and taxation, financing, transactions, marketing and distribution.

We are a regular, down-to-earth and welcoming company. We are transparent, open and honest. We maintain a fast pace, we always want to get a little better at what we do and we like to win. Every employee is given significant authority and responsibility. Employees will do well if they have self-management skills and appreciate the freedom that an entrepreneurial company can offer.

One of our mottos is constant improvement. We want to develop our leadership, work smarter together and be better at reflecting on our performance so that we can be even better as employees and managers, and as a company.

EMPLOYEE SATISFACTION

74%

Meet some Pandoxers

HUGO KARLSSON

Treasury Analyst

Tell us about your role at Pandox.
I'm a member of the Treasury team which is responsible for the Group's bank loans, cash management, derivatives and insurance programmes. The many responsibilities of my role include internal and external reporting, Pandox's treasury system, various types of forecasts and insurance procurement. I'm also involved in our constant dialogue with banks and our financing processes.

What do you enjoy most about your role?
As Treasury is about everything to do with money, we're directly or indirectly involved in everything that happens within the Company – which makes the work varied and provides learning opportunities.

What is most important in order for you to be happy at work?
Constantly having new things to learn and new targets to meet.

How would you describe the Pandox culture?
Like a family, empathetic, agile and result-oriented.

What tools would you not manage without?
Excel and I are really good friends – we understand each other.

ALEXANDRA MEIJER

VP Asset Management, Nordics

Tell us about your role at Pandox.
I manage our property assets in the Nordics and I make sure that my department has the best possible conditions for success. As a leader I support individual development and wellbeing, and I value working with people who are performing, doing well and enjoying their work.

What do you enjoy most about your role?
The big variety of tasks spanning many different skill sets, such as technology, legal and finance. Almost no two days are alike, and my job is rewarded as I'm surrounded by so much talent.

What is most important in order for you to be happy at work?
For me the most important thing is a team-player culture where people work together for the good of the entire company. Think Venn diagram rather than silos.

How would you describe the Pandox culture?
I think the Pandox culture is welcoming and caring.

JOSEFIN BERGQVIST

Head of Valuations

Tell us about your role at Pandox.
My work involves making and monitoring our property valuations to ensure that the long-term value of the properties reflects reality. This means taking into account aspects such as market trends, the state of the economy, the condition of the buildings and opportunities for development. I analyse all of this to arrive at a value that is realistic and sustainable – at present and in the future. It's a combination of using facts and experience to find the right balance.

What do you enjoy most about your role?
Working closely with colleagues from different departments within Pandox. Their work – whether it involves property management, development, investments or operations – impacts the value of the properties. These dynamics make the job both challenging and rewarding.

JAN HENNINGSEN

General Manager Hotel Berlin, Berlin

What do you enjoy most about your role?
I've worked in the hotel industry for decades now and I love what I do. Pandox has a highly entrepreneurial spirit and gives us the freedom to explore ideas for how to develop the business. This fosters creativity and fresh ideas.

What is most important to you in order to be happy?
Having the trust of my colleagues and my employer is very important to me. Things always go up and down in business, and knowing that we are all on the same side makes setbacks less stressful and gains all the more enjoyable.

How would you describe the Pandox culture?
Pandox has a very positive work culture and flat hierarchies. Everyone is very accommodating and makes you feel part of the team.

What tools would you not manage without?
I have three favourite tools at the moment: PMI, which allows me to see all KPIs at any given time; Juno Analytics, a tool that provides full insight into revenue streams; and Revinate, which enables me to keep track of guest feedback on one of the larger websites.

RAPHAELLA YVER

Sustainability Manager, Pandox Operations

What do you enjoy most about your role?
Being a part of creating something brand new. As Sustainability Manager in a group that is to some extent a trailblazer in its field, I work closely with many different suppliers and stakeholders to set goals and find solutions that help us reach them.

How would you describe the Pandox culture?
Pandox's understanding of the essence of the hospitality industry – which is centred around people and relationships – guides both the business and relationships between colleagues. Pandox's focus on building strong, long-term partnerships not only strengthens the business but also emphasises the Company's culture, which is distinguished by respect, trust and loyalty as well as an ambition to do the right thing in the right way.

What tools would you not manage without?
PMI Go Green and ChatGPT!

Favourite hotel?
Hotel Indigo Brussels – City. Not only is the hotel full of lush plants and amazing design features, but the soul of the hotel really is the team.

Partnerships and relationships

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

HOTEL OPERATORS

- Scandic
- Motel One
- Leonardo Hotels
- NH Hotels
- Elite Hotels of Sweden
- Strawberry
- Citybox
- Hilton Hotels & Resorts
- GCH Hotel Group
- Meininger Hotels

EXTERNAL BRANDS

- DoubleTree by Hilton
- Hotel Indigo
- Radisson Blu
- Mercure Hotels
- Novotel
- Hilton Garden Inn
- Dorint Hotel
- Quality Hotel
- Holiday Inn
- Residence Inn by Marriott

WHITE LABEL OPERATORS

- HR Group
- Grape Hospitality
- Axiom Hospitality

PANDOX'S OWN BRANDS

- The Hotel. Brussels
- Hotel Hubert Grand Place
- Hotel Berlin, Berlin
- Hotel Mayfair

SCANDIC GO SANKT ERIKSGATAN 20, STOCKHOLM

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 hotel. 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.

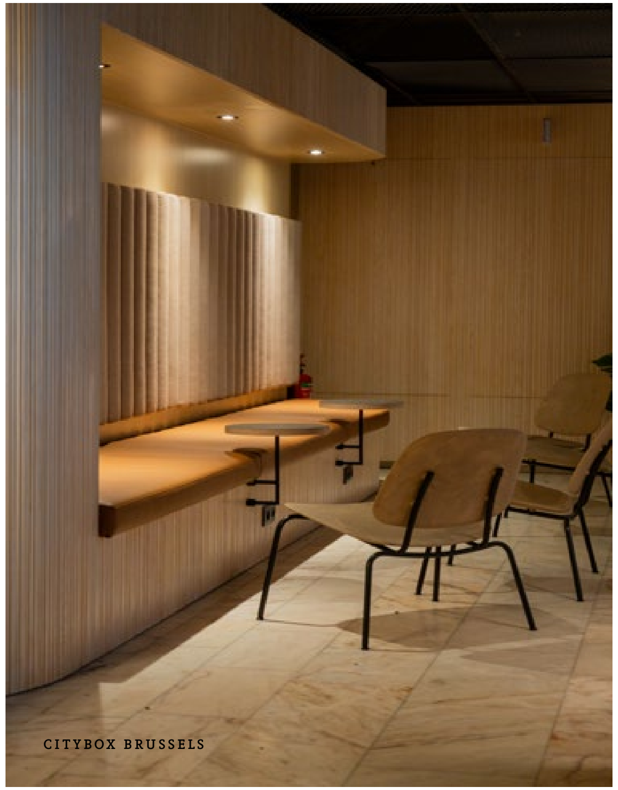
The relevance and power of the different brands depends on the submarket. Scandic and Strawberry, which have brands including Clarion, Quality and Hobo, are leading actors in the regional hotel market in the Nordics. Leonardo Hotels is a similar example in the UK and Germany. However, none of these brands 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 it 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. A strategy of independence 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.

Example: Citybox Brussels

In 2022 we acquired what was formerly NH Brussels Louise and entered into a partnership with the Norwegian hotel operator Citybox for a 25-year revenue-based lease. An extensive renovation and repositioning project began in spring 2023, encompassing all parts of the hotel. This is the first collaboration we have had with Citybox and is the first Citybox hotel in Brussels.


CITYBOX BRUSSELS

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 294 hotels and 52,000 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

HR Group is one of the fastest growing hotel owners in Central Europe and one of the leading hotel operators in Germany. The portfolio today contains 200 hotels in five countries.

Hilton

Hilton Worldwide is one of the largest brand owners and distribution companies in the global hotel market, with more than 24 brands spread across nearly 8,300 hotels in 138 countries.

Radisson BLU

Radisson Hotel Group is one of the world's largest hotel companies with 1,380 hotels and more than 227,000 rooms in 95 countries. Radisson has attractive brands and holds a strong position in the international hotel market.

NH HOTELS

NH Hotel Group is one of Europe's largest regional hotel operators with more than 350 hotels and around 60,000 rooms in 30 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 meeting-places, 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 the 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. 62 (65) percent of Pandox employees live within a 10 kilometre radius of the hotel where they work, and 13 (15) percent of the employees live in socioeconomically vulnerable areas.

We use local and regional companies for technical operation, property 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. 19 (20) hotels in the Own Operations segment have lighting at the entrances and 18 (20) hotels have security 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 18 hotels did in 2024. 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 also been adopted. The idea is to identify local 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. All hotels have set locally adapted targets for socially marginalised groups. 10 of the hotels chose to prioritise functional disabilities. 60 percent of the hotels also succeeded in recruiting employees within this category during the year. Personnel training in inclusive leadership and the recruitment process continued in 2024.

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. Skills-enhancing initiatives such as inclusive leadership for the executive management team were launched during the year.

Read more about locally adapted targets for socially marginalised groups on page 41.

SCANDIC NÜRNBERG CENTRAL

Robust and profitable 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 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.

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 yield 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.

Divestments are important to free up capital for investments with a 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, operating our business sustainably and providing safe and secure environments for our employees and guests.

Sustainability is integrated into our business model and into our day-to-day work. We are working on 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

"We are constantly evaluating new business opportunities"

VALUE CREATION

Although the transaction market is still characterised by a cautious approach, Pandox has managed to benefit from its strong balance sheet, flexibility and expertise to make profitable acquisitions. Jacob Rasin, SVP Transactions at Pandox, talks about the differences between geographical markets, what drives interest in hotels as an asset class and how Pandox's strategy and good reputation create opportunities even in a cautious environment.

Jacob, when we interviewed you two years ago you described the transaction market as reticent. How would you describe it today? What distinguishes the various geographical markets from each other?
"I would describe the market as cautious in general, but with clear signs of increased activity in certain regional markets. In 2023 activity was particularly high in the Mediterranean region, while the UK has taken over as the most active market in 2024.

"In Germany activity has been very low, but we believe that this market will come to life in 2025 and 2026. Activity has been somewhat higher in the Nordics, driven mainly by interest among actors outside the region. This is due to favourable exchange rates as well as attractive capitals, such as Copenhagen.

"In recent years it has been almost exclusively single assets sales, but in 2024 we saw several portfolios come onto the market, signalling a possible trend. Supported by favourable development in inflation and interest rates, I believe this trend will continue."

What is driving the transaction market today?
"Lower inflation and interest rates have made it easier to secure financing and bring home transactions, which has injected energy into a previously lethargic transaction market. This has also contributed to a better price balance between buyers and sellers.

"Interest in hotels as an asset class has increased thanks to strong post-pandemic development in the sector. Buyers have realised that the hospitality and tourism industries not only have good growth potential but are also resilient against various types of external shocks.

"In the present situation the transaction markets are at an early stage in their cycle and are characterised by opportunistic transactions. The most active buyers are specialists and private equity firms. Before the pandemic bidding attracted a wider group of actors, but that dynamic hasn't yet returned."

Pandox has been relatively active on the acquisition front in recent years – particularly in the UK – and has been able to make acquisitions with a good yield. Why is that?
"There are several reasons. During and after the pandemic we had a strong balance sheet, which allowed us to make acquisitions when others had limited resources. This has resulted in lower competition in bidding processes and more attractive opportunities.

"Another important factor is our flexibility and broad expertise. We can carry out various types of acquisitions, whether it involves operating the hotel ourselves, implementing extensive renovations or repositioning a property. We like it when things are a little complicated because that's when our business model and hotel expertise get put to the best use. Also, we are not limited to a specific market, but can allow opportunities to guide us. This is a good position to be in.

"One final but very important factor – which I'm particularly proud of – is our good reputation as a reliable and appreciated counterparty. We are clear about what we want and we keep our promises. That may sound obvious, but in an acquisition situation it can often be a decisive factor for a seller."

> "I'm proud of our good reputation as a reliable and appreciated counterparty in transactions"
>
> Jacob Rasin
> *SVP Transactions*

What are your thoughts on Pandox's role in the transaction market in the years ahead?
"We are keen to continue being active and see more opportunities emerging as the transaction market thaws in more markets beyond the UK.

"We are also open to selling hotel properties where we no longer consider ourselves to be the best owner. This creates opportunities to reallocate capital to investments that may provide a higher return. The flexibility to both buy and sell is an important aspect of our long-term strategy to maximise the value of our portfolio."

Why do you enjoy working on transactions?
"It's the best job in the world! Completing a transaction is an enjoyable challenge because things can vary depending on which hotel it is, where it's located and what opportunities exist in that specific market and jurisdiction.

"We also have a very strong team spirit within acquisitions. We work really well together and are constantly learning new things.

"And finally, nothing beats the feeling of making an acquisition when something inside tells you it's going to be a great deal. It's almost addictive."

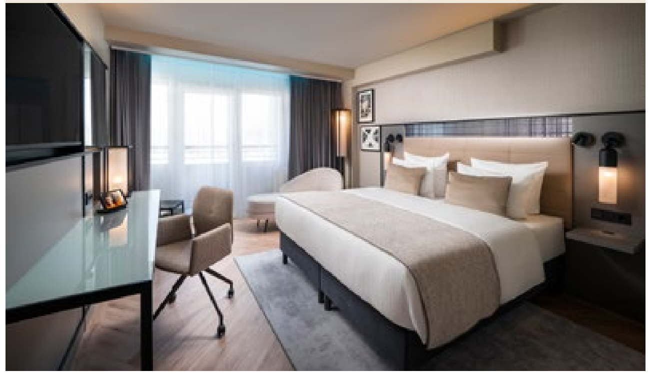
Some examples of investments in 2024 in the existing portfolio

Leonardo Hotel Dublin Christchurch

Leonardo Hotel Dublin Christchurch is strategically located in the heart of Dublin's vibrant urban environment and opposite Christ Church Cathedral. In 2024 an extensive renovation of the hotel's 182 rooms and bathrooms began. This also included upgrading public spaces such as the lobby and restaurants. The project is expected to be completed in the first half of 2025.

Leonardo Royal Frankfurt

One of our biggest hotels in Germany underwent extensive renovation in 2024, involving all 449 rooms and bathrooms. The public spaces, conference rooms and technical installations were also upgraded. The hotel is located close to Frankfurt's elegant Sachsenhausen district and the Frankfurt Süd train station.



Leonardo Royal Baden-Baden

Our hotel property in the spa town of Baden-Baden in southwest Germany was renovated in 2024 and repositioned to gain market share. In addition to a renovation of all 121 rooms, the hotel's basement level was remodelled to create a large spa and wellness area. The project was completed in 2024.

Scandic Malmen

Scandic Malmen is located adjacent to the SoFo neighbourhood in central Stockholm, known for its rich culture, entertainment and shopping. Close by are the Avicii Arena (previously known as Stockholm Globe Arena) and the Tele2Arena, where guests can enjoy sporting events or top-class entertainment experiences. In 2024 the hotel underwent an extensive upgrade, including its rooms and public spaces. In addition, 25 new hotel rooms were created on the basement level.

The Hotel Brussels

With 421 rooms, The Hotel Brussels is our largest hotel in Belgium. Located in one of Brussels' tallest buildings, just 15 minutes' walk from the Grand Place, The Hotel offers panoramic views over the city. Pandox acquired the hotel in 2010 and has been constantly developing the hotel product ever since. The current renovation programme includes an upgrade of all existing rooms as well as the creation of five new hotel rooms and a mini spa on the 25th floor. The investment is expected to be complete in summer 2025.

HOTELISM BY PANDOX

OPERATIONS

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.

LEONARDO ROYAL, BADEN-BADEN

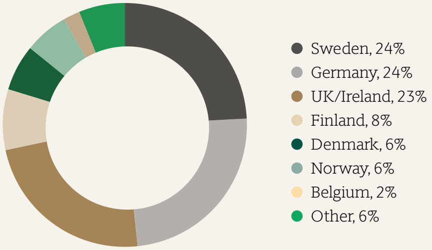
Good growth in revenue and net operating income

RevPAR increased in all of our markets, driven by increased occupancy and higher average room rates. Earnings development was positive in both business segments and we made some important progress within sustainability. The pace of investment was high and we completed various projects that will contribute to our growth in the years ahead.

Leases

MARKET VALUE, PROPERTIES	MSEK 60,290
VALUATION YIELD	6.13%
REVENUE	MSEK 3,865
NET OPERATING INCOME	MSEK 3,297

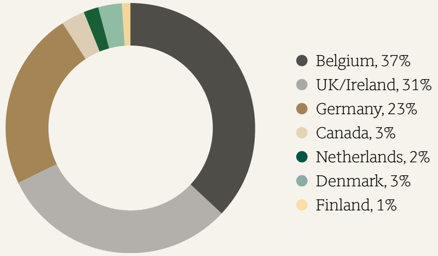
REVENUE BY COUNTRY 2024



Own Operations

MARKET VALUE, PROPERTIES	MSEK 16,044
VALUATION YIELD	6.89%
REVENUE	MSEK 3,271
NET OPERATING INCOME	MSEK 842

REVENUE BY COUNTRY 2024



Leases
Investments create growth

2024 was a good year, with pleasing growth in revenue and net operating income. We maintained a rapid pace of investment in the existing portfolio, laying a stable foundation for future years.

Net operating income, MSEK
3,297

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 3,865 (3,690) and net operating income to MSEK 3,297 (3,157). For comparable portfolios in fixed currency, both revenue and net operating income increased by 4 percent. The market value of the properties amounted to MSEK 60,290 (57,226) with an average valuation yield of 6.13 (6.09) percent. The weighted average unexpired lease term (WAULT) was 14.4 (15.0) years.

Investing for growth
We invested MSEK 732 (493) 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.

Major investment projects completed in 2024 included the openings of Scandic Go Sankt Eriksgatan 20 and Citybox Brussels, where we also signed attractive new revenue-based leases. Other significant investments carried out in 2024 included Leonardo Royal Baden-Baden, Leonardo Royal Frankfurt and Vienna House Easy by Wyndham Frankfurt Airport.

New hotel products in the pipeline
We have various projects that will be completed in 2025, including Hobo Copenhagen, Scandic Malmen and Leonardo Christchurch.

Acquisition in Tromsø
We acquired Radisson Blu Hotel Tromsø with 269 rooms for MNOK 750, taking the hotel over on 1 January 2025. The hotel is in good condition and has a strong position in the market. Thanks to its international profile, occupancy and average room rates have been good. Northern Norway is an exciting region and Tromsø is one of the strongest hotel markets in the Nordics, with high appeal among international visitors.

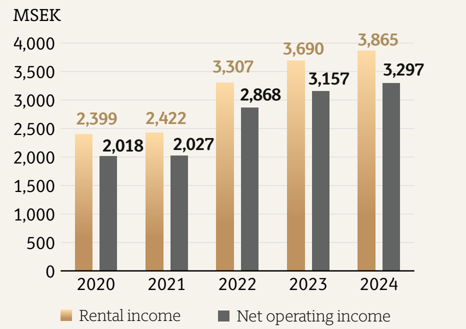
ABOUT OUR BUSINESS MODEL

Well-known and skilled tenants
Pandox's tenant base consists of skilled hotel operators with strong hotel brands.

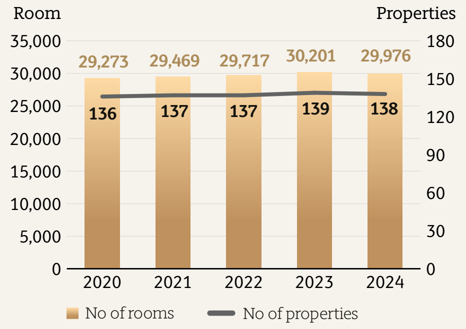
Leases with the right incentives
Most of the leases are revenue-based with a contractual minimum rent level. This makes it possible to achieve increased income in an improved market while also having downside protection in a weaker market. Rental income consists of a portion of the hotel's sales:
1) 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.

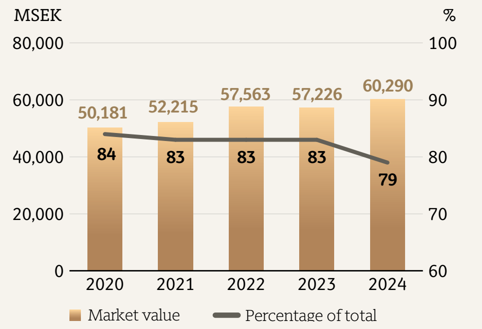
Rental income and net operating income



Number of rooms and properties



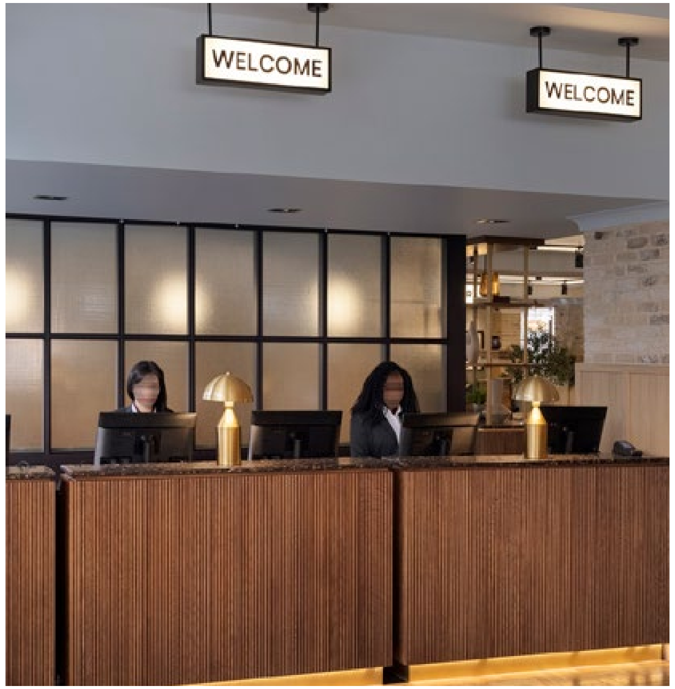
Market value and percentage of total portfolio



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.



United Kingdom and Ireland exceeded expectations

Martin Creydt
SVP, Director Asset Management International

Our main markets experienced good growth during the year, with higher occupancy and rising average room rates. Although Germany showed somewhat weaker growth, impacted by high interest rates and challenges involving the electrification of the automotive industry, the market finally reached 2019 levels. One bright spot was this summer's UEFA EURO 2024, with host cities such as Stuttgart, Dortmund and Frankfurt contributing to a boost for the hotel industry. The UK and Ireland exceeded expectations, with strong domestic demand and increased international travel. Newly refurbished hotels in Birmingham, Glasgow and Galway contributed to increased revenue-based rents, which clearly proves that our value-added investment model works.

In Germany, several renovations were completed with a focus on increasing occupancy and room rate levels, including in Frankfurt, Nuremberg and Baden-Baden.

Another milestone was the completion of Citybox Brussels, now leased to the modern budget-segment operator Citybox. Among other things, the hotel has unstaffed check-in and check-out.

The successful renovation projects have paved the way for new discussions with our partners about further investments. Despite some uncertainties, we are looking forward to 2025 with confidence and a growing appetite for new ventures.

Positive development in all Nordic countries

Tobias Ekman
SVP, Director Asset Management Nordics

In 2024 the Nordic countries saw positive RevPAR development compared to 2023, with an increase of between 2 and 9 percent in Sweden, Norway, Denmark and Finland. Average room rates in the region are at historically high levels and have continued to rise. The occupancy rate has increased in every country except Sweden, now reaching 62 percent compared to 64 percent in 2019.

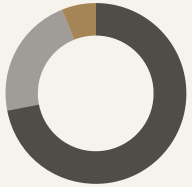
The capitals are also showing positive development, with RevPAR increases of around 6 percent during the year. Helsinki, which has had a slow recovery after the pandemic, saw a RevPAR increase of 5 percent – mainly thanks to increased occupancy, more Asian visitors and an increased number of concerts and conferences.

Gothenburg is the most challenging market in the Nordic region, with a RevPAR drop of –12 percent compared to 2023. Significant additions to hotel supply, as well as a weak year for events and conferences, had a negative impact. It is expected to take some time before the market absorbs the increased supply.

Looking ahead to 2025, the booking situation looks particularly promising for Oslo and Copenhagen, and cautiously positive for Stockholm. The growth in hotel supply has also slowed down throughout the region.

By lease type

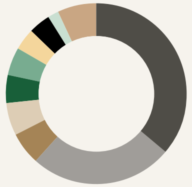
Number of rooms



- Revenue-based leases with a minimum rent level, 72%
- Revenue-based leases with no minimum rent level, 22%
- Fixed leases, 5%

By partner

Number of rooms



- Scandic, 37%
- Leonardo, 26%
- Strawberry, 6%
- NH, 6%
- Radisson Blu, 5%
- Independent, 5%
- Hilton, 4%
- Dorint, 4%
- Mercure, 2%
- Other, 7%

By destination

Number of rooms

- Regional, 43%
- Domestic, 41%
- International, 16%

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 addendums are incorporated into leases. In 2024 the share of renewable energy was 33 (34) percent of total energy use within the Leases segment.

Energy efficiency projects

Pandox has continued to have proactive dialogue with its tenants in order to find new forms of cooperation that can reduce the climate footprint. 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. Pandox's focus is to be able to present an action plan in the coming year for how the Company will reduce its greenhouse gas emissions by 25 percent. This goal is part of the science-based climate targets for Scope 3, with tenants' energy use forming an essential element of this. Approximately 30 energy audits in the UK and Germany were therefore carried out during the year. Another 30 or so investigations are to be carried out in Germany in 2025. The aim is to identify an overall plan with attractive energy saving projects for both tenant and Pandox. Dialogue has been initiated with one of Pandox's tenants about integrating energy saving measures into already planned renovations.

Pandox has also developed two pilot bathrooms that take sustainability into consideration without compromising on guest comfort, design or operation. This is because bathroom renovations are one of the most common upgrades that Pandox carries out on an ongoing basis in the properties. Between 2023 and 2026 around 600 bathrooms will be renovated in the Nordics on behalf of Scandic. It is hoped that a final concept can be rolled out in 2025.

Read more on page 15.

Certification of properties

Pandox has an ambition for its properties to be certified to BREEAM In-use, an established standard in Europe for green properties, with a target level of Very Good. The certification process involves assessment and a scoring system in the following areas: Energy, Transport, Water, Materials, 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. In 2024 Pandox certified Scandic Go Sankt Eriksgatan 20 to BREEAM In-use at the Very Good level. Scandic Nürnberg will also be certified at the same level in 2025. In addition, third-party-audited environmental certification has been achieved for the operations at 120 (110) of the 137 properties.

FACILITATING ELECTRIFICATION AND ENERGY EFFICIENCY

EV chargers enhance competitiveness

Pandox has 89 charging points at 14 hotels in Sweden, Finland, Denmark and Norway. This gives tenants, especially motels, a competitive advantage by being able to offer charging points to their guests. It also contributes to infrastructure for electrification of the transport sector.

Battery storage as a pilot project

Pandox has started a pilot project that combines solar panel and battery storage facility at Scandic Luleå. The solar panels will produce renewable electricity for the operations that is optimised using the battery storage. In addition to improving energy consumption at the property around the clock, the stored energy also supports the local power grid by helping to balance the grid when there is a surplus or deficit of electricity. The pilot project will be evaluated with potential to implement on additional ten identified hotels.

Own Operations

Significant acquisitions increased our profitability

We acquired four very profitable hotel properties in 2024, including three apart-hotels in London that gave us exposure in the long-stay segment. Our existing operations developed well, supported by a strong event calendar.

Net operating income, MSEK

842

THE YEAR IN BRIEF

Good growth in revenue and net operating income
A strong event calendar, increased business travel and more conferences contributed to increased occupancy and good RevPAR development. Revenue increased to MSEK 3,271 (3,159) and net operating income to MSEK 842 (713). For comparable portfolios in fixed currency, the increase was 7 and 13 percent respectively. The market value of the properties amounted to MSEK 16,044 (11,813) with an average valuation yield of 6.89 (7.02) percent.

An active year for acquisitions
We acquired three aparthotels in central London for MGBP 230, as well as DoubleTree by Hilton Edinburgh City Centre for MGBP 49. The hotels are well-invested and in strong locations, and the acquisitions took place with attractive yield levels. The hotels are being operated under management agreements with Axiom Hospitality, which now runs all our British hotels in Own Operations. During the year we also divested DoubleTree by Hilton Montreal for around MCAD 80.

Investing for growth
Investments in the existing portfolio amounted to MSEK 292 (429). The decrease from 2023 is mainly explained by completion of the repositioning of Scandic Nürnberg Central, which was leased out to Scandic and reclassified to Leases. The expansion of DoubleTree by Hilton Brussels City is the largest ongoing investment project in the portfolio.

ABOUT OUR BUSINESS MODEL

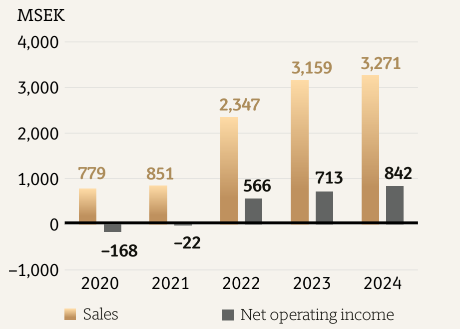
An important aspect of active ownership
Operating hotels ourselves is an important tool when acquiring, repositioning and transforming hotel properties.
The ability to operate hotels ourselves reduces the risk when leases expire and/or when tenants cannot fulfil their obligations. This is valuable in situations where hotels need to be renovated and repositioned, because we can make investments and drive change at a fast pace. Being able to operate hotels ourselves also makes us a stronger and more skilled partner to our tenants.

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.

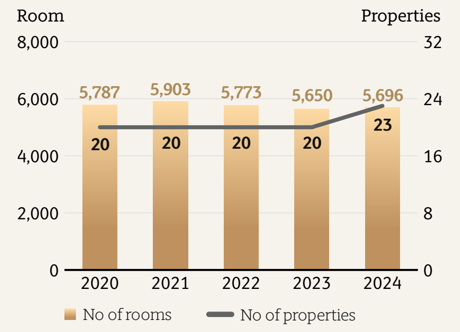
Both external and our own brands
The choice of brand depends on the hotel property's unique situation and local market conditions.

As of 31 December 2024, 11 hotel properties were being operated under management agreements, eight under franchise agreements and four under independent brands owned by Pandox.

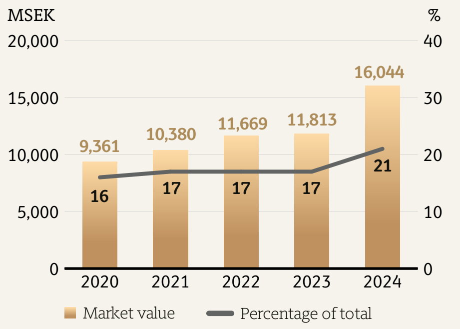
Sales and net operating income



Number of rooms and properties



Market value and percentage of total portfolio



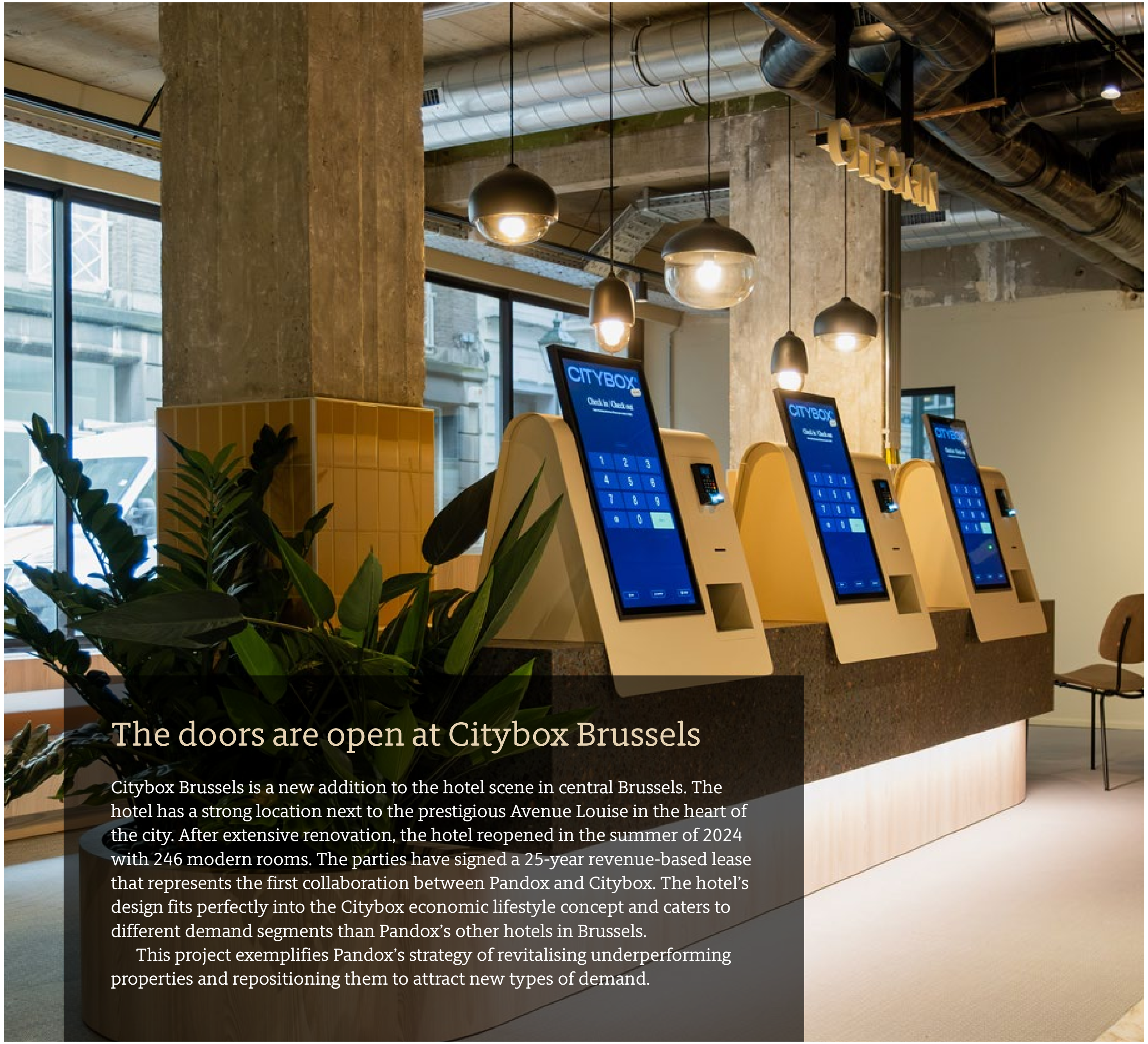
A strong year for events

Aldert Schaaphok
SVP, Director International Operations

2024 was a strong year, mainly thanks to major events such as UEFA EURO 2024 in Germany and big concerts in the UK. Most of the hotels performed better than their competitors, resulting in increased market share. Despite a general slowdown in room rate increases, a focus on costs enabled improved revenue conversion.

The individual, non-contracted segments showed strong volume growth, with the discount category leading this development. At the same time, the business group segment showed a clear improvement in average room rate, despite volumes being flat or decreasing slightly. This demonstrates a focus on attracting bookings with a higher average value while maintaining consistent demand.

In 2025 changes such as reduced demand for social events, fewer business meetings and longer planning time for group bookings could impact performance. Uncertainties remain in the German economy. To increase profitability it will be important to continue to focus on revenue from groups, meetings and events, as well as direct bookings online.



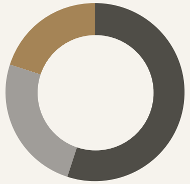
The doors are open at Citybox Brussels

Citybox Brussels is a new addition to the hotel scene in central Brussels. The hotel has a strong location next to the prestigious Avenue Louise in the heart of the city. After extensive renovation, the hotel reopened in the summer of 2024 with 246 modern rooms. The parties have signed a 25-year revenue-based lease that represents the first collaboration between Pandox and Citybox. The hotel's design fits perfectly into the Citybox economic lifestyle concept and caters to different demand segments than Pandox's other hotels in Brussels.

This project exemplifies Pandox's strategy of revitalising underperforming properties and repositioning them to attract new types of demand.

By lease type

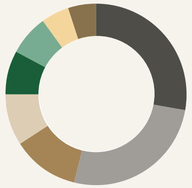
Number of rooms



- Franchise, 48%
- Management agreement, 35%
- Independent brands, 17%

By partner

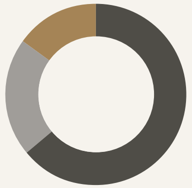
Number of rooms



- Independent brands, 28%
- Hilton, 26%
- Radisson Blu, 12%
- Marriott, 9%
- Holiday Inn, 8%
- Novotel, 7%
- Indigo, 5%
- Crowne Plaza, 5%

By destination

Number of rooms



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

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 2024 the share of renewable energy was 42 (42) percent of total energy use within the Own Operations segment. Renewable energy sources consisted of wind and hydroelectric power and Pandox's own solar panels. Today five hotels have solar PV panels and two have solar thermal panels for heat production.

Action plan to achieve the science-based targets for Scope 1 and 2

Pandox has started implementing its action plan for Own Operations, which encompasses 11 hotels, in order to achieve its Scope 1 and 2 science-based target of reducing greenhouse gases by 42 percent. To reach this goal, phasing out gas is expected to account for 20 percent, behavioural change which also includes occupancy sensors in, for example, guest rooms and meeting rooms for 15 percent, property automation for five percent, and new and additional solar panels for two percent. In 2024 the focus was on detailed analysis and pilot projects in order to procure and implement effective solutions in 2025. During the year in-depth detailed studies were carried out in order to evaluate the opportunities for installing heat pumps and solar panels. The decision was made to test two different heat pumps in order to comply with future statutory requirements set out in the regulation on fluorinated greenhouse gases (the F-gas regulation) and to take into account potential future PFAS requirements. In addition, solar panels will be installed on three new properties and expanded on two of the hotel properties. A number of other pilot projects have been carried out relating to building automation and AI solutions for controlling the indoor climate. For example, occupancy sensors have been installed in 25 percent of the guest rooms of a hotel in order to regulate energy use. Results have shown up to 20 percent savings for guests staying one night. The aim is for five hotels to have occupancy sensors installed in 2025. The same five hotels will also have sub-meters installed to allow monitoring of different departments' climate efforts at a more granular level. This enables the overall goals to be broken down at departmental level, such as for kitchens or conferences & events, allowing each area to visualise how its actions have a direct impact. Finally, a targeted pilot project has been carried out to investigate low-flow showers, as described in the section on water and waste on the next page.

Read more about the climate goals on page 15.
Read more about water on page 39.

Changing behaviour is critical for transition

Achieving the climate goals for the Own Operations segment also requires behavioural change among employees. Pandox has therefore implemented a green module in the system where hotel general managers monitor elements such as 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 on 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 was to reach at least level 8 for 2024. On 31 December 2024 the average was 8.2 (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 have Pandox's sustainability manager in the Own Operations segment as well as the support of a sustainability coach for each hotel. 20 percent of the general managers' bonuses are linked to the index. In addition, 30 percent of technicians' bonuses and 10 percent of department heads' bonuses are linked to the index.

Four steps to achieve the climate goals in Own Operations

1

-20% CO_2

Phase out gas in favour of heat pumps to heat hot water

2

-5% CO_2

- Automation of the building including AI solutions
- Submeters for each department

3

-2% CO_2

- Expand the use of solar panels
- Replace gas hobs with induction hobs in kitchens

4

-15% CO_2

Behavioural changes among employees and guests Also includes occupancy sensors in guest rooms

Certification in Own 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 hotel properties in accordance with BREEAM In-use is a global stamp of quality from a third party for the work being done. The certification needs to be renewed every three years. 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 at the Very Good level no later than 2030. The properties are located in Germany, Belgium, the Netherlands, Finland and the UK. At the end of 2024, 13 (12) of the 20 properties within this segment had been certified at this level. A further two properties obtained their certification after the financial year-end. In addition, two properties were re-certified in 2024. Another seven properties need to be re-certified and five properties will gain new certifications in 2025. All the properties have conducted preliminary studies to analyse what BREEAM level the properties are at and to identify any gaps for achieving Very Good. Another objective is that the hotel operations are also to be Green Key certified by a third party within two years of Pandox taking over the operations, unless other relevant environmental certification already exists. 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 2024 all 20 (16) hotels were Green Key certified.

Read more about certification of hotels within Leases on page 34.

Water and waste

Water consumption

Pandox uses the municipal water system at 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 within Own Operations 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. Submeters 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.

As part of the action plan for the climate goal in Own Operations, a targeted pilot project for low-flow showers has been implemented. This is because water is heated primarily with gas, which is why reduced use contributes to lowering emissions. For three months the equipment was tested in three hotels with a total of around 500 bathrooms. Devices with a low flow rate of 6 L/min were installed for hand showers and 9 L/min for overhead showers without affecting guest comfort. The hand showers are thus also in line with the Taxonomy requirements. This project resulted in these hotels reducing their water use by around 20 percent to 151 litres per guest night, rather than 193 litres per guest night as before. The devices will be installed in all 11 hotels included in the action plan.

Read more about the climate goals in Own Operations on page 37.

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 in 2025 and to the EU level of 0.6 kg per guest night by 2030. In 2024 the average was 1.0 (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 2024 this level was 52 (57) percent. This data includes 15 hotels, which corresponds to 90 percent of the hotels that report environmental data. 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. Since 2019 Pandox has been using Winnow, a foodtech system that categorises and registers all food thrown away. This enables hotels to identify which types of food are going to waste and whether the

waste arises before or after serving. The aim is to increase awareness of overproduction and to improve purchase planning. Examples of measures that have so far proved successful in reducing food waste are serving ready-made lunch bowls or set lunch menus instead of buffets. Breakfast buffets also have bulk dispensers for jam, butter and honey instead of individually packaged items and yogurt machines instead of plastic cartons. Moreover, two hotels have introduced dishes that are made from leftovers, such as carrot soup. The partnerships with Alpaca Solutions in Belgium and Food Sharing in Germany also contribute to leftovers being consumed rather than being thrown away, as these organisations collect leftovers from meetings and events to distribute to people in need.

Pandox's target is to reduce food waste by 30 percent per year at the 15 hotel properties that have installed Winnow. For 2024 the average outcome was 55 percent. In 2025 a further two hotels will install Winnow. The remaining three properties do not have the system because two hotels do not have restaurant facilities and therefore it is not relevant, while one hotel uses a different foodtech system.

Local sourcing and chemical-free cleaning

Organic and local products at Pandox-operated hotels

Pandox has a strategy for sustainable purchasing in Own Operations, both to reduce climate impact and also for assurance of social factors such as animal welfare and working conditions in the supply chain. The strategy is broken down into internal guidelines that will result in an external policy in 2025. The purpose is to provide clear guidance to the hotels, suppliers and central sourcing partners regarding requirements and objectives within important purchasing categories such as food. For example, all coffee and 90 percent of fish must be certified to an internationally approved standard. In 2024 both goals were achieved in Germany and Belgium. Pandox also works to actively support local suppliers and the local economy as regards seasonal produce such as fruit and vegetables. Local purchases increased to 37 (22) percent. All hotels in Own Operations, regardless of brand, have access to an external purchasing system for food and beverages. This digital purchasing system guarantees that the suppliers have been audited and minimises situations where bribery may occur. In 2024 around 80 percent of all purchases were made through this platform and around 20 percent were sourced from local suppliers.

During the year 13 (7) hotels included the climate impact of the dishes in their à la carte menus. Moreover, 12 hotels have also introduced this into the process for booking meetings and events, with the climate choice being communicated to the conference booker. This is to help guests and conference bookers make conscious choices with the aim of reducing the climate footprint. Work is underway with Klimato to find a reliable way of calculating the reduction in climate footprint when choosing a dish as well as when purchasing sustainable products.

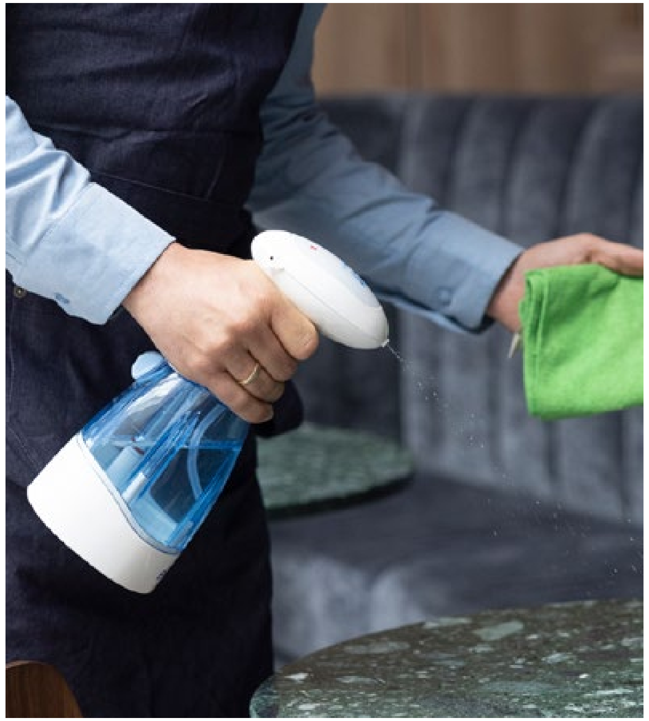
Chemicals and refrigerants

The main use of chemicals at hotels is in cleaning and disinfection, and when laundering sheets, towels and workwear. 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 addition, Pandox has conducted a review of its dry cleaning suppliers above a set amount from a human rights and environmental perspective. 19 (16) out of 20 hotels work with ISO 14001-certified suppliers, which means that they work in a structured and continuous manner to improve the business's environmental work, which includes a focus on chemicals. Work is also underway to review cleaning suppliers, which will continue in 2025.

In 2024 the number of hotels using a chemical-free cleaning solution increased to 16 (13) hotels. These hotels use the solution for cleaning the hotel rooms, with the exception of toilet cleaning. 10 (7) hotels have also started using a chemical-free solution in the lobby, and 11 (5) in the restaurant and kitchen. Pandox's new Sustainable Purchasing Policy contains minimum standards for purchases of cleaning products. 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 chemical use and plastic bottle waste. The target is for the percentage of certified eco-labelled products and chemical-free cleaning products to reach 80 percent, which was achieved during the year. The ambition for 2025 is for all hotels to use chemical-free cleaning.

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 is to reduce the environmental and greenhouse gas impact caused by the leakage of refrigerants during the operation of cold rooms, freezer rooms, air conditioning systems and heat pumps. In 2024 an inventory of refrigeration units at 62 properties in the Nordic region was conducted in order to be able to plan for future legal requirements relating to the phase-out of fluorinated greenhouse gases in 2032 and a possible regulation on PFAS. This inventory will also include the remaining Pandox properties in the Nordics and in Europe in 2025. The action plan for Scope 1 and 2 in Own Operations takes into consideration the choice of refrigerants in heat pumps when gas is phased out. A pilot study will therefore be conducted in which a CO_2 heat pump is installed at a hotel in order to investigate the benefits and possible challenges of this new technology.



Guest satisfaction and security

Having satisfied hotel guests is the core focus of the hotels we operate ourselves. Our hotels must also be safe and secure for guests, employees and anyone dropping in.

Guest satisfaction is one of the most important indicators in the Own Operations segment because it shows how well a hotel is living up to guest expectations. Our objective for the hotels we operate 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 4 percent to reach 69 (65) percent in 2024. Guest satisfaction increased during the same period by 1 percent to 84 (83) percent according to Pandox's annual, externally performed guest survey.

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 guests who are travelling for leisure 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

It goes without saying that Pandox must safeguard guests' health and safety, as well as their privacy and data security. This is an aspect we take extremely seriously.

Read more about how we work on this on page 132–133.

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. For example, 56 percent of Gen Z say that they would not accept a job if inclusive leadership was not practised[1]. Inclusive cultures have a positive impact on employee health and performance, and attract talent. This strengthens Pandox's resilience to the fluctuations in the labour market that the hotel industry may encounter.

Our goal is thus to be a leading company in equality and inclusion. This is not simply a strategic choice; it is the right thing to do.

A strategy filled with different perspectives
In spring 2024 Pandox conducted the Company's second employee survey focused on diversity and inclusion. The results showed that 82 (87) percent of employees feel included in the workplace. The decline from the previous year can be explained partly by the fact that the number of respondents to the survey increased from 48 percent to 65 percent, and partly that awareness among the respondents has increased as a result of the year's educational initiatives in this area, which is a common effect in the second year.

The action plan that was developed and started in 2023, based on Pandox's diversity and inclusion strategy, continued to be rolled out during the year. In Own Operations, work on unconscious bias training continued among general managers and their employees at 17 hotels, in order to increase awareness of unconscious bias and how they can work specifically to prevent it from happening in the workplace. 64 percent of all employees in Own Operations completed the training. Colleagues at Pandox's four newly acquired hotels, as well as new recruits, will receive training in 2025. Subsequently, 18 hotels began delivering training in inclusive leadership to general managers and their department heads. This will continue in 2025. In addition, inclusive recruitment efforts continued in order to secure access to the right skills and talents. Persons responsible for recruitment as well as department heads were trained at 15 hotels.

At the head office, the executive management team participated in a workshop focusing on culture and value to identify activities that support an inclusive culture. In 2025 the executive management team and managers at Pandox will be trained in inclusive leadership to ensure that all leaders and managers work according to the same methodology.

[1] mpg_2023_humanage_workforce_trends_interactive.pdf

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

Maximum 60 percent of the same 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 2024

51% women (2023: 51%)

49% men (2023: 49%)

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 2024.

RESULT 2024

82% felt included

(2023: 87%)

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 2024

100% have set targets for socially marginalised groups, with 60% of the hotels having achieved their target

(2023: 94% had set targets, with 0% achieved)

HOTELISM BY PANDOX

MARKET AND TRENDS

Pandox has a broad geographical presence with hotel properties in 90 cities around Europe. We are mainly to be found in locations dominated by domestic and regional demand. Our hotel properties are large and versatile, attracting both business and leisure demand.

CITYBOX BRUSSELS

Trends in the hotel market

	A bigger, richer world	Focus on experiences	A smooth guest journey	Guests have multiple roles	Sustainability and values
					
What is changing	• The world is growing economically and the population is increasing. • The global middle class is constantly growing.	• Once material needs have been satisfied, experiences become increasingly important. • People value their freedom more than before the pandemic.	• A smooth guest journey is associated with high expectations. • Digitalisation is also shaping the guest experience in new ways.	• Travel is changing. • A guest may begin their journey as a business traveller and end it as a leisure traveller, or vice versa.	• As the level of knowledge increases, there is a growing expectation that companies will focus on ESG. • New expectations regarding transparency and fulfilment of the Paris Agreement. • Change of practice among investors and banks.
Impact on the industry	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 guests want to maximise their positive experiences, whether travelling for business or pleasure. 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.	• It is essential to integrate sustainability into the overall business strategy. • Biodiversity and transparency in the value chain are becoming increasingly important.
Pandox's response	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.

The European Hotel Market in a Changing World

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. With this in mind, we formulated the theme for our Hotel Market Day 2024 as "A New Dawn – The European Hotel Market in a Changing World". At this event we gathered industry experts and decision-makers to explore the future of the hotel industry in a time of great change.

See more on next page.

A New Dawn – The European Hotel Market in a Changing World

The entire Hotel Market Day is available at pandox.se

Pandox held its annual Hotel Market Day on 19 November 2024. We delved deeper into the geopolitical discussion from 2023 focusing on the strong drivers supporting the European hotel market even in a world that is more uncertain than before. Europe is the world's largest tourism and hotel market where close to 90 percent of demand is domestic and regional. It is a stable and good market for a hotel property owner to be operating in.

Pandox the hotel property specialist

Liia Nõu, | *CEO Pandox*

One world seven momentums

Kjell A Nordström | *Economist, Author and Advisor*
Per Schlingmann | *Strategist, Author and Entrepreneur*

Six geopolitical forces reshaping the European business landscape

Tim Figures | *Partner and Associate Director, BCG*

Bridging the geo aspects into the hotel market

Henrik Mitelman | *Advisor, Analyst and Columnist*

From conflict to opportunity: geopolitical influences on tourism and hotel real estate

Carine Bonnejean / *Managing Director Hotels, Christie & Co*

The European hotel market in a changing world – What will 2025 look like?

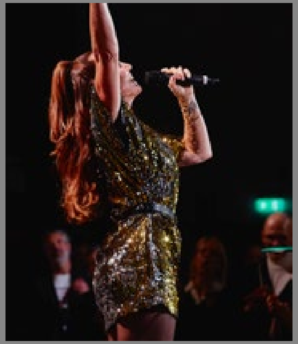
Thomas Emanuel | *Senior Director, STR Global*

Travel trends you can't ignore

Carmen Hui | *Director Commercial Strategy, Booking.com*

Moderator for the day:
Victoria Hills

Entertainment provided by:
Lina Hedlund



Many different segments

Around 85 percent of the hotel property portfolio – in terms of number of rooms – is in markets dominated by regional and domestic demand.

International cities

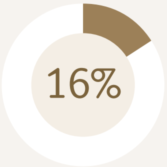
Characteristics
- Strong purchasing power.
- Hubs for international travel.
- All guest segments represented.
- High RevPAR.

Examples in Pandox's portfolio
London, Amsterdam, Brussels, Berlin, Vienna and Dublin.

PANDOX FACTS

19 hotels
5,547 rooms

Percentage of total number of rooms



Regional cities

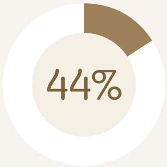
Characteristics
- Varying purchasing power.
- Hubs for regional and domestic travel, with elements of international demand.
- Multiple guest segments represented.
- Mid-level RevPAR.

Examples in Pandox's portfolio
Hamburg, Munich, Cologne, Frankfurt, The Hague, Copenhagen, Stockholm, Oslo, Helsinki, Manchester, Edinburgh, Birmingham and Basel.

PANDOX FACTS

65 hotels
15,619 rooms

Percentage of total number of rooms



Domestic cities

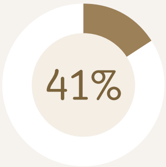
Characteristics
- Lower purchasing power.
- Hubs for domestic travel.
- Fewer guest segments represented.
- Low RevPAR.

Examples in Pandox's portfolio
Leeds, Sheffield, Jönköping, Örebro, Sundsvall, Jyväskylä, Kuopio, Bergen, Bodø, Karlsruhe and Mönchengladbach.

PANDOX FACTS

76 hotels
14,506 rooms

Percentage of total number of rooms



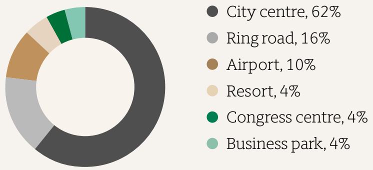
Total portfolio

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.

Rooms by location

31 December 2024



In focus: UK

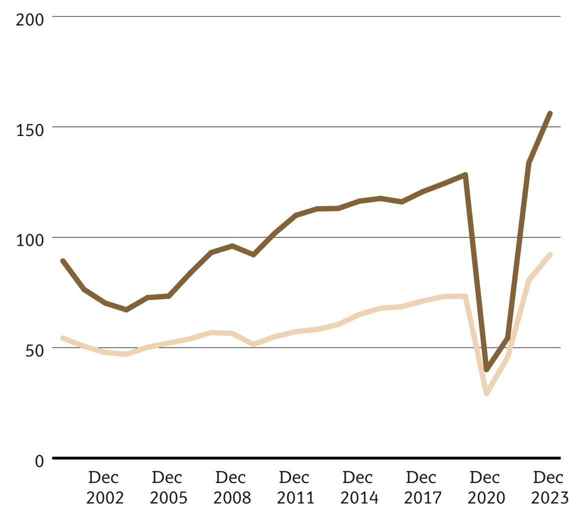
The UK grew to become Pandox's largest market in 2024, measured in property value. Over the past few years Pandox has made substantial investments in the British market, through both new acquisitions and investments in the existing portfolio.

The UK hotel market consists of two separate and distinct markets – London and UK Regional (UK excluding London). With its 9.5 million residents, London is one of the world's leading financial hubs and a global destination that attracts around 20 million international visitors every year. The city offers around 160,000 hotel rooms and has always been lucrative for hotel development. Over the past 12 months around 2,900 rooms have entered the market, which is essentially in line with the market's 10-year average trend.

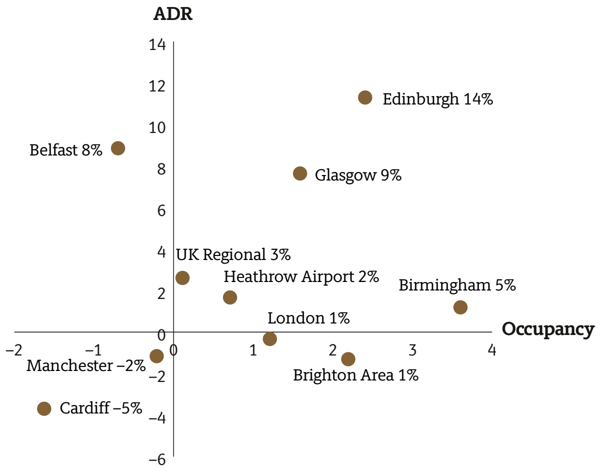
UK Regional has around 56 million residents and its economy is dominated by industry, wholesale and retail, and health and medical services. Although travel demand here is mainly domestic, some growth was noted in international travel to UK Regional – even before the pandemic – primarily to university towns and cities with a wealth of history such as Edinburgh, Oxford and Cambridge. More established large cities such as Birmingham, Manchester, Leeds, Liverpool and Glasgow have also become more popular, driven by strong leisure travel.

Moreover, the local rail network provides convenient connections between all major cities. Regional travel also includes the more seasonal destinations such as Scarborough, Brighton and Bath. Around 4,600 new hotel rooms were added to the regional market over the past 12 months. There is an additional 12,800 rooms in the pipeline, representing a capacity increase of around 2.3 percent. After the pandemic the UK lifted restrictions earlier than many other countries, which contributed to a faster recovery. Something that has increased in the post-pandemic years is big sporting and cultural events, such as regional sports tournaments to concerts and festivals. As a consequence, domestic leisure travel has increased in most markets. Going forward, international travel is also expected to continue its increase and to strengthen growth in 2025 in London as well as UK Regional.

RevPAR (revenue per available room) 12 months rolling



RevPAR development 2024, selected cities (compared with 2023)



Average daily rate per room (ADR) is shown on the vertical axis and occupancy (Occ) on the horizontal axis. Origo is the point corresponding to 2023 for both ADR and Occ. The change in RevPAR, compared with 2023, is stated after the name of the city.

FAST FACTS: UK

Population: 68 million

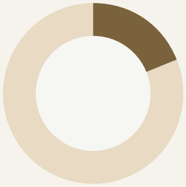
GDP: GBP 2.27 billion (2023)

Number of guest nights: 293 million (2023)

The UK is Europe's third largest hotel market after Spain and Germany (measured as number of rooms).

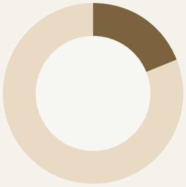
FAST FACTS: PANDOX IN THE UK

Number of hotels



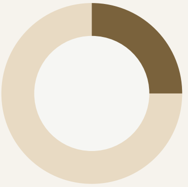
29 hotels
19% of the total 161 hotels

Number of rooms



6,683 rooms
19% of the total 35,672 rooms

Market value



MSEK 18,883
25% of the total MSEK 76,334

Our largest hotel in the UK

Leonardo Royal Birmingham, 445 rooms

Pandox destinations with Premier League football teams

12

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 hotel property portfolio, 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 ...

Large and fragmented market	The hotel property market in Europe is fragmented. Pandox, which is one of the biggest players, has a combined market share of just under 1 percent, measured as the number of rooms in the markets where the Company is established. Competing hotel property companies are rarely international specialists, but instead tend to be from the financial sector or are national 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.
Difficult to replicate	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.
Specialist knowledge is crucial	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.
Diversification creates opportunities	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.

Changed business models in the hotel market	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.
Asset-light requires large volumes in order to be profitable	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.
Fewer operators but more brands	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.
The pandemic has reinforced more than changed	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.

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 43.

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 drivers.

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 45.

Positive RevPAR development in 2024
RevPAR increased in 2024 supported by a strong event calendar and positive underlying demand, driven by continued post-pandemic normalisation of the hotel market.

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.

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

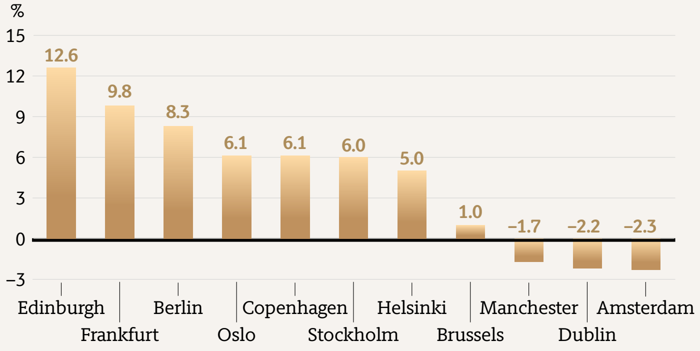
If the rent in the above case is paid at 35 percent of room revenue, then the rental income for Pandox is SEK 17,885,000 (51,100,000 x 0.35). In addition, there will normally be other income that in certain cases may be substantial. This means that Pandox's actual rent growth may be either higher or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

The market in 2024

Sustained good development for the European travel and hotel industry
Growth in the hotel market in Europe in 2024 was more normal compared with the high growth noted in the immediate aftermath of the pandemic. International travel again reached the level it was at before the pandemic. Leisure travel was stable while both group and business travel contributed to increased occupancy and higher average room rates on weekdays. Major events such as Taylor Swift's tour, UEFA EURO 2024 in Germany and the Paris Olympics had a particularly positive effect in the second and third quarters.

- In the Nordics Norway saw the strongest development, driven by good average room rate development, particularly in regional cities. Finland developed well, mainly driven by increased international demand in Helsinki. Sweden was negative affected by Gothenburg, where significant new hotel capacity has been added in recent years.
- In Germany the trade fair calendar returned to more normal cycles, with larger fairs often following a two- to three-year calendar, which tends to result in an uneven breakdown of RevPAR development between individual markets. UEFA EURO 2024 in June–July gave a boost to markets such as Berlin, Dortmund and Stuttgart.
- UK Regional presented good growth, supported by improved average room rates, with Edinburgh and Glasgow being the single strongest markets.
- Brussels had good international demand but growth was tempered by new capacity.

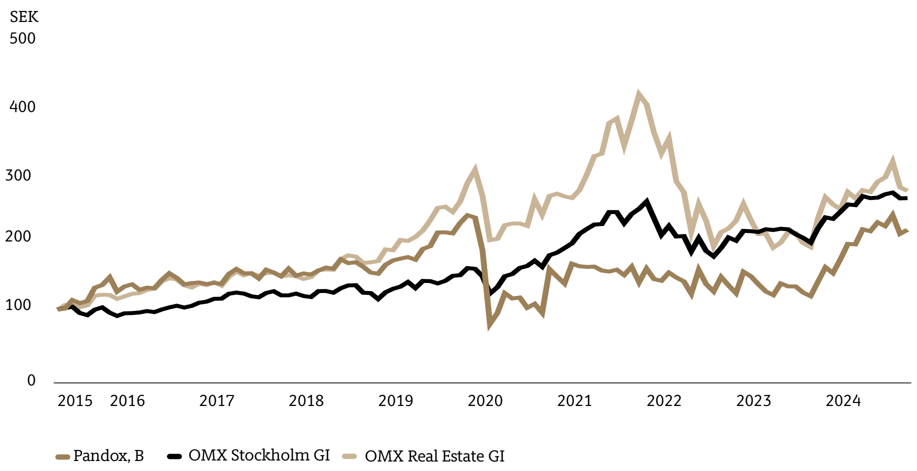
Key markets (RevPAR growth in 2024 compared with 2023)



The share and the capital market

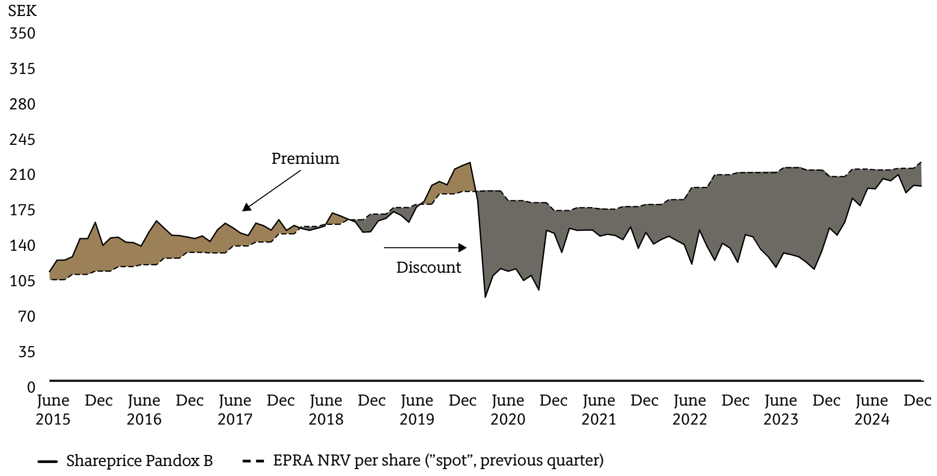
Pandox's class B shares have been listed on Nasdaq Stockholm Large Cap since June 2015. Pandox's goal is to provide the capital market with open, reliable and accurate information on the Company's operations and financial development to enable the Company and also the shares to be valued accurately.

TOTAL RETURN ON PANDOX SHARES
18 June 2015–31 December 2024



Source: Modular Finance

THE PANDOX SHARE AND EPRA NRV PER SHARE
18 June 2015–31 December 2024



Pandox's total return over time
The Pandox share's total return in 2024 was 31 percent. Calculated from the share's first trading day on 18 June 2015, the total return at year-end was 110 percent.

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.

See page 153 for a definition of Pandox's net asset value according to EPRA NRV.

ANNUAL GENERAL MEETING
Pandox AB's Annual General Meeting will take place on Wednesday, 9 April 2025. For information about the AGM and how it will be held, visit pandox.se.

Annual General Meeting calendar

Record date for the Annual General Meeting	1 April 2025
Annual General Meeting	9 April 2025

PROPOSED DIVIDEND
At the 2025 Annual General Meeting the Board of Directors will propose a dividend of SEK 4.25 (4.00) per share, equivalent to around MSEK 827 (735) in total, for the 2024 financial year.

FINANCIAL CALENDAR

Annual General Meeting 2025	9 April 2025
Interim Report January–March 2025	29 April 2025
Interim Report April–June 2025	11 July 2025
Interim Report July–September 2025	23 October 2025
Year-End Report 2025	5 February 2026

Contact information

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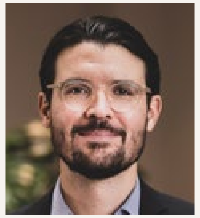


Erik Ax Rabaeus
Director, Communications & IR
+46 707 13 77 06
erik.ax@pandox.se

Six quick facts – Pandox as an investment

1

Operating in the world's largest hotel market

Our home market is Europe, the world's largest hotel and tourism market. The hotel and tourism industry is global and dynamic, 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' experience of all operating models in the hotel market, giving us both flexibility and room to manoeuvre.

3

Attractive revenue-based leases

We have long-term, revenue-based leases with good guaranteed minimum levels with strong and skilled hotel operators with joint incentives. We share the upside in a growing hotel market and enjoy downside protection in a poorer hotel market.

4

High-yielding properties and positive yield spread

Our portfolio has an average valuation yield of 6.29 percent and a yield spread of more than 200 basis points.

5

Ambitious sustainability goals

We invest on an ongoing basis in profitable projects that reduce our climate footprint, based on SBTi-validated targets.

6

Robust platform for growth

With a strong cash flow and financial position, we are creating continual and profitable growth through acquisitions of new properties and investments in our existing portfolio.

QUALITY HOTEL GRAND, BORÅS

Dialogue with investors

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.

What determines whether you will lease out a hotel or operate it yourself?
"We always focus on the individual hotel's unique situation and opportunities to create maximum value. When we make new acquisitions we allow the model that is in place to guide us, which in recent years has often meant operating the hotel ourselves. That's because we've identified the greatest opportunities within this particular niche. Our aim is always to sign long-term, revenue-based and attractive leases. When this is not a possibility, we opt to operate the hotel ourselves. When carrying out major renovations or repositioning we often prefer to operate the hotel ourselves during the process and then lease it out once the project is completed. Two clear examples from 2024 are Scandic Go Sankt Eriksgatan 20 and Citybox Brussels."

Has the hotel market now fully recovered after the pandemic?
"Most segments and markets have not only recovered but have also exceeded the 2019 levels. There are segments though that haven't yet fully recovered, such as large group travel and international travel, particularly from regions such as Asia. We predict continued positive development in this area and expect a gradual recovery in the years ahead."

What growth opportunities are there in 2025? Which markets do you think have the most potential?
"For 2025 we expect to see RevPAR growth in the hotel market driven by higher occupancy as well as increased average room rates. The acquisitions and investments we've made in the existing portfolio will also make a positive contribution. Helsinki in Finland and Germany are two examples of markets where the recovery has taken longer, even if things are moving in the right direction."

What do you look for when making acquisitions?
"One of our biggest strengths is our flexibility and profound expertise, which enable us to make different types of acquisitions. Whether the intention is for us to operate a hotel ourselves, implement substantial renovations or reposition a hotel, we have the capacity to adapt to the situation at hand. We see particular value in more complex projects, because this is where we can benefit from our business model and our hotel expertise. Also, we're not limited to a specific market or country; we allow the opportunities to guide us, which puts us in a strong and advantageous position."

What progress has been made in sustainability in 2024?
"We have continued the process of sustainability-linking our bank loans based on our SBTi targets. During the year we increased the share of sustainability-linked loans from 6 to 45 percent, and we are aiming to maintain this good development pace. When we acquired three aparthotels in central London in August we took an important step by securing our first green loan. The loan was made possible thanks to the high energy rating of the properties and it has a significantly lower credit margin than the average for our loan portfolio. Altogether, our progress in sustainability is now contributing even more to our Group's positive financial position."

ANALYSTS WHO FOLLOW PANDOX

ABG Sundal Collier
Fredrik Stensved
Markus Henriksson

Carnegie
Fredric Cyon
Erik Granström

DNB
Simen Mortensen
Niklas Wetterling

Handelsbanken
Johan Edberg
Sebastian Jakobsson

Kepler Cheuvreux
Albin Sandberg

Green Street
Andres Toome
Rob Phillips

Nordea
Staffan Bülow
David Flemmich

MEMBERSHIP:

- Sweden Green Building Council
- Swedish Property Federation
- UN Global Compact
- Energy & Environment Alliance (EEA)

SUSTAINABILITY RANKING

- CDP ranked A– in 2023.
- Bronze Award in the 2024 EPRA Sustainability Best Practices Recommendations.
- One of Financial Times Europe's Climate Leaders 2024 – Financial Times & Statista.
- One of world's best companies – Sustainable growth – Time & Statista.

The share and ownership structure

Listed on Nasdaq Stockholm
Pandox's class B shares have been listed on Nasdaq Stockholm's large cap list 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 2024 the last price paid for the class B shares was SEK 191.80 (150.40) and the visible market cap was MSEK 22,940 (16,371). With the unlisted class A shares included at the same price as the class B shares, the market cap was MSEK 37,325 (27,651).

In 2024 the change in the value of Pandox shares was 31 (29) percent, compared with the OMX Stockholm Benchmark PI at 9 (13) percent and the OMX Stockholm Real Estate PI at –2 (14) percent.

Calculated from the date of listing, 18 June 2015, the value of Pandox shares at year-end 2024 had increased by 79 percent compared to 101 percent for the OMX Stockholm Real Estate PI and 69 percent for the OMX Stockholm Benchmark PI. The total return on Pandox shares over the same period was 110 percent.

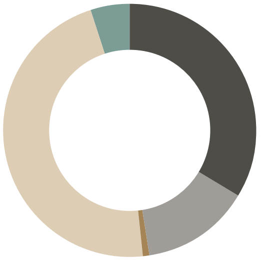
Trading and liquidity
Trading on Nasdaq Stockholm accounted for 43 (37) percent of all trading in Pandox shares in 2024. During the year around 40 (45) million class B shares were traded on Nasdaq Stockholm, corresponding to around 34 (42) percent of outstanding class B shares at year-end, for a value of around MSEK 7,200 (5,800). Average daily trading on Nasdaq Stockholm during the year amounted to 158,057 (180,890) shares, corresponding to around MSEK 29 (23) in value. Trading on marketplaces other than Nasdaq Stockholm amounted to 57 (63) percent.

Largest shareholders as of 31 December 2024
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	10,950,826	24.8	35.7
Helene Sundt AB	18,657,188	2,912,187	11.1	17.1
Christian Sundt AB	18,657,187	0	9.6	16.2
AMF Försäkring & Fonder		28,894,905	14.9	8.4
Alecta Pensionsförsäkring		7,687,577	4.0	2.2
Länsförsäkringar Fonder		6,422,944	3.3	1.9
Carnegie Fonder		5,605,698	2.9	1.6
Vanguard		3,949,905	2.0	1.2
BlackRock		3,865,173	2.0	1.1
Fjärde AP-fonden		3,685,401	1.9	1.1
Total, top 10 shareholders	74,628,750	74,036,616	76.4	86.5
Other shareholders	371,250	45,568,384	23.6	13.5
Total	**75,000,000**	**119,603,000**	**100**	**100**

Information compiled by Monitor as of 31 December 2024.
Sources: Euroclear Sweden, Morningstar, Finansinspektionen (FI), Nasdaq and Millistream.

Shareholders by category as percentage of capital
31 December 2024



- Swedish institutions, 34%
- Foreign institutions, 14%
- Swedish individuals, 1%
- Other shareholders, 47%
- Anonymous ownership, 5%

Shareholders by country as percentage of capital
31 December 2024

- Norway, 48%
- Sweden, 36%
- USA, 7%
- Other, 9%

Information compiled by Monitor as of 31 December 2024.
Sources: Euroclear Sweden, Morningstar, Finansinspektionen (FI), Nasdaq and Millistream.

Key ratios

	2024	2023
Key ratios per share, after dilution effects [1]		
Total net operating income, SEK	22.15	21.05
Profit for the year, SEK	9.04	–3.18
Cash earnings, SEK [2]	10.46	9.48
Equity, SEK [2]	173.15	160.85
Net reinstatement value (EPRA NRV), SEK	215.58	201.12
Dividend, SEK [3]	4.25	4.00
Market cap, MSEK	37,325	27,651
Return, Pandox shares, %	31	29
Return, OMX Stockholm Benchmark PI, %	9	17
Return, OMX Stockholm Real Estate Index, %	–2	14
Dividend pay-out ratio of cash earnings, %	40.6	42.2
Dividend pay-out ratio of EPRA NRV, %	2.0	2.0
Dividend yield, %	2.2	2.7
Total number of shares at end of period, thousands	194,600	183,850

1) For definitions of key ratios, see page 151.
2) Attributable to the shareholders of the Parent Company.
3) For 2024 the Board's proposed dividend is stated.

For more key ratios and comparative years, visit pandox.se

SHARE FACTS
As of 31 December 2024

Market: Nasdaq Stockholm
Segment: Large Cap
Sector: Real Estate
Ticker symbol: PNDX B
Number of class B shares (listed): 119,603,000
Number of class A shares (unlisted): 75,000,000
Market cap: MSEK 37,325 (class A and B shares)
Share volatility: 46% (five years, annual basis)
Share beta value: 1.27 (five years, OMXSPI)
Average daily trading volume: 158,057 shares (2024)

Source: Nasdaq, InFront, Euroclear, Monitor, Pandox.

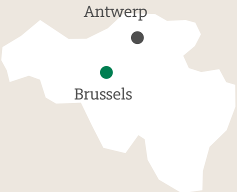
HOTELISM BY PANDOX

PROPERTIES

Pandox has a large hotel property portfolio consisting of 161 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.

LEONARDO ROYAL HOTEL GLASGOW

Belgium



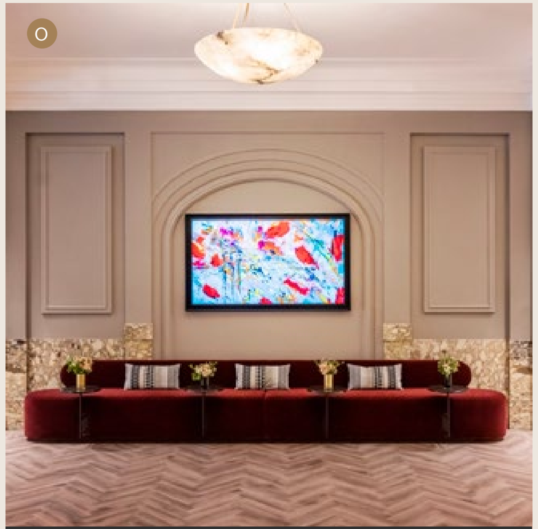
Demand

- International
- Regional
- Domestic

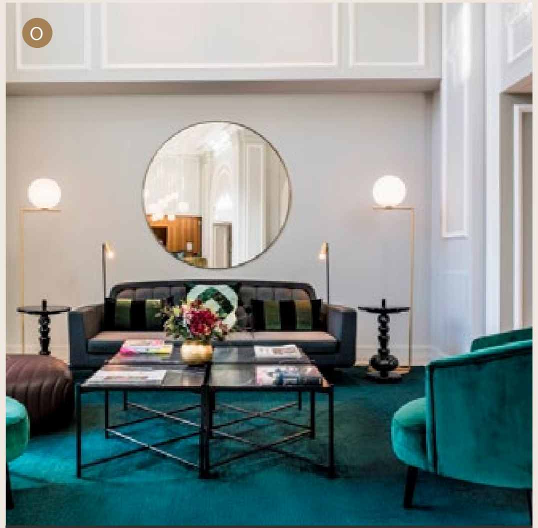
Share of Pandox

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

Hotel Indigo Brussels – City
284 rooms
Green Key SafeGuard BREEAM

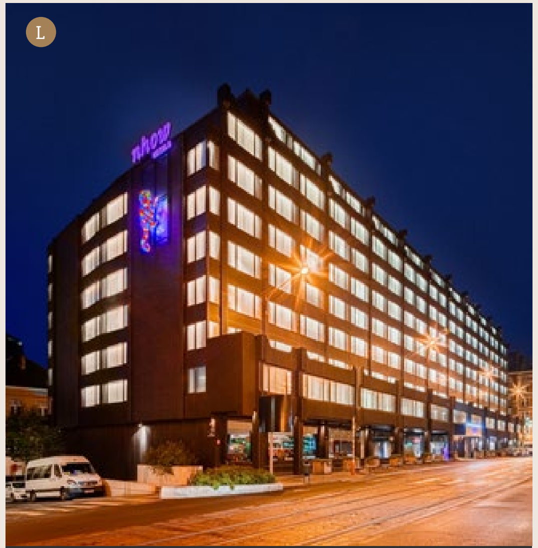


DoubleTree by Hilton Brussels City
354 rooms
Green Key SafeGuard

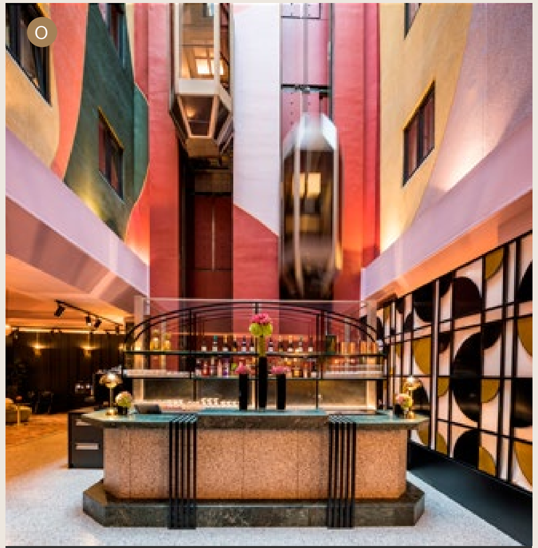


Hilton Grand Place Brussels
224 rooms
Green Key BREEAM ISO14001, ISO50001

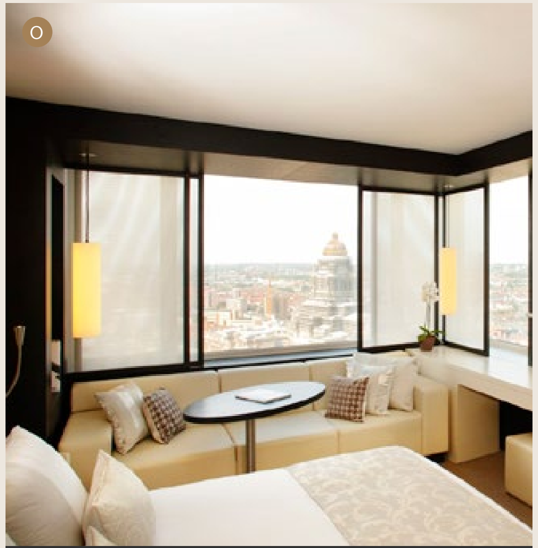
Citybox Brussels
246 rooms



nhow Brussels Bloom
305 rooms
Bioscore



Hotel Hubert Brussels
100 rooms
Green Key BREEAM

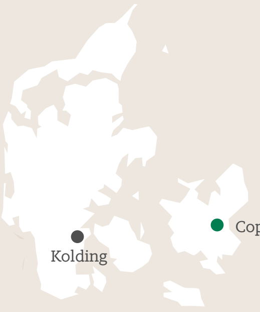


The Hotel Brussels
421 rooms
Green Key BREEAM

Holiday Inn Brussels Airport
310 rooms
Green Key IHG Green Engage

L Leases
O Own Operations

Denmark



Demand

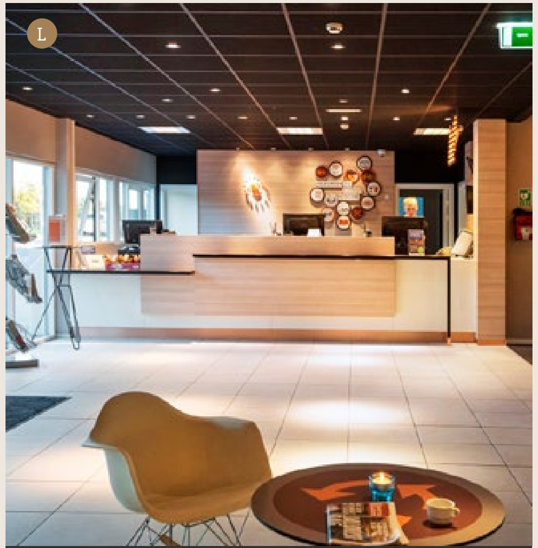
- International
- Regional
- Domestic

Share of Pandox

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

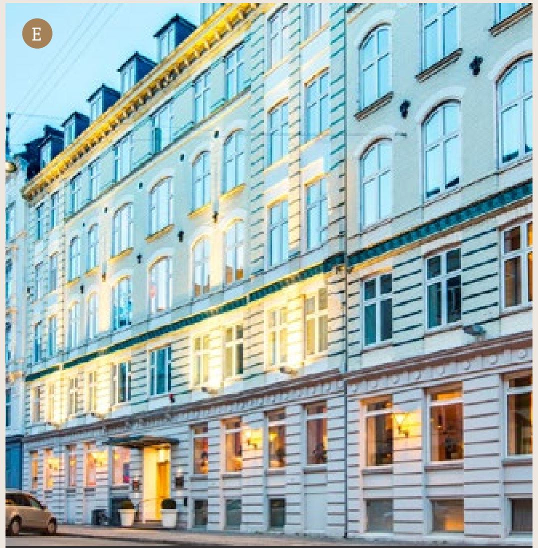
L

Urban House Copenhagen by MEININGER
228 rooms



L

Scandic Hvidovre
207 rooms
Nordic Swan

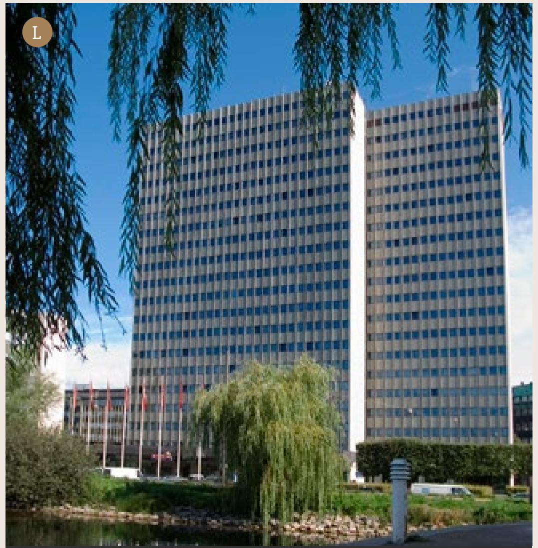


E

Hotel Mayfair Copenhagen
203 rooms
Green Key

L

Scandic Sluseholmen
215 rooms
Nordic Swan



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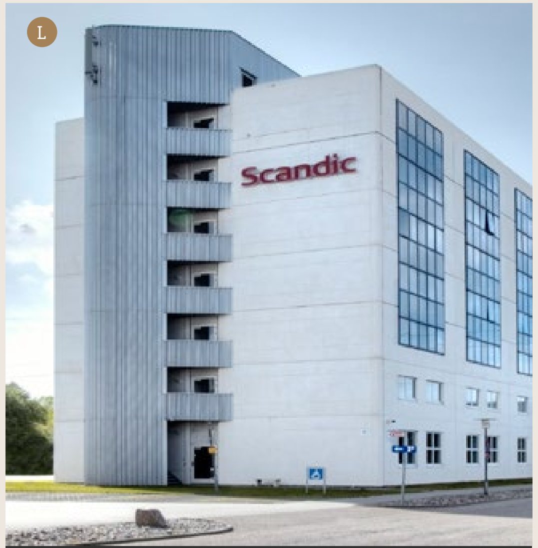
Scandic Copenhagen
486 rooms
Nordic Swan



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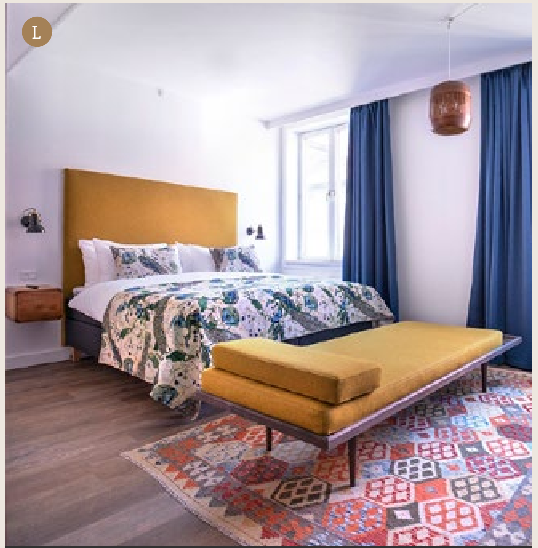
Scandic Kolding
186 rooms
Nordic Swan



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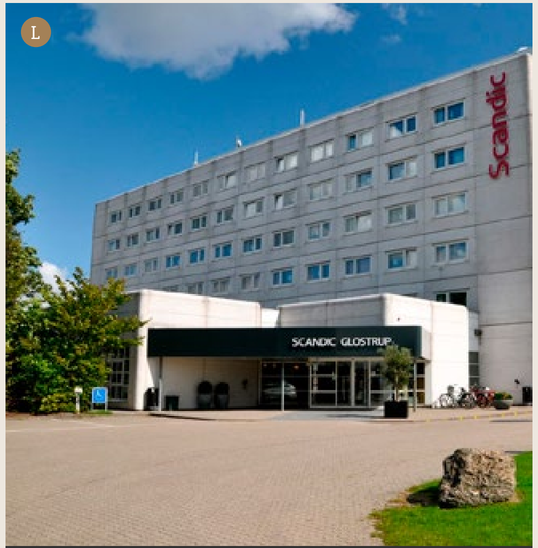
Motel One Copenhagen
200 rooms
Green Key

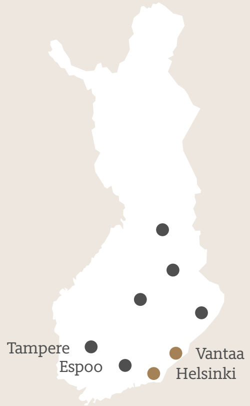


L

Scandic Glostrup
120 rooms
Nordic Swan

L Leases
O Own Operations

Finland

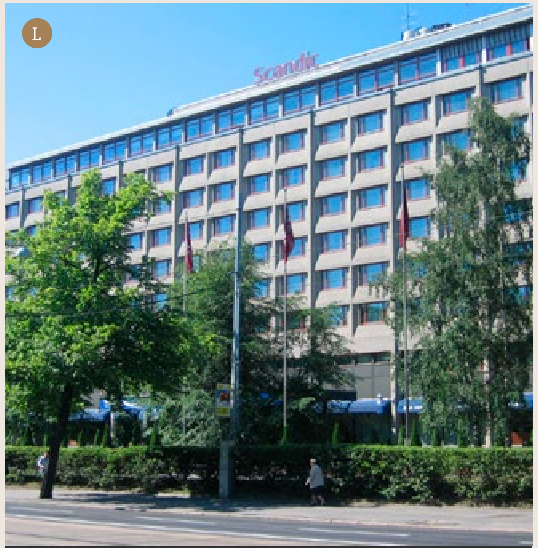


Demand

- International
- Regional
- Domestic

Share of Pandox

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

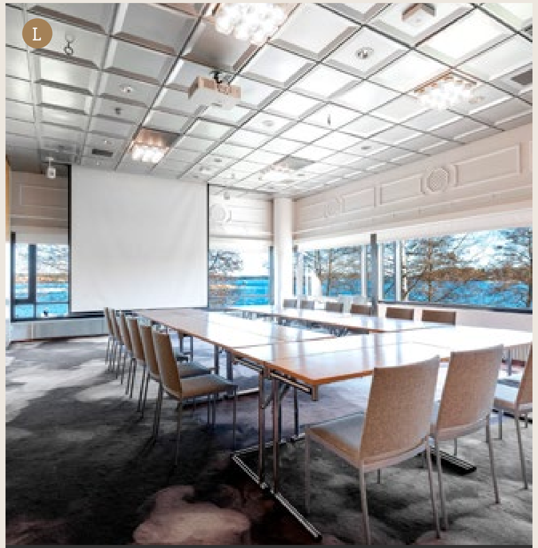


L

Scandic Park Helsinki
523 rooms
Nordic Swan

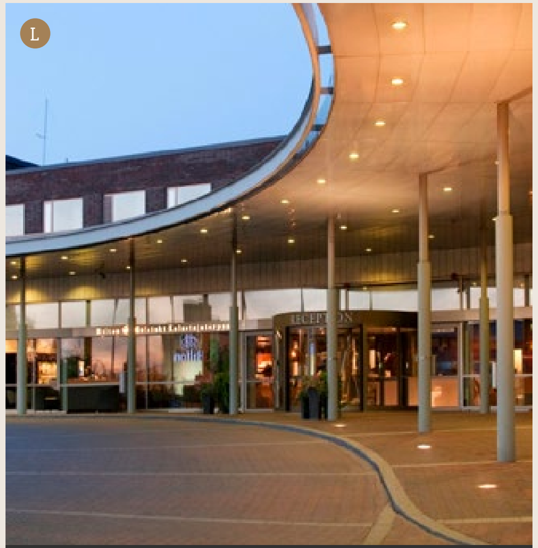
L

Scandic Tampere City
263 rooms
Nordic Swan



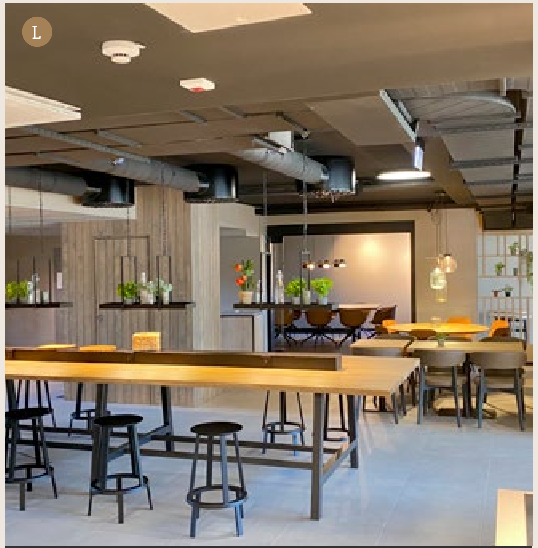
L

Scandic Kuopio
137 rooms
Nordic Swan



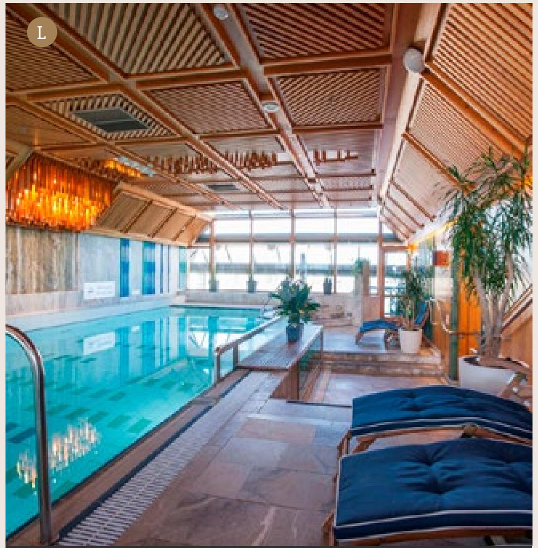
L

Hilton Helsinki Kalastajatorppa
238 rooms
ISO14001, ISO50001



L

Pilot Airport Hotel
109 rooms



L

Hilton Helsinki Strand
190 rooms
Nordic Swan

L

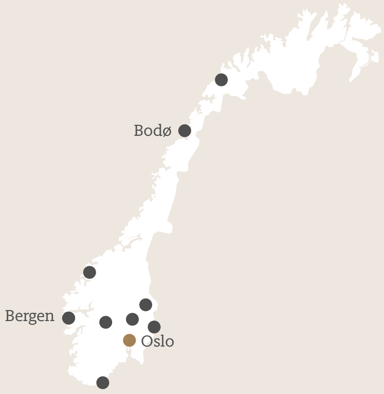
Scandic Grand Marina
470 rooms
Nordic Swan

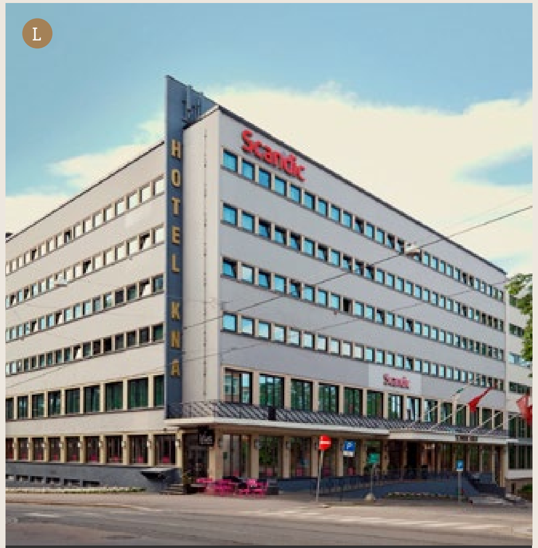
L

Scandic Rosendahl
213 rooms
Nordic Swan

L Leases
O Own Operations

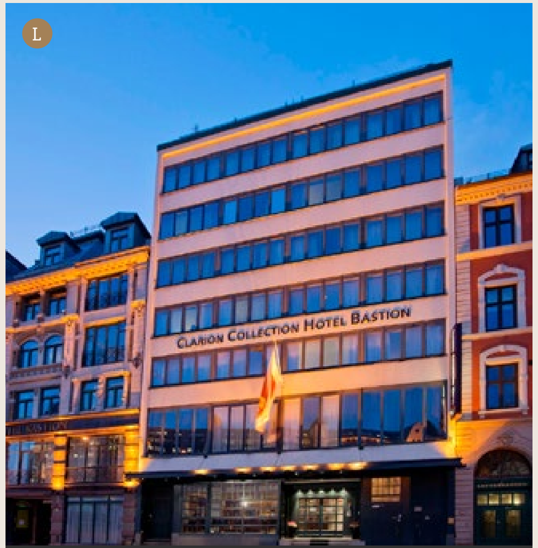
Norway





Scandic Solli
226 rooms
Nordic Swan

Radisson Blu Hotel, Bodø
191 rooms
Green Key



Clarion Collection Bastion
99 rooms
ISO 14001

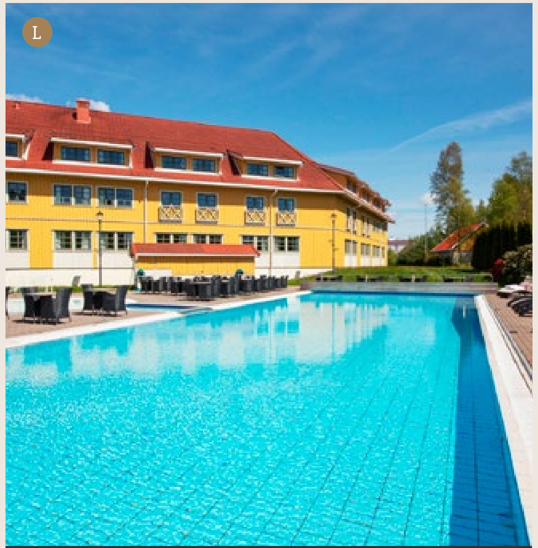
Radisson Blu Tromsø
269 rooms
Green Key

Demand

- International
- Regional
- Domestic

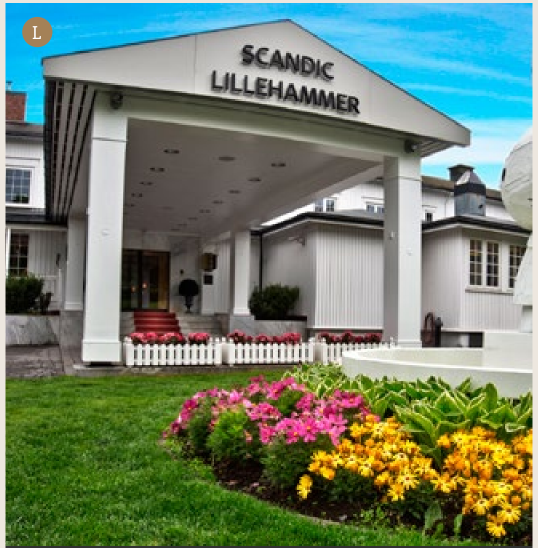
Share of Pandox

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



Scandic Sørlandet
210 rooms
Nordic Swan

Comfort Hotel Bergen
159 rooms
ISO 14001



Scandic Lillehammer
303 rooms
Nordic Swan

Comfort Hotel Børsparken
248 rooms
ISO14001

L Leases
O Own Operations

Sweden

Demand

- International
- Regional
- Domestic

Share of Pandox

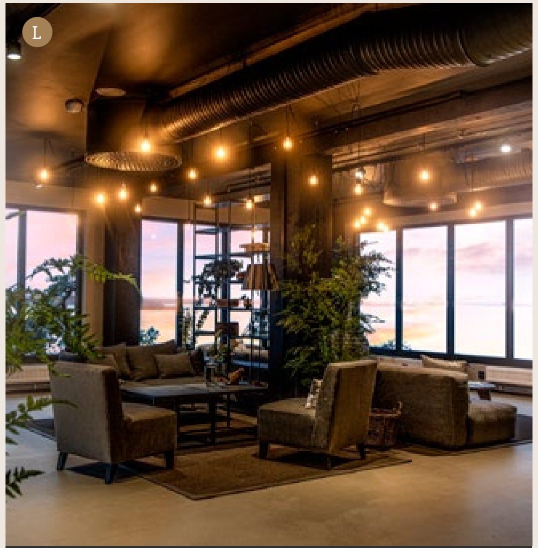
26% 42 hotels
26% 9,120 rooms
21% of market value

Scandic Grand Örebro
224 rooms Nordic Swan

Elite Stora Hotellet Jönköping
167 rooms Green Key ISO 14001, ISO 50001

Hilton Stockholm Slussen
289 rooms Green Key

Scandic Go Sankt Eriksgatan 20
221 rooms



Vildmarkshotellet Kolmården
213 rooms Nordic Swan

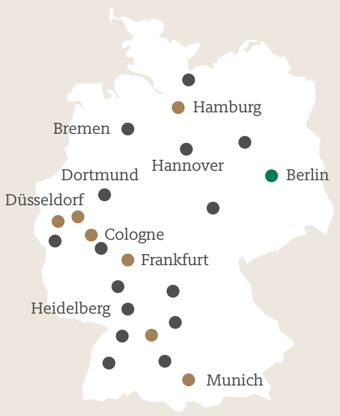
Scandic Park Stockholm
203 rooms Nordic Swan

Radisson Blu Arlandia
342 rooms Green Key

Scandic Crown Gothenburg
338 rooms Nordic Swan

L Leases
O Own Operations

Germany

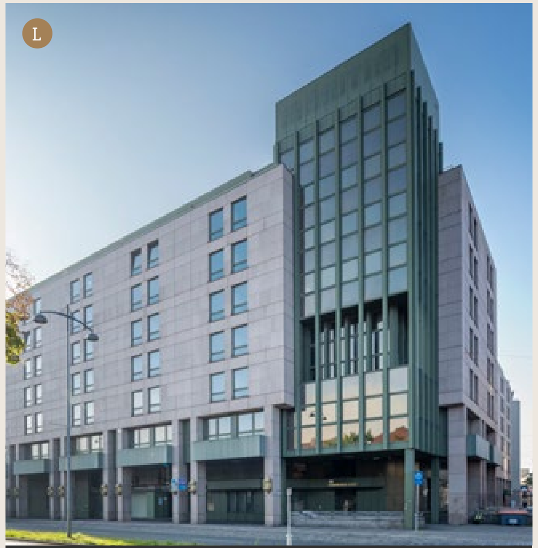


Demand

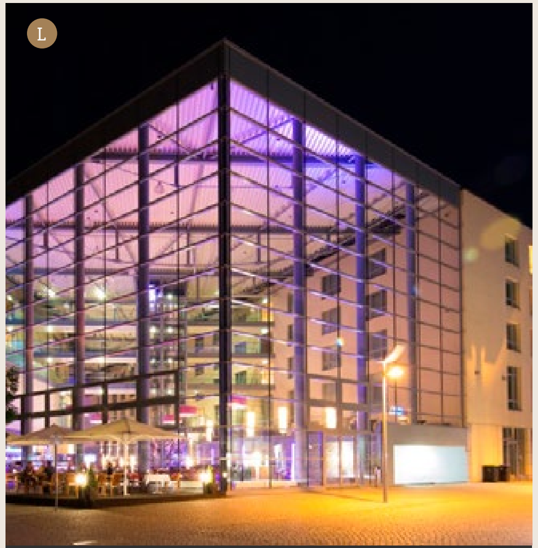
- International
- Regional
- Domestic

Share of Pandox

23% 37 hotels
23% 8,123 rooms
22% of market value

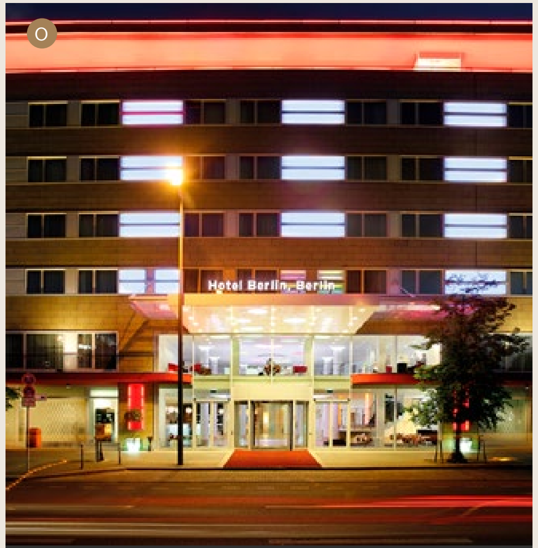


Scandic Nürnberg Central
311 rooms
Nordic Swan

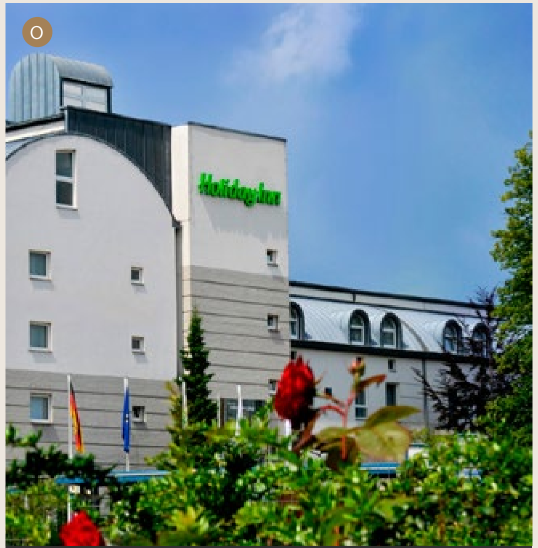


Dorint Hotel am Dom Erfurt
160 rooms
Green Key

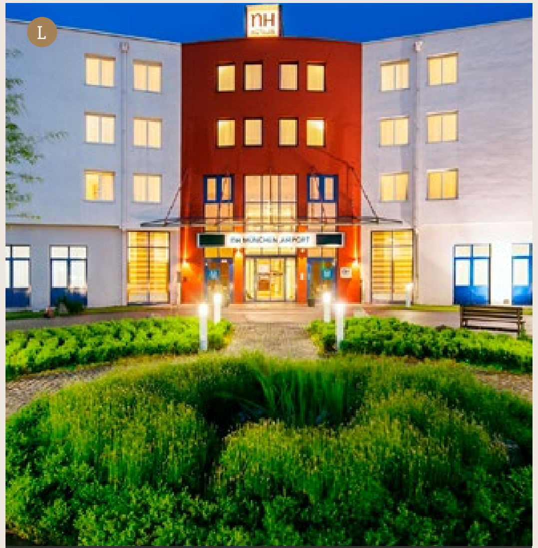
Leonardo Royal Köln am Stadtwald
150 rooms
Green Key



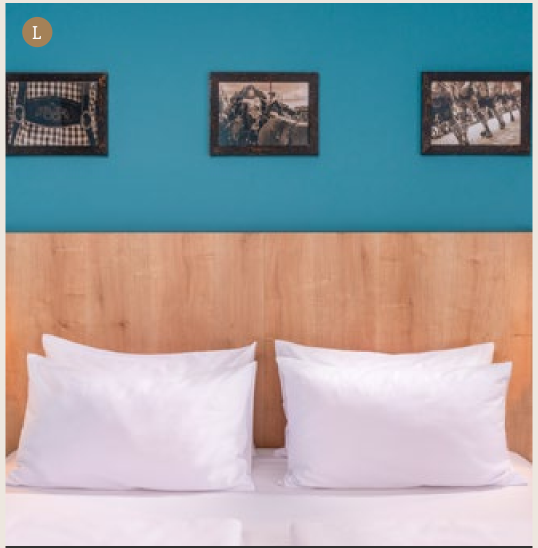
Hotel Berlin, Berlin
701 rooms
Green Key BREEAM



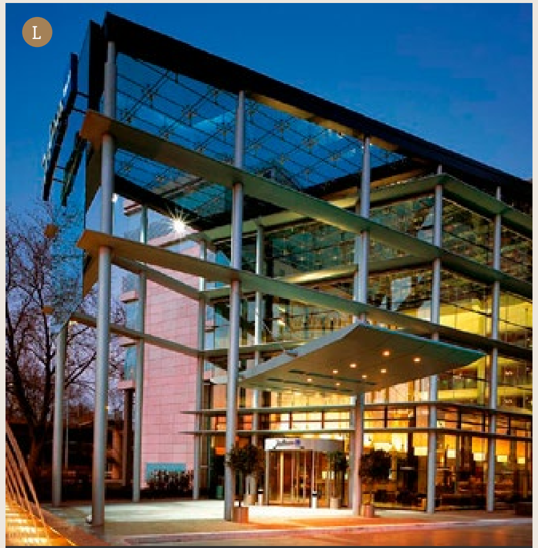
Holiday Inn Lübeck
159 rooms
Green Key BREEAM



NH Munich Airport
236 rooms
Bioscore



Mercure Hotel München Neuperlach Süd
253 rooms



Radisson Blu Hotel, Cologne
393 rooms
Green Key

L Leases
O Own Operations

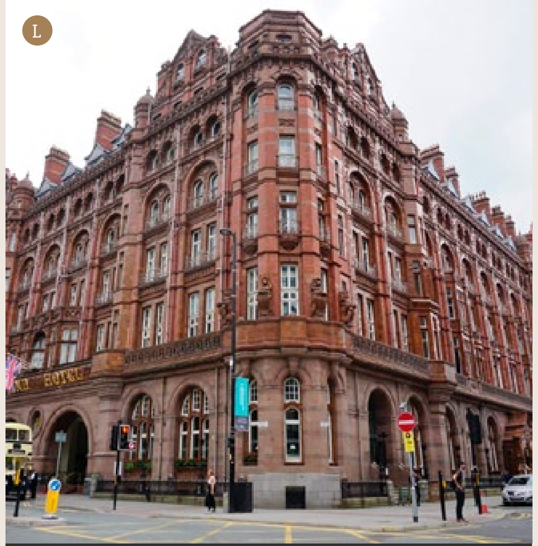
United Kingdom

Demand

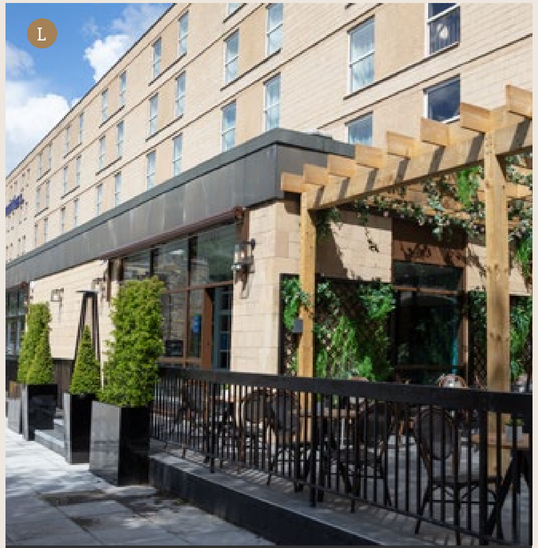
- International
- Regional
- Domestic

Share of Pandox

18% 29 hotels
19% 6,683 rooms
24% of market value

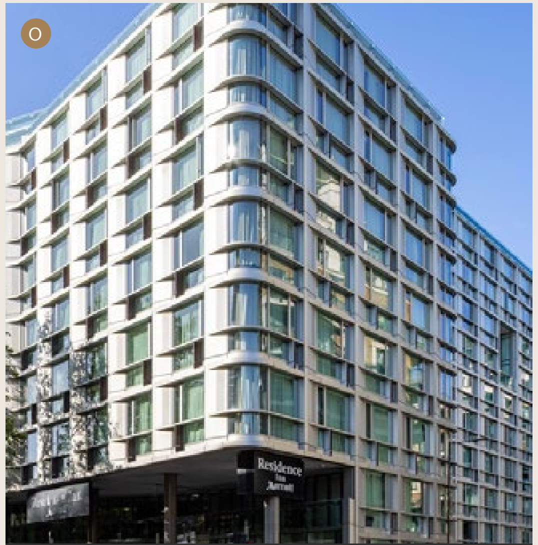


The Midland Hotel, Manchester
312 rooms Green Tourism Bronze

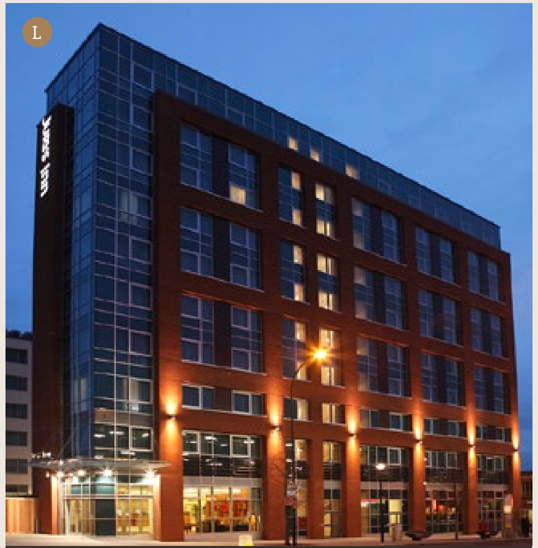


DoubleTree by Hilton Bath
176 rooms

Hilton Garden Inn London Heathrow Airport
364 rooms Green Key BREEAM



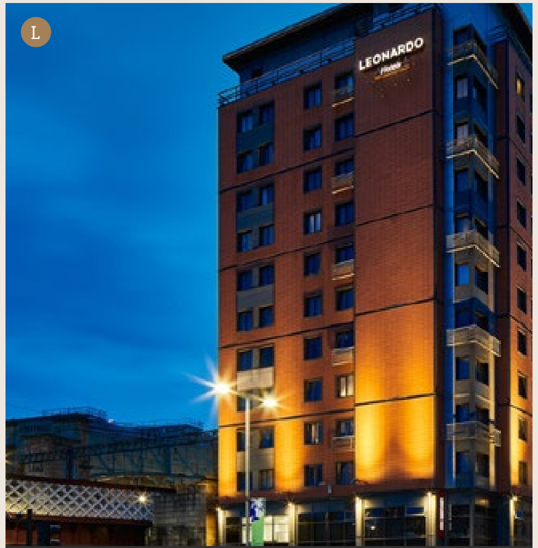
Residence Inn by Marriott London Kensington
315 rooms Green Key



Leonardo Hotel Sheffield
259 rooms Green Tourism Silver

Leonardo Royal Hotel Birmingham
445 rooms Green Tourism Gold

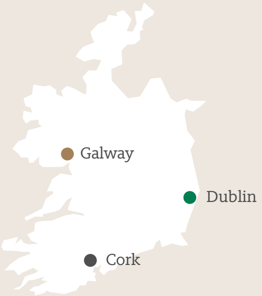
Aparthotel Adagio Edinburgh Royal Mile
146 rooms



Leonardo Royal Hotel Glasgow
321 rooms Green Tourism Silver

L Leases
O Own Operations

Ireland

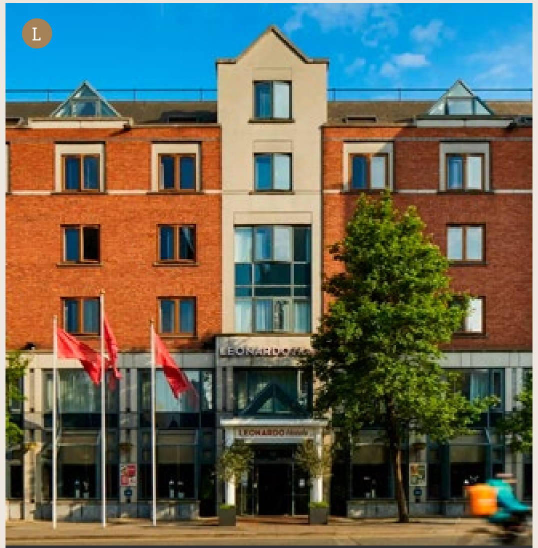


Demand

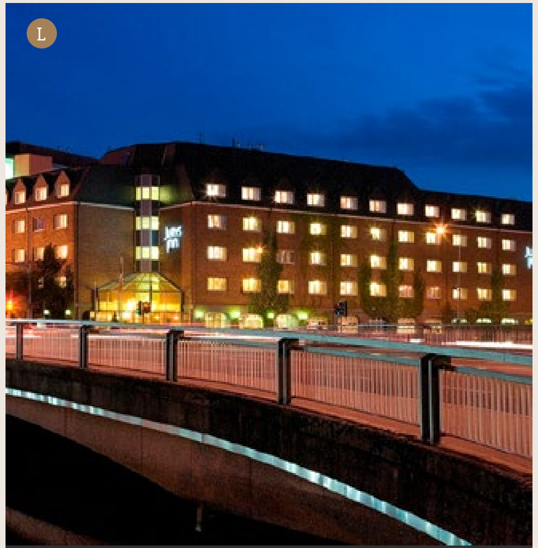
- International
- Regional
- Domestic

Share of Pandox

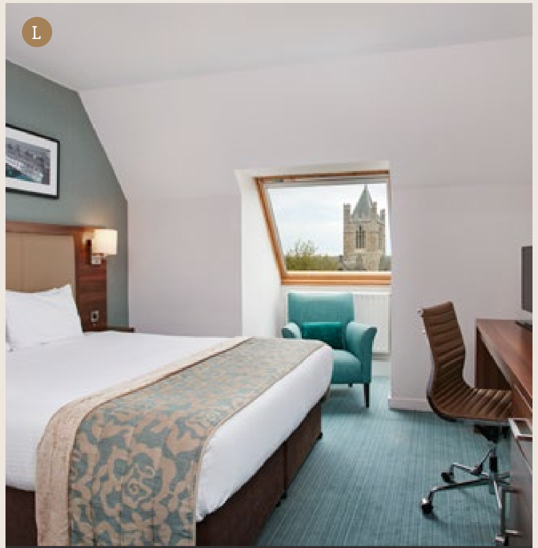
2% 3 hotels
1% 445 rooms
2% of market value



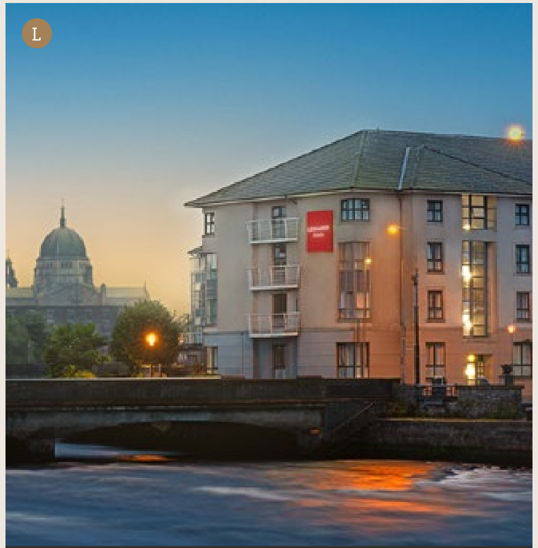
Leonardo Hotel Dublin Christchurch
182 rooms Green Tourism Bronze



Leonardo Hotel Cork
133 rooms Green Tourism Silver



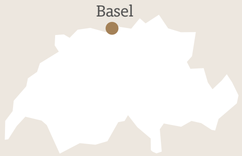
Leonardo Hotel Dublin Christchurch
Green Tourism Bronze



Leonardo Hotel Galway
130 rooms Green Tourism Silver

L Leases
O Own Operations

Switzerland



Demand

- International
- Regional
- Domestic

Share of Pandox

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

Radisson Blu Hotel, Basel
206 rooms Green Key

Radisson Blu Hotel, Basel
Green Key

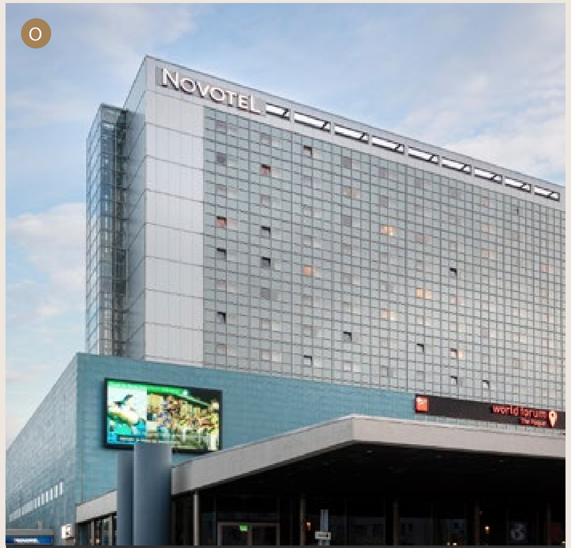
Netherlands

Demand

- International
- Regional
- Domestic

Share of Pandox

2% 3 hotels
1% 405 rooms
3% of market value



Novotel Den Haag World Forum
216 rooms Green Key

Park Centraal Amsterdam
189 rooms EarthCheck Certified

L Leases
O Own Operations

Austria

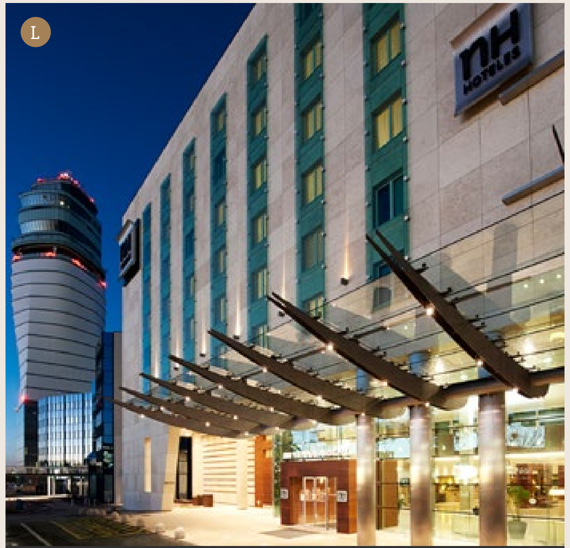
Demand

- International
- Regional
- Domestic

Share of Pandox

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

NH Collection Salzburg City
140 rooms Bioscore



NH Vienna Airport
499 rooms Bioscore

Property portfolio

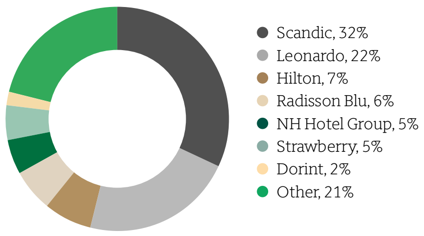
At year-end 2024, Pandox's property portfolio consisted of 161 (159) hotel properties with 35,672 (35,851) hotel rooms in 11 (12) countries.

The Leases business segment covers around 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.

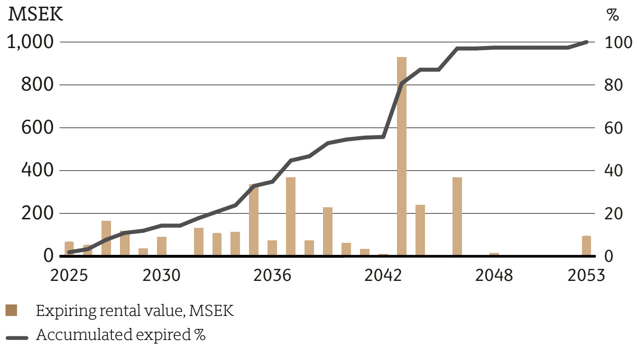
Rooms by operator/brand

31 December 2024



Lease maturity profile

31 December 2024



PORTFOLIO OVERVIEW BY SEGMENT AND COUNTRY, 31 DECEMBER 2024

	Number		Market value (MSEK)		
Leases	**Hotels**	**Rooms**	**Per country**	**As % of total**	**Per room**
Sweden (SE)	42	9,120	16,019	21	1.8
Germany (GE)	32	6,633	13,076	17	2.0
United Kingdom (UK)	20	4,821	11,778	15	2.4
Finland (FI)	12	2,742	4,481	6	1.6
Norway (NO)	14	2,573	3,455	5	1.3
Denmark (DK)	8	1,843	4,418	6	2.4
Belgium (BE)	3	765	1,541	2	2.0
Austria	2	639	1,613	2	2.5
Ireland (IE)	3	445	1,725	2	3.9
Switzerland (CH)	1	206	912	1	4.4
Netherlands (NL)	1	189	1,272	2	6.7
Total – Leases	**138**	**29,976**	60,290	79	2.0
Own Operations					
Belgium (BE)	7	1,968	4,286	6	2.2
United Kingdom (UK)	9	1,862	7,105	9	3.8
Germany (GE)	5	1,490	3,883	5	2.6
Netherlands (NL)	1	216	422	1	2.0
Finland (FI)	1	160	30	0	0.2
Total – Own Operations	**23**	**5,696**	**16,044**	**21**	**2.8**
Total	**161**	**35,672**	**76,334**	**100**	**2.1**

PORTFOLIO OVERVIEW BY BRAND, 31 DECEMBER 2024

	Number			
Brand	**Hotels**	**Rooms**	**As % of total**	**Countries**
Scandic	49	11,001	32	SE, NO, FI, DK, DE
Leonardo	38	7,957	22	UK, IE, DE
Hilton	10	2,585	6	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	847	2	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	10	3,166	9	SE, FI, BE, DE, NL, UK
Total	**161**	**35,672**	**100**	**11**

Change in property value

At the end of 2024 Pandox's property portfolio had a total market value of MSEK 76,334 (69,039), of which MSEK 60,290 (57,226) was for investment properties and MSEK 16,044 (11,813) 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 12,637 (8,842).

At year-end 2024 the average valuation yield amounted to 6.13 (6.09) percent for investment properties and 6.89 (7.02) percent for operating properties.

Read more about Pandox's valuation of hotel properties on pages 163–167.

CHANGE IN VALUE – INVESTMENT PROPERTIES

	MSEK
Investment properties, opening balance (1 January 2024)	57,226
+ Acquisitions	0
– Divestments	–69
+ Investments	732
+/– Unrealised change in value	608
+/– Change in exchange rates	1,793
Investment properties, closing balance (31 December 2024)	**60,290**

CHANGE IN VALUE – OPERATING PROPERTIES*

	MSEK
Operating properties, opening balance (1 January 2024)	11,813
+ Acquisitions	3,884
– Divestments	–637
+ Investments	292
+/– Unrealised change in value	67
+/– Change in exchange rates	625
Operating properties, closing balance (31 December 2024)	**16,044**

*Reported for information only

Climate risk assessment and climate adaptation

Climate risk assessment of buildings in connection with acquisitions

Climate change will lead to more cases of extreme weather: heatwaves, drought and torrential rain must soon be taken into account in day-to-day operations. It is therefore important to analyse how Pandox's business may be impacted in the future and to plan ways to manage potential effects.

Pandox uses a climate risk tool from the Company's insurance broker that analyses and evaluates the Company's exposure to physical climate risk and natural disaster risk. All properties undergo an overall desktop analysis annually. For high-risk properties an individual needs analysis is conducted by Pandox's insurance broker to decide whether an on-site assessment is necessary. In 2024 no on-site assessments were conducted. Instead, in-depth desktop analysis was conducted for five identified properties in the UK and the Nordic region that are situated close to rivers. Evaluation of climate risk and any need for climate adaptation measures is part of Pandox's acquisition process, as potential properties are proactively analysed at an overall level in the climate risk tool. In 2024 all five new acquisitions were reviewed via the climate risk tool.

In 2025 the ambition is that climate risk exposure and climate risk adaptation measures will be an integral part of the overall risk process for annual planned risk inspections. These inspections take place on site in selected properties based on property and interruption risks. Factors of interest from a climate risk perspective include, for example, the number of basement levels, the property's elevation above water and the location of technical equipment. In addition, existing protective measures and contingency plans will be reviewed or will be proposed if absent.

Read more about climate risk assessment and climate adaptation on page 102.

Low volume in the global transaction market continues

The volume in the global hotel transaction market increased by a modest 7 percent in 2024, as a result of continued high interest rates, particularly in the USA. In EMEA the transaction volume increased by 36 percent, which is due to the ECB lowering its key interest rate during the year. The volume is dominated by single-asset transactions, while the number of portfolio transactions dropped to 50 percent below its historical yearly average.

Trends in the hotel market in 2025:

- **Blurring of work-life boundaries:** Hotels offer more than just overnight accommodation; they have become central to the growing experience economy, with consumers prioritising experiences over physical products – especially after the isolation during the pandemic. Hotels are increasingly acting as a 'third place' (after home and work) where people can gather for various purposes, such as cultural experiences, social meetings, work or long-term accommodation.
- **Changing global travel landscape:** Although international travel is almost back at 2019 levels, it looks different. China has not fully recovered, reaching only 80 percent of its previous capacity, while the United States is now the largest outbound travel market, driven by a strong dollar.
- **The growing impact of AI:** AI is already an important force for change in every industry, including the hotel sector. AI has long been used in revenue optimisation via forecasting models for analysing data and maximising RevPAR. Despite this, many hotels still have untapped potential, especially as regards personalised customer services and more efficient staffing.

Increased transaction activity expected in 2025

JLL expects the global transaction volume to increase by around 15–25 percent in 2025, given that institutional capital is expected to return to the hotel market and supply growth is slowing, leading to more platform acquisitions and partnerships.

Source: JLL Global Hotel Investment Outlook 2025.

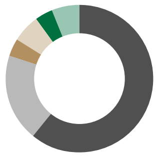
Property list

LEASES

Hotel	City	Location	Environmental certification/ environmental management system	Type of agreement	Operator	Brand	Sq m	Number of rooms	Demand
SWEDEN									
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	Green Key, ISO 14001, ISO 50001	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 Sankt Eriksgatan 20	Stockholm	City centre	BREEAM In-use Very Good	RM	Scandic Hotels	Scandic Go	6,000	234	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	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
Scandic 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 Segevång, 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

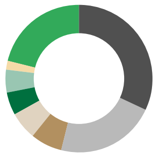
FACTS – TOTAL PANDOX PORTFOLIO

Rooms by agreement type,
31 December 2024



- Revenue-based leases with a minimum rent level, 61%
- Revenue-based leases, 19%
- Fixed rent, 4%
- Franchise agreement (Own Operations), 6%
- Independent agreement (Own Operations), 4%
- Management agreement (Own Operations), 6%

Rooms by brand,
31 December 2024



- Scandic, 32%
- Leonardo, 22%
- Hilton, 7%
- Radisson Blu, 6%
- NH Hotel Group, 5%
- Strawberry, 5%
- Dorint, 2%
- Other, 21%

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

Hotel	City	Location	Environmental certification/ environmental management system	Type of agreement	Operator	Brand	Sq m	Number of rooms	Demand
NORWAY									
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	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
Radisson Blu Tromsø	Tromsø	City centre		RM	Radisson Hospitality	Radisson Blu	19,385	269	I
Scandic Valdres, Fagernes	Fagernes	Resort	Nordic Swan	R	Scandic Hotels	Scandic	10,310	139	D
DENMARK									
Urban House by Meininger Copenhagen	Copenhagen	City centre		RM	MEININGER Hotels	MEININGER	8,158	228	R
Motel One Copenhagen	Copenhagen	City centre	Green Key	RM	Motel One	Motel One	7,963	200	R
Hotel Mayfair Copenhagen[1]	Copenhagen	City centre	Green Key, BREEAM In-use Very Good	RM	Strawberry Hotels (upcoming)	Hobo (upcoming)	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
FINLAND									
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

1) New lease with Strawberry Hotels and the Hobo brand takes effect no later than 2025.

Key

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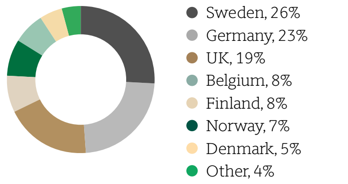
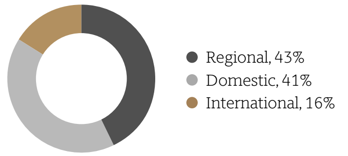
Hotel	City	Location	Environmental certification/ environmental management system	Type of agreement	Operator	Brand	Sq m	Number of rooms	Demand
GERMANY									
Dorint Hotel am Main Taunus Zentrum Frankfurt	Frankfurt	Ring road	Green Key	F	HR Group	Dorint	13,518	282	R
Dorint Hotel an der Kongresshalle Augsburg	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	Green Key	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	Green Key	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		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	Green Key	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	Green Key	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	Green Key	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	Green Key	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	Nuremberg	City centre	Nordic Swan	RM	Scandic Hotels	Scandic	14,795	311	D

FACTS – TOTAL PANDOX PORTFOLIO

Rooms by country,
31 December 2024



Rooms by demand type,
31 December 2024



Key

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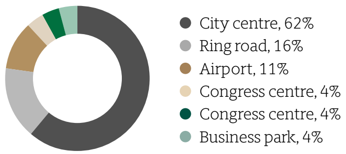
Hotel	City	Location	Environmental certification/ environmental management system	Type of agreement	Operator	Brand	Sq m	Number of rooms	Demand
UNITED KINGDOM									
England									
Hilton London Heathrow Airport	London	Airport	ISO 14001, ISO 50001	R	Hilton	Hilton	25,090	398	I
Leonardo Royal Hotel Birmingham	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
Northern Ireland									
Leonardo Hotel Belfast	Belfast	City centre	Green Tourism Bronze	RM	Fattal Hotel Group	Leonardo Hotels	13,023	270	D
Scotland									
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
Wales									
Leonardo Hotel Cardiff	Cardiff	City centre	Green Tourism Silver	RM	Fattal Hotel Group	Leonardo Hotels	10,400	142	D
IRELAND									
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
OTHER									
Belgium									
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, Bioscore	RM	NH Hotel Group	NH	10,827	214	I
Citybox Brussels	Brussels	City centre		RM	Citybox Hotels	Citybox	9,248	246	I
Netherlands									
Park Centraal Amsterdam	Amsterdam	City centre	EarthCheck Certified, Ecostars	RM	Grand City Hotels	Independent	10,811	189	I
Switzerland									
Radisson Blu Hotel, Basel	Basel	City centre		RM	Radisson Hospitality	Radisson Blu	19,493	206	R
Austria									
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 2024



Key

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OWN OPERATIONS

Hotel	City	Location	Environmental certification/ environmental management system	Type of agreement	Operator	Brand	Sq m	Number of rooms	Demand
BELGIUM									
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 In-use Very Good	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
FINLAND									
Hotel Korpilampi, Espoo	Espoo	Resort	Green Key, BREEAM In-use Very Good	IP	Pandox	Independent	12,918	160	D
NETHERLANDS									
Novotel Den Haag World Forum	The Hague	Congress centre	Green Key	M	Grape Hospitality	Novotel	10,500	216	R
UNITED KINGDOM									
England									
Hilton Garden Inn London Heathrow Airport	London	Airport	Green Key, BREEAM In-use Very Good	M	Axiom Hospitality	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
Residence Inn by Marriott London Kensington	London	City centre	Green Tourism, ECOsmart	M	Axiom Hospitality	Residence Inn by Marriott	15,186	315	I
Residence Inn by Marriott London Bridge	London	City centre	Green Tourism	M	Axiom Hospitality	Residence Inn by Marriott	4,664	101	I
Residence Inn by Marriott Tower Bridge	London	City centre	Green Tourism, ECOsmart	M	Axiom Hospitality	Residence Inn by Marriott	7,046	87	I
Northern Ireland									
Hilton Belfast	Belfast	City centre	Green Tourism (certification in progress)	M	Axiom Hospitality	Hilton	14,870	202	R
Scotland									
Radisson Blu Hotel, Glasgow	Glasgow	City centre	Green Tourism Silver, BREEAM In-use Very Good	M	Axiom Hospitality	Radisson Blu	20,261	247	R
DoubleTree by Hilton Edinburgh City Centre		City centre	Green Tourism, ISO 14001, ISO 50001	M	Axiom Hospitality	Hilton	9,703	138	I
GERMANY									
Holiday Inn Lübeck	Lübeck	Ring road	Green Key, 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, BREEAM In-use Very Good	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
						Total square metres:	2,119,551		

EXTERNAL MANAGEMENT AGREEMENTS

Hotel	City	Location	Environmental certification/ environmental management system	Type of agreement	Operator	Brand	Sq m	Number of rooms	Demand
BAHAMAS									
Pelican Bay, Grand Bahama Island [1]	Lucaya	Resort		AM	Sundt AS	Independent	NM	186	

[1] 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 2024

The Hotel. BRUSSELS

Hotel Berlin, Berlin

Hotel Hubert Grand Place

HOTEL mayfair

HOTELLI KORPILAMPI

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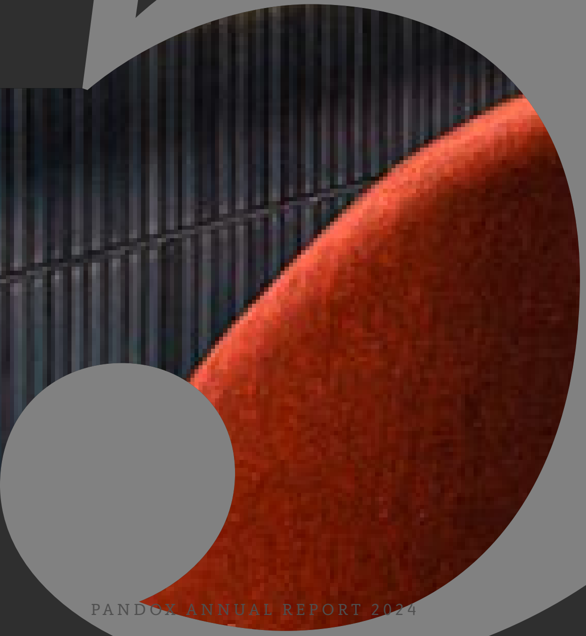


HOTELISM BY PANDOX

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.

LEONARDO HOTEL GALWAY

A good year for Pandox

Dear shareholders,

Despite all of the geopolitical challenges, 2024 was essentially a "normal" year. Inflation and interest rates fell, the hotel market grew, the banking market improved significantly, Pandox made good acquisitions and an improved valuation of the Pandox share made it possible to carry out a directed share issue on good terms. We raised the dividend for the 2023 financial year to SEK 4.00 per share and the total return on the share was 31 percent, which was higher than the relevant benchmark indices on Nasdaq Stockholm.

Important issues addressed by the Board and its committees were primarily:

- Acquisitions and divestments totalling around MSEK 5,100.
- Investments totalling around MSEK 1,000, including initiatives for our SBTi targets
- Directed share issue of around MSEK 2,000
- New bank loans and refinancing of existing ones totalling around MSEK 18,000
- Annual strategy review
- External evaluation of the Board of Directors

We have a strong position in the European hotel property industry and a good history of value creation. Now that the hotel and financing markets are functioning normally again, we can create value in a variety of ways through our business model. One important part of the model is acquisitions, since they generate short-term profit growth and also lay the foundation for longer-term value creation – for example, through shared investments with the tenants in the properties. Activity in the transaction market increased in 2024 and Pandox was more active than in the past. In total we acquired five hotel properties for a combined sum of around MSEK 4,500 in the UK and Norway.

In order to maintain a higher pace of acquisition, based on authorisation from the 2024 AGM we implemented a cash-based directed share issue in September, which raised proceeds of around MSEK 2,000 before transaction costs. The reason this took place without preferential rights for existing shareholders is that we are still a relatively small company operating in a large international market with capital-rich players. Moreover, as the supply of hotel properties is limited, immediate access to capital is a crucial competitive advantage. When the right opportunities arise we need to be able to act quickly and resolutely, and to be seen by the seller as offering a high degree of deal certainty. Otherwise there is a high risk that we will miss out on the deal to someone else. I would like to thank Pandox's shareholders for their support in the new share issue.

Divestments are also an important source of capital and are particularly relevant when we see an opportunity to reinvest the capital in new properties or in investment projects with a higher yield. One example in 2024 is DoubleTree by Hilton Montreal, which we divested in February.

In the area of sustainability, we continued to map and invest in the properties. For Scope 1 and 2 the focus is on heat pumps and solar panels. Initiatives in Scope 3 include energy mapping of 38 properties in Germany, a country with a less favourable energy mix than the Nordic countries where the climate effect per invested krona (SEK) is higher. Overall we expect to be able to report improved climate effects in 2025. Another concrete and positive effect of our sustainability work is that we were able to increase the share of sustainability-linked loans from 6 to 45 percent during the year. We are also pleased that we were already able to report according to CSRD for 2024.

During the year an external evaluation of the Board of Directors was conducted. The conclusion is that the Board is composed of individuals with expertise that more than meets the strategic and operational needs of the Company and that the Board's work is conducted in a professional and effective way.

Supported by a stable hotel market and a strong Pandox, I am happy to say that the Board can propose a dividend of SEK 4.25 per share for the 2024 financial year.

I would like to thank our CEO Liia Nõu and all of our employees for 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 2025
Christian Ringnes

Corporate Governance Report

Pages 72–79 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.corporategovernanceboard.se and describes good practices in the stock market. Pandox complies with the Code with no deviations.

In 2024 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 486,507,500 as of 31 December 2024, distributed among 75,000,000 class A shares and 119,603,000 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 2024 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 2024	% of votes
Eiendomsspar AS	36
Helene Sundt AB	17
Christian Sundt AB	16

At year-end the Company's market capitalisation, calculated for both class A and class B shares, amounted to MSEK 37,325 (27,651).

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. 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 2025 AGM will be held in Stockholm on 9 April 2025.

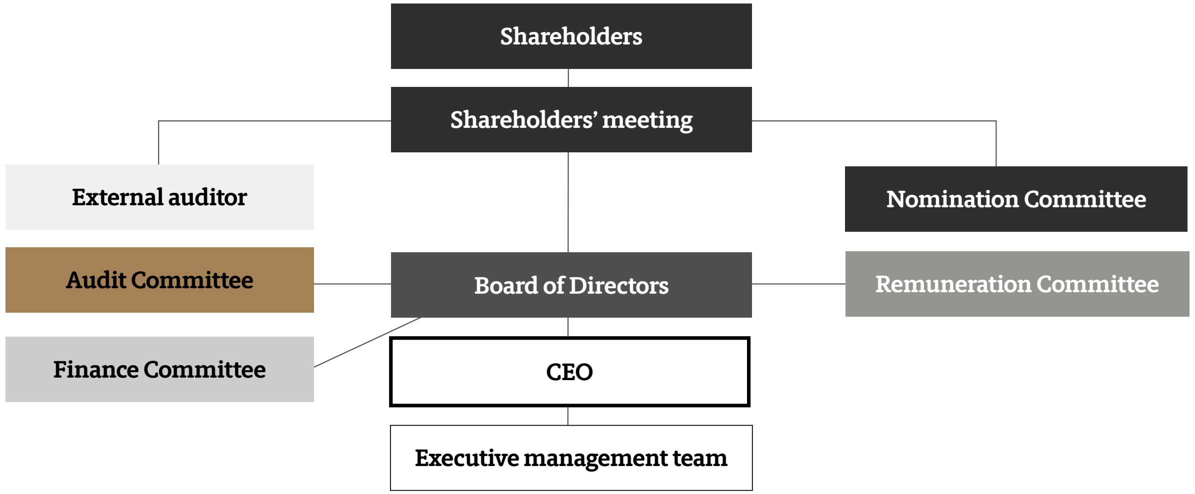
Annual General Meeting 2024

Pandox's last Annual General Meeting took place on 10 April 2024 in Stockholm. At the 2024 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, Jeanette Dyhre Kvisvik and Ulrika Danielsson.
- Fees for the Board: SEK 890,000 to the Chair, SEK 680,000 to the Vice Chair and SEK 468,500 to each of the other members
- Fees for the Audit Committee: SEK 165,000 for the chair of the Audit Committee and SEK 82,500 to each of the other members.
- Fees for the Remuneration Committee: SEK 52,500 to be paid to the two members of the committee.
- Fees for the Finance Committee: SEK 165,000 to the chair of the committee and SEK 82,500 each to the other two members of the committee.
- Re-election of auditor: accounting firm PwC with Sofia Götmar-Blomsted 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 2025 Annual General Meeting

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

Overall corporate governance structure



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 page 78.

Work of the Board of Directors

The Board held 12 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 2024.

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 this has been a standing sustainability item at the Audit Committee's 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 2024 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

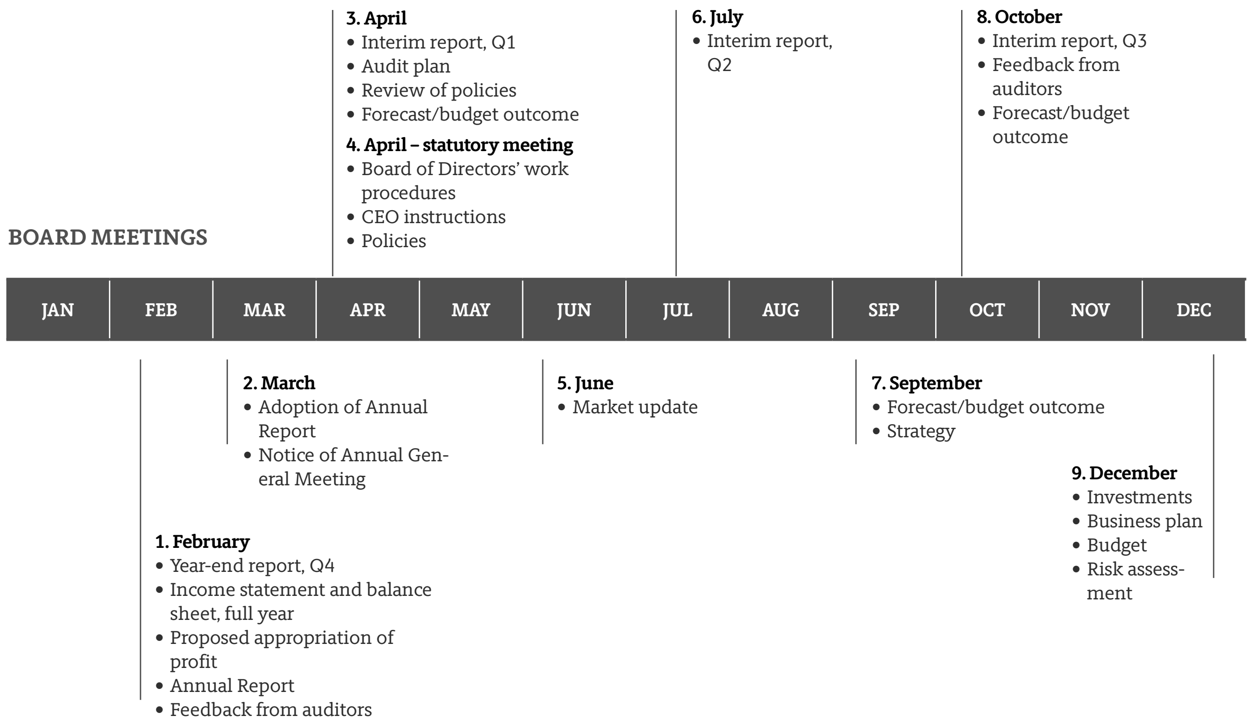
On 10 April 2024 Pandox appointed an Audit Committee consisting of Ann-Sofi Danielsson (chair), Ulrika Danielsson and Jon Rasmus Aurdal. The Audit Committee's duties, without affecting the Board's general responsibilities and duties, include overseeing Pandox's financial reporting and the efficiency 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, financial position and sustainability work.

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).

Board duties, normal annual cycle

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



In 2024 the Audit Committee held four meetings for which minutes were kept and reported to the Board of Directors.

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 2024 the Remuneration Committee held two meetings for which minutes were kept and reported to the Board of Directors.

Finance Committee

On 10 April 2024 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 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 2025, and that if established the Board members concerned are paid fees at the same level as for the Audit Committee.

In 2024 the Finance Committee held five meetings at which minutes were kept and reported to the Board of Directors.

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.

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 2024 AGM re-elected PwC, with authorised public accountant Sofia Götmar-Blomstedt as the new auditor-in-charge.

Pandox's auditor is presented in more detail on page 78.

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.

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 2024

		Attendance at meetings					
Name	Fees, SEK 000s	Board of Directors	Audit Committee	Remuneration Committee	Finance Committee	Independent of the Company[1]	Independent of owners[2]
Christian Ringnes, Chair	1,025	11 of 12		2 of 2	5 of 5	Yes	No
Jakob Iqbal	521	12 of 12		2 of 2		Yes	No
Jon Rasmus Aurdal	634	9 of 12	4 of 4		5 of 5	Yes	No
Ann-Sofi Danielsson	634	12 of 12	4 of 4			Yes	Yes
Bengt Kjell, Vice Chair	845	11 of 12			5 of 5	Yes	Yes
Jeanette Dyhre Kvisvik	469	12 of 12				Yes	Yes
Ulrika Danielsson	551	12 of 12	4 of 4			Yes	Yes

1) Independent in relation to the Company and the executive management team.
2) Independent in relation to the Company's major shareholders.

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.

In accordance with a decision at Pandox's 2024 AGM, the Nomination Committee, in preparation for the 2025 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 2024, 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.

On 5 September 2024 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 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 2025 Annual General Meeting

The Nomination Committee's proposals have been published in the notice of the 2025 AGM and on Pandox's website. The AGM will be held on 9 April 2025 in Stockholm.

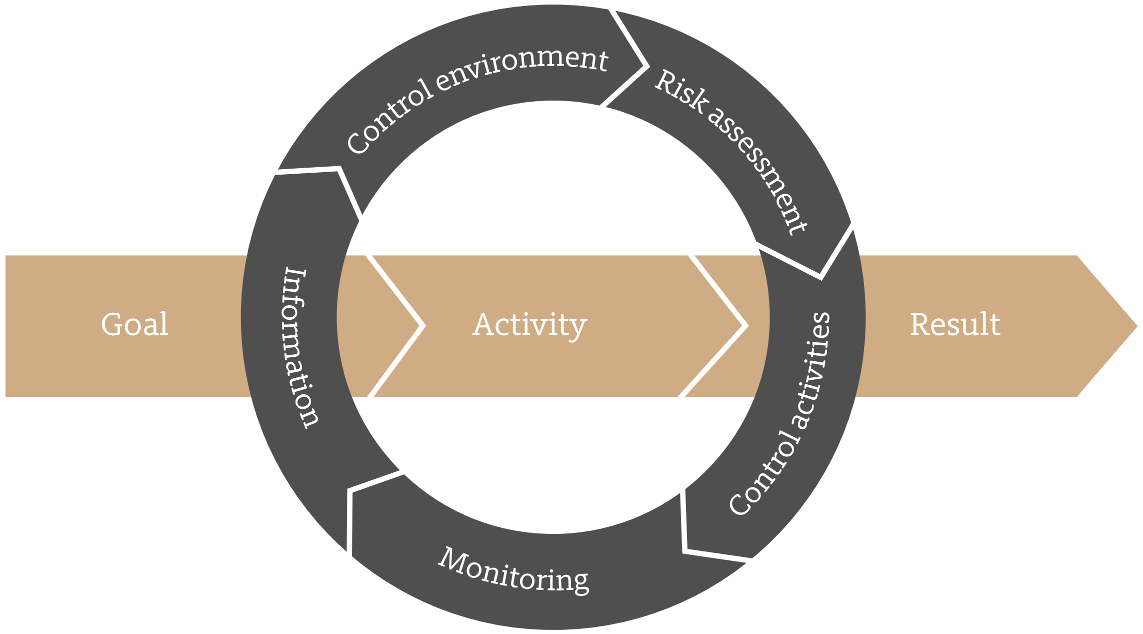
INTERNAL CONTROL AND FINANCIAL REPORTING
According to the Swedish Companies Act and the Code, Pandox's Board of Directors is responsible for the Company's internal control. This report has been prepared in accordance with the Annual Accounts Act and the Code and is mainly intended to describe internal 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.

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.

Pandox's model for internal control



Risk assessment
See the section on risk on pages 81–85 and the sustainability statement from page 92.

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

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
- Marketing 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.

Further information on property valuation can be found on pages 153–155.

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.

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 2024.

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 based on 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 and 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 2024 the rate of completion of the training was 71 (65) percent. Every three years selected employees complete advanced anti-corruption training. In 2024 all head office employees completed the training, as did 36 percent of the employees within Own Operations identified as holding positions in which they could be exposed to corruption. In 2024 the board members also received training from an external party in corruption risks.

An important dialogue
If employees of Pandox have questions regarding how to interpret or apply in practice Pandox's policies or codes of conduct, they can always contact Pandox's SVP, Director of Sustainable Business. A key aspect of preventing unethical behaviour is to keep an open dialogue going on 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.anonymously. Two cases were reported into the system in 2024, one of which resulted in dismissal.

Read more on page 124.

Stockholm, 9 March 2025

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 2024 on pages 72–79 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, 9 March 2025

Öhrlings PricewaterhouseCoopers AB

Sofia Götmar-Blomstedt
Authorised Public Accountant
Auditor-in-charge

Linda Andersson
Authorised Public
Accountant

Board of Directors and auditor

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 46.6 percent of the shares in Victoria Eiendom AS, which owns 56.4 percent of the shares in Eiendomsspar AS, which in turn owns 37,314,375 class A shares and 10,950,826 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. Degree in philosophy from the University of Oslo.

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

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, Rusta AB, Building Automation Nordic AB, Infrakraft BidCo AB and others.

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.

Active in own business, currently Acting CFO Platzer AB. Board member Nyfosa AB, Infranord AB, Storytel AB and Kallebäck Property Invest 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

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

Shareholding as of 31 December 2024.

Auditor
Sofia Götmar-Blomstedt

Born 1969.

Auditor-in-charge, authorised public accountant, Öhrlings PricewaterhouseCoopers AB.

Auditor-in-charge for Pandox since 2024.

Other audit assignments: Thule Group, Scandic Hotels, Coop/KF, Cloetta, Pågengruppen and Ecolean.

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

Senior executives

Liia Nõu, CEO

Born 1965. Joined Pandox in 2007.
MSc Business and Economics from Stockholm School of Economics.

Board member Modern Times Group AB and JM AB.

Shareholding: 36,615 class B shares.

Anneli Lindblom, CFO

Born 1967. Joined Pandox in 2021.
MSc Business Administration from Frans Schartaus Handelsinstitut, Stockholm.

Board member Neobo AB, Logistea AB and Haypp Group AB.

Shareholding: 6,500 class B shares.

Anders Berg, SVP, Communications and IR

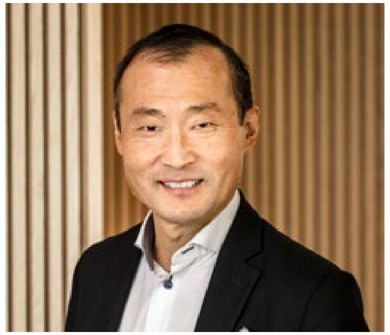
Born 1967. Joined Pandox in 2015.
MSc Business and Economics from Linköping University, Certified European Financial Analyst (CEFA), Certified Investor Relations Officer (CIRO).

Shareholding: 2,000 class B shares.

Mattias Bernunger, SVP, Property Management

Born 1972. Joined Pandox in 2018.
MSc Engineering from Luleå University.

Shareholding: 2,100 class B shares.



Martin Creydt, SVP, Director of Asset Management International

Born 1965. Joined Pandox in 2017.
Advanced Management Program, Cornell University, Executive Program, INSEAD, Business Degree Service Management, University of Gothenburg.

Shareholding: 7,000 class B shares.

Tobias Ekman, SVP, Director of Asset Management Nordics

Born 1972. Joined Pandox in 2022.
Hotel Management degree, Hotel Institute Montreux. Hotel operation studies, HOSTA Hotel School, Switzerland.

Shareholding: 0.

Lars Häggström, Executive Senior Advisor

Born 1954. Joined Pandox in 2000.
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, SVP, Director International Operations

Born 1959. Joined Pandox in 2004.
Bachelor's degree in Business Administration (hospitality focus), Hotelschool The Hague.

Shareholding: 2,225 class B shares.

Caroline Tivéus, SVP, Director of Sustainable Business

Born 1979. Joined Pandox in 2018.
Master's in Accounting from Lund University.

Board member Prisma Properties AB.

Shareholding: 1,794 class B shares.

Jonas Törner, Chief Commercial Officer

Born 1971. Joined Pandox in 2005.
Studies towards MSc in Business Administration and Economics, Stockholm University. Studies towards BSc in Engineering, Royal Institute of Technology (KTH) in Stockholm.

Shareholding: 8,500 class B shares.

Shareholding as of 31 December 2024.

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.

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 92–147 according to the current interpretation of ESRS.

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

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

Likelihood Low Medium High
Impact Low Medium High

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

Risk	Description	Risk management
1 EXTERNAL RISKS		
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.	• 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). • 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.
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.	• Pandox works with around 30 different hotel operators and hotel brands; this puts the Company in a unique position as regards information and knowledge of market changes and also helps to diversify commercial risk. • 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. • Long leases with external hotel operators which stipulate a contractual minimum rent; general deductions for commission are not usually permitted.
Geopolitical events	Security and geopolitical events can have significant effects on travel patterns and demand in the hotel market.	• A well thought-out strategy and business plan exists for each individual hotel property and geographical area; • the ability to continually monitor economic conditions for each individual hotel property creates a readiness to make quick business decisions when needed. • Diversified hotel property portfolio with mainly domestic and regional demand.
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.	• 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.
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.	• Geographically diversified hotel property portfolio. • Exposure to mainly domestic and regional demand. • Significant proportion of leases have contractual minimum rent and fixed rent.
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.	• Ongoing security efforts. • Contingency plans. • Insurance cover. • Geographical diversification with hotel properties in 11 countries and around 90 destinations.
2 STRATEGIC RISK		
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.	• Pandox's long-term focus on hotel properties as a class of asset has generated extensive specialist expertise. • An active Board of Directors and active principal shareholders, experienced management and a sound basis for decisions. • 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. • Tried and tested due diligence processes supported by internal and external specialists reduce the risk of incorrect acquisitions. • Pandox's way of working (the Pandox Method) increases cash flow and limits risk for the hotel in question.
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.	• Extensive specialist knowledge of the identification, evaluation and implementation of investments in the existing hotel property portfolio. • Long-term investment management of measures implemented in the property stock. • Monthly review of all investment projects. • Follow-up and calculation of actual costs and outcomes for completed investment projects.
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.	• Pandox works proactively at an operational level to gather know-how on strategic digitalisation matters. • 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. • Increased data collection, analysis and automation of activities at the hotel properties.

Risk	Description	Risk management
2 STRATEGIC RISK, cont.		
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.	• Attractive hotel products and close dialogue with tenants. • Internal project team with good expertise and clear authority. • In-house expertise and the ability to take over and operate hotels if needed.
Concentration on a few tenants	Being highly dependent on a small number of tenants could increase operational and financial risk.	• Competitive and operationally strong tenants. • Clear division of responsibilities and risk in the lease. • Various kinds of guarantees as security for rent payments.
3 OPERATIONAL RISK		
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.	• Ongoing development of structural capital through process and organisational development. • Plan for long-term talent supply. • Good knowledge of external individuals in senior roles for recruitment. • Strong external network with supporting specialist expertise. • Remuneration Committee that ensures competitive levels of remuneration. • Clear personal incentives and long contract terms. • Procedures and process descriptions for key functions to reduce dependence on individual personnel.
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.	• As part of operational HR work, recruitment needs are reviewed regularly at both the central and local level. • Strong external network with supporting specialist expertise. • Attractive workplace with great personal freedom in professional roles and good opportunities to develop.
Tenants' business and financial status	The risk that tenants underperform and/or are unable to pay their rent.	• Individual business plans for each hotel property. • Each tenant's results are followed up monthly, as are ongoing investment projects. • Various guarantees that in certain circumstances may be called on to cover unpaid rent.
Integration of acquisitions	Commercial, technical and accounting risks that arise ahead of, during and after an acquisition or business takeover.	• Many years of experience of integrating acquisitions in numerous geographical markets. • Clear project organisation and allocation of roles. • Internal specialist expertise in property, finance, tax, valuation, law and communication. • Clear work methods and processes. • Extensive external network with specialist expertise.
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.	• Strategic and operational work to ensure each hotel is optimally positioned in each market. • Strong local management and an effective organisation. • A Group-wide Revenue Management Centre for distribution of hotel products. • Modern systems for revenue forecasts, staffing and productivity. • Ongoing benchmarking and analysis of each hotel's performance in relation to its immediate competitors.
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.	• Each year the Board of Directors adopts an IT Policy. • Well-separated system environments with few users at Group level. • Regular risk assessment and continual maintenance of IT security supported by external expertise. • Ongoing training for employees in cyber and IT security.

Risk	Description	Risk management
3 OPERATIONAL RISK, cont.		
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.	• 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. • Planning of measures based on proposed changes to tax legislation is initiated at an early stage. • In the event of inquiries from local tax authorities, reputable external tax advisors are consulted. • 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.
Disputes	Disputes can arise in various areas and can have negative financial consequences and reduce confidence.	• A generally cautious approach. • Strong network of advisors in each individual market and for each type of issue.
Inflation	Shortages and disruption in the economy that result in cost inflation for investments and/or the operation of hotel properties and hotels.	• Increased focus on governance and monitoring of larger investment projects. • Planned purchasing in large volumes. • Model with variable revenue in the Leases segment, with rental income increasing when tenants raise their prices on hotel rooms and other hotel services. • Increased input prices can be offset by raising room rates and prices of other hotel services in the Own Operations segment.
4 FINANCIAL RISKS		
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.	• In order to manage interest rate risk and increase the predictability of Pandox's earnings, interest rate derivatives are used; these are mainly interest swaps. • Variable interest rates are partially swapped through interest rate swaps, giving Pandox fixed interest rates. • Pandox has a Financial Policy that regulates risk mandates and is approved annually by the Board of Directors. • Internal specialist expertise in treasury and risk. • Close cooperation with external financial expertise.
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.	• Pandox has access to long-term financing. • Pandox's Financial Policy specifies minimum levels of unutilised credit and loan-to-value ratio. • Pandox has a liquidity reserve to ensure that the Company is able to meet ongoing payment obligations at all times. • Pandox has good access to long-term credit facilities. • Pandox has a diversified portfolio of lenders consisting of 15 Nordic and international banking partners, including AMF Tjänstepension AB. • 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.
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.	• Ongoing monitoring and control of the credit portfolio and its terms and covenants. • Proactive and close dialogue with lenders concerning adapting the terms and covenants in existing credit agreements if needed. • 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.
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.	• 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. • Equity is currency-hedged as needed ahead of acquisitions, investments and divestments to avoid changes in the value of equity. • Pandox reduces its currency exposure associated with net investments in foreign Group companies by taking out loans in local currencies.

Risk	Description	Risk management
4 FINANCIAL RISK, cont.		
Certification and authorisation	Authority to take decisions, approval matrix and payment processes.	• An approval matrix established by the Board of Directors. • Well-defined levels of authority in internal systems. • Special verification for payments and orders above a certain level in the approval matrix.
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.	• Pandox aims to have uniform procedures and checks for financial reporting that are adapted to and support its operations across the Group. • Manuals, instructions, schedules and reviews with the subsidiaries in the Group to ensure consistent and timely reporting. • An Audit Committee appointed by the Board of Directors reviews the Group's financial reporting and risk management.
Property valuation	Individual and systematic errors in the valuation process, such as incorrect assumptions regarding growth, profitability and valuation yield.	• 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. • 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. • 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. • The external appraisers complete a more in-depth inspection at least every three years or in conjunction with major changes to the properties. • Quarterly review of valuations by Pandox's management, Audit Committee, Finance Committee and Board of Directors before publication of each financial report. • For further information on property valuation, see pages 163–167
Insurance errors	Particularly the risk of properties being underinsured and that adequate insurance compensation cannot be obtained in the event of a loss.	• Insurance policies are reviewed at least annually. • Ongoing advice on premiums and insurance levels.
Counterparty risk related to bank derivatives	The risk that a bank which issues OTC derivatives is unable to meet its contractual obligations.	• Banks with a high rating. • Risk tolerance managed in Financial Policy. • Continuous monitoring by Treasury.
Rent reporting	Under- or overestimation of rental income.	• Continuous monitoring and reconciliation with tenant. • Periodic review of rent reporting internally and, where relevant, externally with tenant.

HOTELISM BY PANDOX

FINANCIAL AND SUSTAINABILITY

THE QUEENS HOTEL, LEEDS

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Financial statements for the Group

Financial statements for the Parent Company

The formal audited sections of the annual report can be found on pages 90–181.

Notes

Figures in MSEK unless otherwise indicated

Change, acquisitions and future focus

Our world is becoming increasingly fast-moving, with digitalisation and efficiency challenging the traditional view of what a finance professional is and should be able to do. The financial organisation of the future is more outward-looking than inward-looking, with increasing scope for more automated processes. Working more efficiently, where slow and sometimes tedious tasks can be automated, leaves more time to develop and learn.

"We have continued our journey to streamline how we manage our existing portfolio"

In 2024 we made a total of four acquisitions, refinanced MSEK 17,999 and secured new financing of MSEK 3,150. We also completed a successful new share issue that brought in an additional MSEK 2,000 for future investments and acquisitions. Acquisitions play a key role in our growth strategy – partly by directly contributing revenue and net operating income, but also through the long-term value creation that new properties bring to the portfolio. As the financing market normalises, activity in the transaction market will continue to pick up and this should create interesting opportunities for us.

We have valuable relationships to safeguard both within our acquisition teams and with our relationship banks that help us grow. Our growth ambitions also require our internal organisation to move fast on new proposals, while also managing what we have and continuing to further develop our existing portfolio.

Understanding where we come from is crucial for knowing where we are headed – a good guiding principle as we continue to streamline the existing portfolio and make time for new opportunities. We have continued our journey to streamline the management of our existing portfolio, from both a quality and sustainability perspective. This has involved a number of projects in which we streamline financial work by moving to a more process-driven approach, allowing us to operate independently of individual companies and to manage multiple companies and entities in the same process.

Our intensive work on environmental and sustainability reporting in accordance with the Corporate Sustainability Reporting Directive (CSRD) filled much of our time in 2024. For the first time we are reporting in accordance with the new directive, which has required thorough mapping of our impacts in order to transform our business. We have set goals and defined activities to achieve them, and implemented the necessary policies. Having said that, CSRD is still in its early stages and practices are therefore not fully established. This has given rise to a lot of interesting discussions and positions. For those who were around when IFRS was new and lacked established practices, there may be a sense of déjà vu.

The year 2024 has been characterised by navigating within what we can and combining this with continuous development to contribute insight and cross-functional value for Pandox. We're embracing the present and enjoying the opportunities that exist while continuing to be curious about new technological advances and changing business needs. My view is that in recent years financial organisations have undergone changes faster than they can absorb. I think that in retrospect we will look back on this time as a turning point when we left what we came from and created a new way of working that will see us into the future.

Stockholm, March 2025
Anneli Lindblom

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.

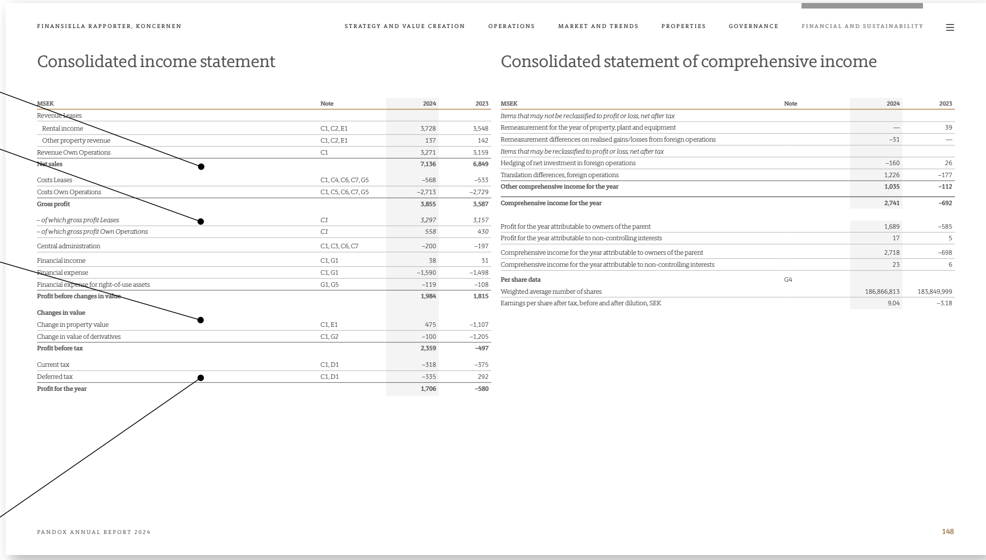
● **Net operating income:** For comparability between the business segments, depreciation is added back into gross profits for Own Operations.

● **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 measure 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.


FINANSIELLA RAPPORTER, KONCERNEN
STRATEGY AND VALUE CREATION OPERATIONS MARKET AND TRENDS PROPERTIES GOVERNANCE FINANCIAL AND SUSTAINABILITY

Consolidated income statement

MSEK	Note	2024	2023
Revenue Leases			
Rental income	C1, C2, E1	3,728	3,548
Other property revenue	C1, C2, E1	137	142
Revenue Own Operations	C1	3,271	3,159
Net sales		**7,136**	**6,849**
Costs Leases	C1, C4, C6, C7, G5	–568	–533
Costs Own Operations	C1, C5, C6, C7, G5	–2,713	–2,729
Gross profit		**3,855**	**3,587**
– of which gross profit Leases	*C1*	*3,297*	*3,157*
– of which gross profit Own Operations	*C1*	*558*	*430*
Central administration	C1, C3, C6, C7	–200	–197
Financial income	C1, G1	38	31
Financial expense	C1, G1	–1,590	–1,498
Financial expense for right-of-use assets	G1, G5	–119	–108
Profit before changes in value		**1,984**	**1,815**
Changes in value			
Change in property value	C1, E1	475	–1,107
Change in value of derivatives	C1, G2	–100	–1,205
Profit before tax		**2,359**	**–497**
Current tax	C1, D1	–318	–375
Deferred tax	C1, D1	–335	292
Profit for the year		**1,706**	**–580**

Consolidated statement of comprehensive income

MSEK	Note	2024	2023
Items that may not be reclassified to profit or loss, net after tax			
Remeasurement for the year of property, plant and equipment		—	39
Remeasurement differences on realised gains/losses from foreign operations		–31	—
Items that may be reclassified to profit or loss, net after tax			
Hedging of net investment in foreign operations		–160	26
Translation differences, foreign operations		1,226	–177
Other comprehensive income for the year		**1,035**	**–112**
Comprehensive income for the year		**2,741**	**–692**
Profit for the year attributable to owners of the parent		1,689	–585
Profit for the year attributable to non-controlling interests		17	5
Comprehensive income for the year attributable to owners of the parent		2,718	–698
Comprehensive income for the year attributable to non-controlling interests		23	6
Per share data	G4		
Weighted average number of shares		186,866,813	183,849,999
Earnings per share after tax, before and after dilution, SEK		9.04	–3.18

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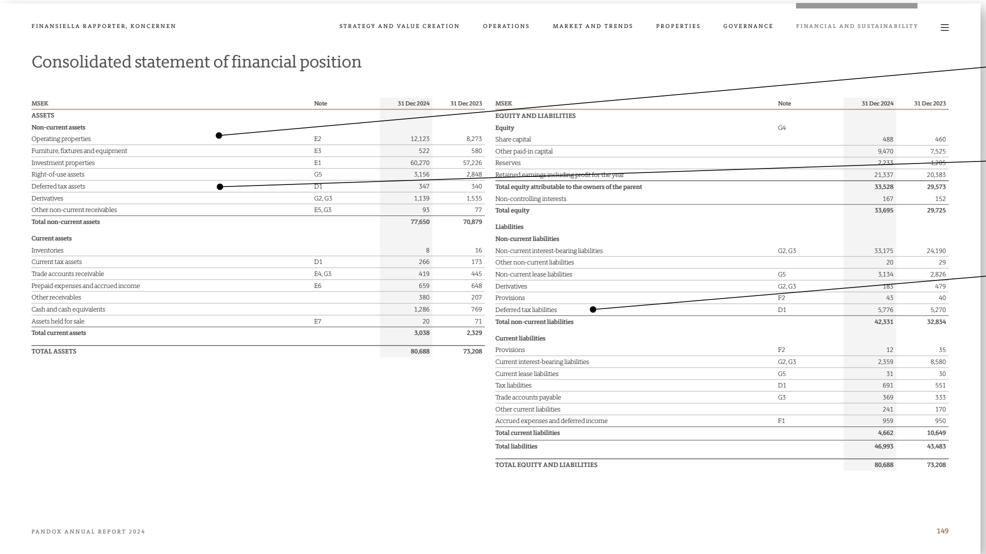
FINANSIELLA RAPPORTER, KONCERNEN
STRATEGY AND VALUE CREATION OPERATIONS MARKET AND TRENDS PROPERTIES GOVERNANCE FINANCIAL AND SUSTAINABILITY

Consolidated statement of financial position

MSEK	Note	31 Dec 2024	31 Dec 2023
ASSETS			
Non-current assets			
Operating properties	E2	12,123	8,273
Furniture, fixtures and equipment	E3	522	580
Investment properties	E1	60,270	57,226
Right-of-use assets	G5	3,156	2,848
Deferred tax assets	D1	347	340
Derivatives	G2, G3	1,139	1,535
Other non-current receivables	E5, G3	93	77
Total non-current assets		**77,650**	**70,879**
Current assets			
Inventories		8	16
Current tax assets	D1	266	173
Trade accounts receivable	E4, G3	419	445
Prepaid expenses and accrued income	E6	659	648
Other receivables		380	207
Cash and cash equivalents		1,286	769
Assets held for sale	E7	20	71
Total current assets		**3,038**	**2,329**
TOTAL ASSETS		**80,688**	**73,208**

MSEK	Note	31 Dec 2024	31 Dec 2023
EQUITY AND LIABILITIES			
Equity	G4		
Share capital		488	460
Other paid-in capital		9,470	7,525
Reserves		2,233	1,205
Retained earnings including profit for the year		21,337	20,383
Total equity attributable to the owners of the parent		**33,528**	**29,573**
Non-controlling interests		167	152
Total equity		**33,695**	**29,725**
Liabilities			
Non-current liabilities			
Non-current interest-bearing liabilities	G2, G3	33,175	24,190
Other non-current liabilities		20	29
Non-current lease liabilities	G5	3,134	2,826
Derivatives	G2, G3	183	479
Provisions	F2	43	40
Deferred tax liabilities	D1	5,776	5,270
Total non-current liabilities		**42,331**	**32,834**
Current liabilities			
Provisions	F2	12	35
Current interest-bearing liabilities	G2, G3	2,359	8,580
Current lease liabilities	G5	31	30
Tax liabilities	D1	691	551
Trade accounts payable	G3	369	333
Other current liabilities		241	170
Accrued expenses and deferred income	F1	959	950
Total current liabilities		**4,662**	**10,649**
Total liabilities		**46,993**	**43,483**
TOTAL EQUITY AND LIABILITIES		**80,688**	**73,208**

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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 how company´s is financed 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, 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.

Administration Report

The Board of Directors and Chief Executive Officer hereby submit the Annual Report and consolidated accounts for the 2024 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 with hotel properties as its only class of asset. 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 seizing acquisition opportunities. Pandox is an active and engaged owner with a business model based on long revenue-based leases with guaranteed rent levels with skilled hotel operators. The main focus of the property portfolio is northern Europe. The portfolio is diversified in terms of geography, type of demand, brands and hotel products, which reduces risk exposure. A large portfolio creates opportunities 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 2024 Pandox's hotel property portfolio contained 161 (159) hotels with a total of 35,672 (35,851) hotel rooms in 11 countries, with a market value of MSEK 76,334 (69,039). Of the 161 hotels, 138 (139) were leased through long-term leases to well-known tenants with established brands, providing stable rental income. A smaller number amounting to 23 (20) hotel properties are owned and operated by Pandox under various brands.

The investment properties had a weighted average unexpired lease term (WAULT) of 14.4 (15.0) years and an insignificant void rate since hotel properties are always fully leased out.

2024 was a year of good development in both occupancy and average room rates. Total net operating income increased by 7 percent and is mainly driven by higher 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 1,689 (–585), while profit before changes in value amounted to MSEK 1,984 (1,815). In 2024 Pandox saw good development in occupancy and average room rates, which contributed to the increase in total revenue and total net operating income of 4 percent and 7 percent respectively compared with 2023. Changes in the value of properties amounted to MSEK 475 (–1,107). This consists of unrealised and realised changes in the value of investment properties of MSEK 608 and MSEK 1 respectively. It also includes an adjustment of MSEK –70 in respect of an earlier divestment. For operating properties it includes a capital loss of MSEK –39 as well as impairment losses of MSEK –25. The increased valuation yield of 0.04 percentage points had a negative impact of MSEK –295, while increased cash flows had a positive impact of MSEK 903 in the year.

The Group's net sales amounted to MSEK 7,136 (6,849), an increase of 4 percent driven by good demand in the hotel market. For comparable units, net sales increased by 4 percent, adjusted for currency effects.

Leases

Revenue for Leases totalled MSEK 3,865 (3,690), an increase of 5 percent, supported by increased guaranteed and fixed rents totalling MSEK 2,314 (2,211). Revenue-based rents amounted to a total of MSEK 1,275 (1,275). Other property revenue amounted to MSEK 137 (142). Net operating income for Leases amounted to MSEK 3,297 (3,157), an increase of 4 percent. For comparable units net operating income increased by 2 percent, adjusted for currency effects.

Own Operations

Revenue for Own Operations amounted to MSEK 3,271 (3,159), an increase of 4 percent. RevPar increased by 7 percent. For comparable units, revenue increased by 7 percent, adjusted for currency effects. Net operating income for Own Operations amounted to MSEK 842 (713), an increase of 18 percent. For comparable units, net operating income increased by 13 percent, adjusted for currency effects.

Consolidated EBITDA and financial expense

EBITDA amounted to MSEK 3,961 (3,696), an increase of 7 percent, which is primarily explained by an increase in underlying net operating income for both Leases and Own Operations. Financial expense amounted to MSEK –1,590 (–1,498), of which MSEK –80 (–90) consists of accrued depreciation of capitalised loan arrangement fees. The increase is explained mainly by higher interest-bearing net debt as a result of acquisitions and higher market interest rates. This was partly offset by lower interest expense for derivatives and lower margins on loans.

Property portfolio

At the end of the period Pandox's property portfolio had a total market value of MSEK 76,334 (69,039), of which MSEK 60,290 (57,226) was for investment properties and MSEK 16,044 (11,813) was for operating properties. The market value of operating properties is reported for information purposes only and is included in EPRA NRV. As of 31 December 2024 the average valuation yield for Pandox's investment properties was 6.13 (6.09) percent and for operating properties 6.89 (7.02) percent. During the year four operating properties were acquired, amounting in total to MSEK 3,884.

Complete information on changes in the value of properties can be found on page 64.

CURRENT AND DEFERRED TAX

Current tax amounted to MSEK –318 (–375). Current tax is lower than in the previous year because of measures to reduce restrictions on the deduction of interest within the Group. Deferred tax amounted to MSEK –335 (292), mainly explained by changes in the value of investment properties.

See also Note D1.

CASH EARNINGS AND CASH FLOW

Cash earnings amounted to MSEK 1,955 (1,742), an increase of 12 percent, mainly due to higher underlying net operating income. Cash flow from operating activities before changes in working capital amounted to MSEK 1,865 (1,963). The change in working capital affected cash flow in the amount of MSEK –39 (230). Investing activities affected cash flow in the amount of MSEK –4,121 (–1,481). The change from the previous year is mainly due to acquisitions. Cash flow from financing activities amounted to MSEK 2,697 (–1,701), mainly as a result of the directed new share issue. Cash and cash equivalents at the end of the period amounted to MSEK 1,286 (769).

CONTRIBUTION OF BUSINESS SEGMENTS TO PROFIT

MSEK	2024	2023	2022	2021	2020
Leases					
Gross profit	3,297	3,157	2,868	2,027	2,018
Change in property value	539	–1,155	1,180	–386	–1,779
Contribution Leases	**3,836**	**2,002**	**4,048**	**1,641**	**239**
Own Operations					
Gross profit	558	430	236	–300	–403
Change in property value	–64	48	—	–10	—
Contribution Own Operations	**494**	**478**	**236**	**–310**	**–403**

EQUITY AND NET REINSTATEMENT VALUE

Equity attributable to the Parent Company's shareholders amounted to MSEK 33,528 (29,573) and EPRA NRV (net asset value) was MSEK 41,953 (36,976). EPRA NRV per share was SEK 215.58 (201.12).

PARENT COMPANY

Administration for activities within Pandox's property-owning companies is provided by employees of the Parent Company, Pandox AB (publ). The costs of these services are invoiced to Pandox's subsidiaries. Amounts invoiced during the period January–December 2024 totalled MSEK 105 (112) and profit for the period amounted to MSEK 1,139 (2,016). At the end of the period the Parent Company's equity amounted to MSEK 15,690 (13,314) and the external interest-bearing debt was MSEK 4,731 (7,696), of which MSEK 3,443 (5,702) was in the form of long-term debt.

SHARES AND OWNERSHIP

On 18 September 2024 a directed new share issue of around 10.75 million class B shares was carried out, raising around MSEK 2,000. Under Pandox 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 487 (460) distributed among a total of 194,603,000 shares, of which 75,000,000 are class A shares and 119,603,000 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 par 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 for risk management are mainly changes in rental income in the Leases segment and changes in income and costs in the Own Operations segment, as well as property valuation and financing in view of the complexity and the size of these amounts. Pandox evaluates each risk based on an assessment of the likelihood that the 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 347 (340), 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 5,776 (5,270) and relate mainly to temporary differences attributable to fair value measurement of investment properties, and temporary differences between the carrying amount and taxable value of operating properties, as well as to temporary differences in the value of interest rate derivatives.

DISPUTES AND INSURANCE CASES

In the first quarter of 2024, following court proceedings, Pandox regained the registration of its hereditary building right (HBR) for a hotel property at Cologne Bonn Airport. No significant change has taken place in any disputes or insurance cases commented on previously.

EMPLOYEES

On 31 December 2024 Pandox had 1,600 (1,442) 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 1,555 (1,393). In the Leases segment and in central administration there are 45 (49) employees. The average number of employees was 1,498 (1,380), of which 739 (671) are men and 759 (709) are women.

See also ESRS section S1.

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

The Board is to prepare proposals for new guidelines at least once every four years for adoption by the shareholders' meeting. Note C7 contains the most recently adopted guidelines for remuneration.

EXPECTATIONS REGARDING FUTURE DEVELOPMENT

Pandox's goal is to create growth in cash flow through steadily increasing rental income, project development in the existing property portfolio and through acquisitions of new hotel properties. The capacity to increase cash earnings is dependent on economic activity, growth in the hotel market and local market conditions. For 2025 we expect RevPAR growth in the hotel market and a positive contribution from acquisitions and investments made.

APPROPRIATION OF PROFIT

At the disposal of the Annual General Meeting:

Retained earnings	9,140,295,142
Profit for the year	1,138,766,300
SEK	**10,279,061,442**

The Board proposes that the earnings be allocated as follows:

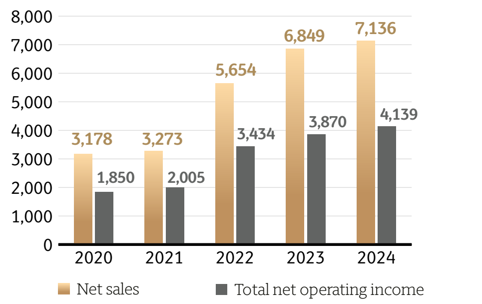
Dividend to shareholders, SEK 4.25 per share	827,062,750
Carried forward	9,451,998,692
SEK	**10,279,061,442**

The Board proposes that the available earnings of SEK 10,279,061,442 are allocated such that a dividend of SEK 827,062,750 is paid to the shareholders and SEK 9,451,998,692 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.

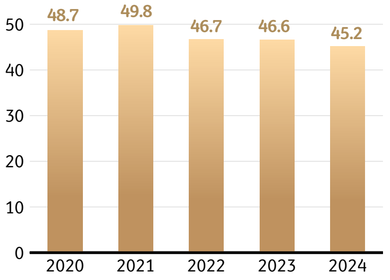
EVENTS AFTER THE END OF THE CLOSING DAY

No other events or transactions of significance have taken place since 31 December 2024 that affect the financial statements provided for the Pandox Group for the 2024 financial year.

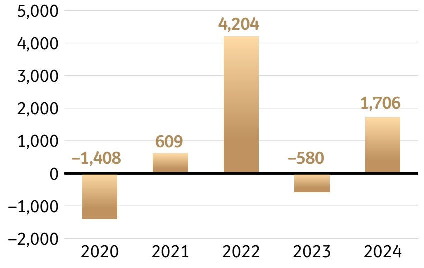
Net sales and total net operating income, MSEK



Loan-to-value ratio, %



Profit for the year, MSEK



Statutory sustainability report

EUROPEAN SUSTAINABILITY REPORTING STANDARDS (ESRS)

Pandox sustainability report for 2024 has voluntarily been prepared in accordance with the legal requirements in the Swedish Annual Accounts Act and ESRS, and includes reporting according to the EU Green Taxonomy Regulation. The sustainability report also constitutes Pandox's statutory sustainability report in accordance with the current version of the Swedish Annual Accounts Act.

It has been reviewed by the Company's auditors at the request of the Company. The limited assurance have been performed in accordance with RevR19 Limited assurance of the statutory sustainability report.

The auditors have also performed a statutory examination on the statutory sustainability report. .

Pandox also performs sustainability reporting in accordance with the guidelines issued by the European Public Real Estate Association, EPRA Sustainability Best Practices Recommendations (EPRA sBPR). This reporting is presented as reference in the index on pages 140–141 and through an attachment showing how Pandox's reporting aligns with the EPRA guidelines. This is published as a separate appendix at Pandox.se.

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GENERAL INFORMATION

ENVIRONMENTAL INFORMATION

E

SOCIAL INFORMATION

S

GOVERNANCE INFORMATION

G

ESRS APPENDIX

General disclosures

GENERAL INFORMATION

BP-1 General basis for preparation of sustainability statements
BP-2 Disclosures in relation to specific circumstances

Basis for preparation

Pandox publishes its sustainability report annually. Consideration was given to both Pandox's upstream and downstream value chain when conducting the double materiality assessment on which the sustainability report is based. The analysis covers all parts of the value chain and is presented in more detail on page 96 in this report. 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. Any estimates, reporting errors in previous periods or forward-looking information are described in connection with each topic-specific standard later on in the report. In summary, some measurement uncertainty arises linked to certain parts of Scope 3 outcomes, waste data and certain water consumption data. Corrected reporting in previous periods relates to the metric for the percentage of Code of Conduct training completed, as well as updated data within Scope 3, where this has been replaced by actual outcomes supplied by tenants. Additions made to 2024 reporting also include the fact that no boundaries have been established in the consolidation. Instead, the scope is based on the financial consolidation as described at the beginning of this section.

The sustainability report also includes disclosures related to climate scenario analysis in accordance with TCFD (pages 113–116). The sustainability content in the Annual Report 2024 has been prepared in accordance with CSRD and underlying ESRS standards.

The sustainability report has been prepared on a consolidated basis, with the same scope as in financial reporting. In addition, Pandox reports supplementary outcomes (called "consolidated outcome like-for-like") for E1 energy and emissions, E2 water and E5 waste to meet the calculation and reporting requirements in accordance with EPRA and science-based targets (SBT). The consolidated outcome is presented in the energy and emissions tables in ESRS E1 on pages 110–112. The difference compared with the financial consolidation is that in these outcomes the hotel properties' hotel data and climate data are included in the calculations until the date at which they are reclassified, divested or closed for renovation. Reclassification takes place when there is a change in the hotel's operating model and when it is moved from the Own Operations segment to the Leases segment or vice versa. The guideline is to exclude full-year data for hotels that have been reclassified, closed, divested or acquired for more than half of the year.

Boundaries Own Operations (consolidated outcome like-for-like)

- Pandox acquired four hotel properties in the UK in August–September 2024. These have been assigned to the Own Operations segment. In accordance with the consolidated outcomes produced by Pandox, these four properties are not included in the 2024 outcomes for climate data. They are instead included in the Own Operations segment data as of 1 January 2025.
- The Hilton Belfast was acquired in late 2023 and is therefore now included in the outcome for full-year 2024.
- DoubleTree by Hilton Montreal was sold and handed over in the second quarter of 2024 and is not included in the 2024 outcomes.
- Hotel Mayfair is still reported under Own Operations as it has not yet been transferred to the Leases segment.

Boundaries Leases (consolidated outcome like-for-like)

- Dorint Parkhotel Bad Neuenahr has been closed due to the flooding that took place in 2021 and this hotel is therefore excluded from the climate calculations.
- Scandic Go Sankt Eriksgatan 20 remained closed for renovation and did not open until October 2024. Therefore, it is excluded from the 2024 outcome.
- Citibox Brussels reopened in July following renovation and is therefore not included in the 2024 outcome.
- Scandic Nürnberg Central was reclassified from Own Operations to Leases in March 2024. The hotel is only included in Leases for 2024 and not in the comparison year 2023.

SUSTAINABILITY GOVERNANCE

GOV-1 The role of the administrative, management and supervisory bodies

Information on employees, the management team as well as the Board's composition and diversity is presented in topic-specific standard S1 on page 127. There is also information on their respective roles and areas of responsibility on page 95.

The Nomination Committee applied rule 4.1 of the Code as a diversity policy when preparing its proposal for the Board of Directors, with the objective 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.

GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

For disclosures, see the description on page 95.

Important governing documents

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

All the above policies except the Guidelines for Responsible Sourcing and the Maintenance Policy are signed by the Board of Directors. 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.

GOV-3 Integration of sustainability-related performance in incentive schemes

In Pandox's current and continuing LTI schemes 10 percent of Pandox's sustainability work is to be aligned with Pandox's climate-related SBTi targets, relating to GHG emissions in Scope 1, 2 and 3. The outcome assessment consists of a combined assessment of sustainability work completed during the year for Pandox to reach its SBTi targets over the long term. For more information on Pandox's incentive schemes, see pages 161–162.

In the Own Operations segment (excluding department heads and chief engineers in the UK), 25 percent of the general managers' annual incentive schemes is related to the outcome in the green index. For the department heads and chief engineers, 10 and 30 percent respectively is attributable to this index. The green index is a combination of the following categories: energy, water, waste, food waste, towels and linens, and chemicals. In order for the ESG-related parts of the incentive scheme to be paid out, the index needs to be seven for new hotels and eight or higher for hotels that have had the index for the whole year.

GOV-4 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 covers environmental and social aspects as well as business ethics. This evaluation applies for three years before a new evaluation should be carried out. In 2023 this was implemented for construction contracts above a certain amount within Sweden, but its scope was extended in 2023 to include suppliers in Europe as well. Suppliers are in the first instance entered in Stratsys, Pandox's digital system for due diligence evaluation. Here an initial risk assessment is performed for new suppliers. Suppliers flagged red are asked to complete a self-assessment form.

Stratsys asks follow-up questions and provides an opportunity for suppliers to give further information for all self-assessment forms that have red-flagged responses. This can move a supplier to an amber or a green rating. To guarantee that the assessment is independent, only Stratsys may make changes in the system. 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 takes action to ensure that the supplier does what it needs to do to receive a green classification and continue to be a business partner. Should a company be flagged red even after the supplier has been given an opportunity to take action and add supplementary information, a decision by the internal purchasing council is needed to allow an exception regarding continued cooperation with the supplier. This could, for example, occur in special cases where there is only one supplier of a particular material. This situation has not yet arisen. These suppliers must also have a site inspection carried out by an independent external party. If this is not possible due to a project already being concluded, the supplier is red flagged in the system and banned from continued use.

For hotels in Pandox's Own Operations the Group uses the Hilton Supply Management (HSM) system 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.

Other disclosure requirements linked to general disclosures for GOV-4 in ESRS 2 continue in the ESRS index in the appendix on pages 138–139.

GOV-5 Risk management and internal controls over sustainability reporting

Pandox's sustainability-related risk identification takes place in the course of conducting and updating the double materiality assessment that covers the entire organisation and also the value chain. This risk process has been separate from the overall risk process for the Company. Discussions are taking place internally on how to integrate these processes in the future.

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. Sustainability risk is addressed in Pandox's overall risk management with, for example, climate risk assessment being part of the acquisition analysis process.

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 is carried out in compliance 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 digital third-party reporting system, allowing central oversight and

Green roof on Hilton Brussels Grand Place

GOVERNANCE

BOARD AND AUDIT COMMITTEE

Has overall responsibility for the strategic focus of sustainability and climate work, and make decisions on the Company's policies which are updated annually. The Board also makes decisions on significant investments, such as green investment programmes for Pandox's climate transition to achieve the Company's science-based targets 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. This includes a follow-up review of targets and activities to reach these. The Board's expertise is to reflect the challenges faced by Pandox. Five of seven board members have worked or are working actively at real estate companies and thus have broad industry experience. In addition, three of the board members have many years of experience with listed companies. Based on requests from key stakeholders, there is one board member with solid sustainability experience. There are no employee representatives on the Board. Futhermore, continual training is provided, both internal training given by the SVP, Director of Sustainable Business, in topics such as climate transition and how different scenarios affect these, BREEAM certification, diversity and inclusion, and monitoring the external environment to identify relative trends and political decisions that may impact Pandox's strategy and operations. The Board was informed about the results of work carried out internally in cooperation with an external party on Pandox's impacts, risks and opportunities relating to sustainability topics in the double materiality assessment. The Board provided feedback and this was integrated into the final results of the assessment. The Board is kept informed about any changes in IROs, targets and metrics. In 2024 the board members received training provided by two external sustainability experts on the Board's responsibility with respect to CSRD and anti-corruption. In 2024 the SVP, Director of Sustainable Business also had a standing item on the Audit Committee's meeting agenda focused on the progress of reporting in line with CSRD.

CEO AND EXECUTIVE MANAGEMENT TEAM

Responsible for day-to-day operation of the Company and for reporting to the Board of Directors. They are responsible for delivering on objectives 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 in all sustainability areas, including climate-related risks and opportunities. The SVP, Director of Sustainable Business is a member of the executive management team and contributes knowledge on this. During the year the CEO and executive management team addressed all of the material topics identified for Pandox. Monitoring and assurance that systems and routines are effective is carried out through annual reporting of all metrics in the sustainability report. SBTi targets are monitored continually during the year based on the transition plan that Pandox has established.

SUSTAINABILITY COMMITTEE

Consists of representatives from the executive management team, addresses issues and decisions relating to sustainability work on a quarterly basis. In 2024 the work focused on concrete opportunities and risks relating to action plans for Scope 1, 2 and 3 in order to reach the science-based targets, on further green financing and on diversity and inclusion. The Sustainability Committee is also active in the green investment programmes and the BREEAM certification process for all properties in the Own Operations segment. The CFO convenes the committee meetings. During the year the Sustainability Committee addressed all of the material topics identified for Pandox (see pages 97–98).

SVP, DIRECTOR OF SUSTAINABLE BUSINESS

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 two specific sustainability forums. The first forum is attended by the SVP Asset Management & Development, an internal energy specialist and an external energy consultant who runs the green investment programme for the Own Operations segment. The second forum is attended by the SVP Asset Management & Development and two external BREEAM specialists who pursue and implement BREEAM certification of properties in the Own Operations segment in cooperation with the hotel's employees. The SVP, Director of Sustainable Business reports the outcome of sustainability work 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 role also includes responsibility for targets and monitoring performance in relation to targets.

SUSTAINABILITY MANAGER

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 EMPLOYEES

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

control. Moreover, the four-eyes principle also applies here when data is entered into the report. Pandox is continually working on improving data quality and reporting processes through automation of data flows and by the recruitment of a sustainability controller in 2024 to update and improve processes, routines and data quality, and perform frequent analysis. 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 standard calculations based on the actual data from tenants that is available. More information on this can be found under each relevant standard.

STRATEGY AND BUSINESS MODEL

SBM-1 Strategy, business model and value chain

Pandox's sustainability strategy is based on the double materiality assessment (page 99) and focuses on activities for reaching the science-based climate targets (page 109), which are part of Pandox's strategy to create attractive and sustainable hotel products, as well as the targets for diversity and inclusion. Mapping of the value chain is part of the double materiality assessment process.

Pandox's business model and responsibility in the value chain

Pandox owns, develops and leases out hotel properties to established hotel operators via long leases that are revenue-based, have good minimum rent levels and involve shared risk. Pandox is active in Europe. During the year the Company divested its final hotel in Canada and thereby exited this market.

Pandox is active throughout the value chain, from acquisition and property development, through leasing, technical maintenance and hotel operation, to remodelling, renovation and possible divestment of properties. Pandox therefore has an influence throughout the hotel industry value chain, but the Company's role and responsibilities with respect to sustainability differ between its business segments. Pandox has direct responsibility for sustainability topics its Own Operations segment, but is also able to influence other parts of the value chain by setting standards for the suppliers and by working in cooperation with tenants. The extent of this influence is determined by the leases. Full control within Own Operations includes acquisitions of existing properties, business model decisions, hotel operations, technical maintenance and operation, renovation, remodelling and extensions, and any divestment of properties. However, full control within the Leases segment only involves acquisition of existing properties, including land, and any decisions on divesting property. Other than this, Pandox's influence is different, with responsibility for the property and sustainability-related matters being shared between the tenant and Pandox. The division of responsibility is stipulated in the lease with the hotel operator and may vary depending on what is standard practice in different countries. The hotel operator is responsible for the hotel's day-to-day operation and for the interior of the hotel. Pandox is responsible for the building's exterior, technical maintenance and operation, development, more substantial renovations, and for remodelling and extensions. Responsibility for investment in technical installations varies between the Nordics and other countries. In general Pandox has greater responsibility for the properties in the Nordics than in other countries. The hotel operator is responsible for sourcing electricity, water, heating and cooling for the hotel. Pandox is therefore limited in its ability to influence the steps taken to reduce energy and water consumption at the hotel properties it leases out. Pandox's goal is to have an impact by creating common incentives for improvement within the framework of supplementary agreements containing green addendums and other joint initiatives.

Sustainability is a central aspect of Pandox's strategy and is integrated into property investments through sustainable development. In 2023, for example, Pandox decided on an investment programme of MEUR 29. It was approved by the Board and is aimed at achieving emission reductions in Scope 1 and 2. More information about the projects can be found on the pages presenting the respective ESRS standards (pages 107–137). Sustainability is also one of the Company's four value drivers and to achieve results, Pandox works actively on initiatives that reduce energy use and on property certifications, supplier audits and promoting equality and inclusivity in leadership. Sustainability, including management of sustainability risks, is taken into account in Pandox's strategic decisions, and in both acquisitions and divestments.

Customers and end-users include both tenants and hotel guests. Building contractors are Pandox's largest suppliers. Throughout the value chain there are also many suppliers of goods and services that enable hotels to be operated. The number of employees by geographic area is presented in topic-specific standard S1 on page 125.

SBM-2 Interests and views of stakeholders

Pandox has ongoing dialogue with its stakeholders during the business year, in addition to the specific stakeholder dialogue on sustainability that took place in 2023 as part of the double materiality assessment process. 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 business as well as analysis validation. This enables Pandox to develop and improve. This dialogue is designed to provide the most effective exchange possible.

Topics covered in dialogue with tenants are determined by the agreement and which issues are relevant to address. During the year these conversations were dominated by maintenance and development projects. In 2024 a survey was sent out to the tenants from which Pandox had received data, the purpose being to gain a better understanding of their expectations of Pandox's sustainability work.

A survey is carried out each year of employees at the head office and quarterly of employees within the Own Operations segment. Read more under disclosure requirement ESRS S-1 on page 123.

Dialogue with shareholders and investors takes place on a quarterly basis in connection with interim reporting, through investor roadshows and informal meetings, and through surveys to determine what they want to see in the Annual Report. In 2024 Pandox continued its dialogue on green financing with its major lenders and was able to increase its share of sustainability-linked loans from 6 to 45 percent. 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. There have been no significant changes in Pandox's business model during the year.

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 pages 93–94.

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 Sustainalytics.

SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

Material impacts, risks and opportunities (IROs) were analysed in the double materiality assessment. Within some sub-topics no financial risk or opportunity was identified.

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES (IROS)

			Where in the value chain			Time horizon		
ESRS standards and topics	Sub-topics	Type of IRO	Upstream	Pandox's operations	Downstream	Short term	Medium term	Long term
E ESRS E1 – Climate change	Climate change mitigation	Negative impact, financial risk and opportunity		●	●		●	●
	Climate change adaptation	Financial risk		●				●
	Energy	Negative impact, financial risk and opportunity	●	●	●	●	●	●
ESRS E2 – Pollution	Substances of concern and substances of very high concern	Negative impact		●	●	●		●
ESRS E3 – Water and marine resources	Water	Negative impact		●	●	●		
ESRS E5 – Circular economy	Resources inflows, including resource use	Negative impact, financial risk	●				●	●
	Waste	Negative impact, financial risk		●		●	●	
S ESRS S1 Own workforce	Working conditions	Positive and negative impact		●		●	●	
	Equal treatment and opportunities for all	Negative impact, financial opportunity		●		●	●	●
	Occupational health and safety	Negative impact		●	●	●	●	
ESRS S2 – Workers in the value chain	Working conditions	Negative impact	●		●	●	●	
	Equal treatment and opportunities for all	Negative impact			●		●	
	Other work-related rights	Negative impact	●		●		●	●
ESRS S4 – Consumers and end-users	Personal safety of consumers and/or end-users	Negative impact		●	●	●	●	
	Social inclusion of consumers and/or end-users	Positive impact			●	●		
G ESRS G1 Business conduct	Corporate culture	Positive and negative impact, financial risk		●			●	
	Management of relationships with suppliers	Negative impact	●				●	
	Corruption and bribery	Negative impact, financial risk	●	●			●	
Cybersecurity	Cybersecurity	Negative impact		●			●	

IDENTIFIED MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

E1 **Climate change**

Material impact:

- Pandox operates in an industry that generates high levels of GHG emissions, where buildings accounting for 36 percent of emissions in Europe.
- The Company contributes to emissions through Scope 1, 2 and 3, with the majority in Scope 3.
- Pandox's properties may be impacted by extreme weather, floods and rain, particularly in countries such as Austria, Belgium, Sweden and Norway.
- Pandox is dependent on energy-intensive suppliers within the construction and renovation industries.
- Many hotels' heating systems use natural gas, a fossil fuel associated with high emissions.

Financial risks:

- Future costs from emissions taxes and investments to meet energy efficiency requirements.
- Requirement for all non-residential properties to reach at least F in Europe and C in the UK.
- High costs for repairs and restoration following extreme weather damage.
- Need for substantial investment in adaptation, such as for installation of cooling systems.
- Older properties may be expensive to transform to meet new requirements.
- An energy shortage could cause serious disruptions and financial losses for Pandox and its business partners.
- Limited influence over emissions generated by partners that lease Pandox's properties.

Financial opportunities:
- By adhering to climate plans under the Paris Agreement, Pandox can remain an attractive partner for investors and financial institutions.
- BREEAM certification of hotels can create business opportunities and attract guests.
- Investments in energy-efficient buildings and equipment can save resources and energy costs in the long term.
- Pandox can remain an attractive partner for hotel operators through energy efficiency improvements.
- Create incentives for energy efficiency through new partnerships.
- Investments in energy efficiency can make Pandox an attractive partner for hotel operators.

E2 Pollution

Material impact:
- Products such as refrigerators, freezers and air conditioning systems could contain hazardous substances that harm the environment at the end of their lifecycle.
- Fluorinated greenhouse gases from these products could be released into the atmosphere, which is made worse by rising temperatures and increased installation of air conditioning systems.
- Cleaning products used could contain hazardous substances.

E3 Water resources

Material impact:
- Water emissions from hotel operations could negatively impact the surrounding environment.
- Large volumes of wastewater from laundering, showering and rinsing/flushing could impact local wastewater systems.
- Operations in water-stressed cities, such as London and Brussels, exacerbate the problem.

E5 Circular economy

Material impact:
- Pandox has a negative impact through its choice and use of materials, especially the use of raw materials.
- Some materials depend on the use of virgin resources, which could negatively impact the environment.

Financial risks:
- Lack of insight into purchasing practices for materials, and their impact on people and the environment.
- Resource and material shortages could result in increased prices or operational disruptions.
- Materials from countries with less strict climate policies could become more expensive due to future EU rules on carbon emissions.
- Increased costs and regulations on waste management.
- Potential fines if waste volumes are not limited or recycled in line with requirements.

S1 Own workforce

Material impact
- Pandox creates employment opportunities through its presence in the community.
- Operations in countries where freedom of association is violated could lead to worsening of working conditions.
- Lack of language skills among workers is a contributing factor to health and safety risks and could lead to inadequate labour rights.
- Discrimination and sexual harassment are common in housekeeping and food and beverage operations, particularly within restaurant and cleaning operations.
- The proportion of women who hold management positions at hotels is lower elsewhere in Europe than in the Nordic countries.
- Physically demanding work tasks could become more difficult for older employees.
- A minority of cleaning staff have no access to computers, which makes training and information-sharing more difficult.

Financial opportunities
- Improve cooperation and efficiency within the Company by focusing on diversity, equity and inclusion (DEI).
- Lower costs for training and reduce employee turnover through an effective strategy to attract and retain employees.
- Increase business opportunities by improving employee satisfaction.
- Develop strategies to address discrimination and harassment.
- Adapt work tasks for older employees so they can still do their job.
- Improve access to training and information for employees with no access to a computer.

S2 Workers in the value chain

Material impact
- Restaurant and cleaning staff are at risk of forced labour, low wages and precarious employment.
- Risk of illegal labour and wage dumping in the real estate sector.
- Inadequate language skills contribute to shortcomings in labour rights and limited knowledge of grievance mechanisms.
- External cleaning staff may be exposed to chemicals that adversely affect health.
- Lack of union membership and collective bargaining agreements can mean poorer working conditions and rights.
- The construction industry is a risk sector for working conditions, health and safety.
- Construction workers deal with stressful working conditions to meet deadlines.
- Hotel employees are at risk of harassment and discrimination, especially migrant workers and agency staff.
- Risk of forced labour and child labour in the value chain, especially in the coffee and tea industry.

S4 Consumers and end-users

Material impact
- Hotel operations are associated with the risk of prostitution, human trafficking and sexual abuse.
- Risk that hotel guests will be exposed to bad behaviour or harassment from other guests or people in the vicinity of the hotel.
- Pandox can contribute to inclusion by ensuring that its properties are accessible to all and by offering accessible rooms.

G1 Business conduct

Material impact
- Positive corporate culture that encourages feedback and new ideas.
- Annual inclusion survey shows that 82 percent of the employees feel included.
- Building materials could be produced in a socially unsustainable way.
- Dependence on contractor partners for the purchase of materials.
- Dependence on all parties respecting the laws on bribery and corruption.

Financial risks
- 18 percent of the employees do not feel included, which could lead to reduced commitment and efficiency.
- Social and environmental risks from suppliers who are not thoroughly audited.
- Bribery and corruption could result in increased costs, lost business opportunities, legal sanctions and damage to the Company's reputation.
- The construction sector is a high-risk sector for bribery and corruption.
- Risk of corruption in the procurement of goods and services, and risk of bias in contracts.

All identified material impacts, risks and opportunities (IROs), as well as impacts in the value chain and time horizons, are presented throughout the report as an introduction to the respective material ESRS standard; see pages 107, 117, 118, 120, 123, 130, 132 and 135. Also found there are more descriptive details, scope and management of these risks.

Pandox reports according to the Task Force on Climate-related Financial Disclosures (TCFD), and this constitutes a key part of the Company's climate risk assessment. This analysis highlights potential financial impacts as well as effects on Pandox's strategy and operations. It also includes a sensitivity analysis and an assessment of potential financial impacts resulting from identified risks as well as Pandox's actions to address these. The analysis also illustrates how the Company's financial position may be impacted if these measures are not implemented. The outcome of the TCFD analysis is described in more detail on pages 113–116 in this report.

MATERIALITY ANALYSIS AND IMPACTS, RISKS AND OPPORTUNITIES (IROs)

IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities
IRO-2 Disclosure requirements in ESRS covered by the undertaking's sustainability statement

Materiality analysis

In 2023 Pandox conducted a double materiality assessment (DMA) to determine material impacts, risks and opportunities (IROs). This process is separate from Pandox's overall risk process. The materiality assessment 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 assessment was carried out in five stages:

1. Understanding of the business model and value chain, and 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

Understanding of the business model and value chain

A first step in being able to identify and assess impacts, risks and opportunities that are material for Pandox was to identify and understand the Company's business model and value chain. Key activities, resources and stakeholders were mapped along the value chain in order to clearly define the scope of continued analysis. All of Pandox's value chain was included. The analysis excluded future potential acquisitions or changes in the business model.

General list of all impacts, financial risks and opportunities (IROs)

A general list of IROs was generated by assessing all topics including sub-topics and sub-sub-topics based on the ESRS topic list as they relate to Pandox's operations. A total of 26 sustainability topics were identified.

Process analysis and stakeholder dialogue as a basis for assessing material impacts, financial risks and opportunities (IROs)

Identified IROs were mapped according to each sub-topic in the general list. Topics that are not included in the list but could be material for Pandox were also highlighted. The assessment identified risks and opportunities that may arise from impacts. Process analysis covers the entire Company and is not limited to specific operations, business relationships, geographical areas etc. Thus Pandox's entire value chain is included, such as hotels in the Own Operations segment, downstream tenants that operate the hotels in the Leases segment and upstream suppliers that Pandox uses in, for example, the construction industry. Knowledge gained internally, for example from mapping cooling systems and air conditioning in Pandox's property portfolio, as well in the industry, such as commonly occurring pollutants in the industry, were taken into account when identifying IROs in E2. Benchmarking against external initiatives, such as SASB standards, CSR Risk Check, ThinkHazard, Transparency International, as well as the WWF Biodiversity Risk Filter and Water Risk Filter, was also carried out through a desktop review.

Climate-related physical and transition risks were identified in Pandox's climate risk system and in climate risk reports prepared by an external party. Also taken into account was Pandox's climate scenario analysis carried out according to the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, where climate-related impacts associated with greenhouse gas emissions, pollution, water and circular economy were identified through mapping and analysis of Pandox's locations/areas of business. The hotels' geographical locations were also analysed to determine if they are in water-stressed areas. To read more about scenario analysis, see pages 113–116.

Previous studies of waste performed to understand the waste streams at each hotel have been taken into consideration as regards circular economy. A study of the climate impact of bathrooms was also included.

Pandox's impacts associated with human rights were identified by the Human Rights Impact Assessment carried out by an external party in winter 2022/2023 and which included stakeholder dialogue and due diligence processes within all business segments.

To ensure that the analysis covered all topics in the general list, as well as additional potential topics not yet identified, 10 relevant stakeholders – four internal and six external – were interviewed. The interviews were conducted by a third party.

In the DMA process no proposals were included from local experts or specifically affected communities regarding pollution or water and marine resources as Pandox believes that sufficient relevant knowledge has been obtained within these areas. Local experts are, however, involved in BREEAM certifications.

Assessment of material impacts, financial risks and opportunities (IROs)

The identified IROs were divided into short-, medium- and long-term and specified for various parts of the value chain. They were then graded for impact and financial materiality on the basis of the criteria in ESRS 1 General requirements.

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 prioritises the likelihood of impacts on human rights. Positive impacts were graded based on scale, scope and likelihood. Financial risks and opportunities were graded based on the potential magnitude of the risk or opportunity, and its likelihood.

Relevant thresholds for quantitative grading were set in consultation with Pandox's sustainability team, representatives of the executive management team and external consultants. The parameters 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 assessment were validated by representatives of Pandox's sustainability team and executive management team, after which final adjustments were made. The outcome of the materiality assessment was that out of the 26 sustainability topics, nine ESRS topical standards were material, with 20 material sub-topics, one of which was company-specific. The results of the materiality assessment have been communicated to the Board of Directors for information and to enable the Board to have an influence. A further, more detailed review of the results and processes was carried out with individual members of the Board. Pandox's process is to perform an annual review of the materiality assessment, taking into account any changes in the Company's value chain, operations, industry practices and new insights. This review was carried out with the assistance of a third party experienced in performing double material assessment.

The sustainability information that is to be reported has been assessed based on the material IROs identified for each sub-topic. All datapoints in material standards have been assessed to ensure full and material reporting. Disclosure requirements for which there are no related material IROs have been excluded from the sustainability information.

Updating of the materiality assessment in 2024

In 2024 the assessment was updated to ensure relevance and precision. As 2023 was the first year that Pandox had performed a double materiality assessment, the updated assessment identified certain differences and new insights. The amended assessments can be found in E2, E5 and S3. The assessment shows that both the sub-topic Pollution in E2, and the sub-topic Resource outflows in E5, were considered not material due to updated interpretations of the regulation. In addition, the entire E4 standard was identified as not material in the updated assessment. This is due to the overall risk assessment of nature-related impacts and dependencies that was carried out in 2022/2023. The assessment was conducted for the geographical locations where Pandox has its properties, and for the materials used in Pandox's own operations as well as in the value chain. Key activities in the value chain were also evaluated to gain an understanding of nature-related consequences and dependencies in the value chain. The assessment showed that none of the locations where Pandox operates has significantly sensitive biodiversity, and no properties are located in or near Key Biodiversity Areas. Pandox's hotels are situated in urban environments.

Furthermore, the entire S3 standard has been identified as no longer material. Transparency is no longer identified as a sub-topic. Instead cybersecurity has been categorised as a material sub-topic and as such constitutes a company-specific disclosure.

Other disclosure requirements linked to general disclosures for IRO-2 in ESRS 2 continue in the ESRS index in the appendix on pages 140–141.

Environmental information

GENERAL INFORMATION

ENVIRONMENTAL INFORMATION

E

SOCIAL INFORMATION

S

GOVERNANCE INFORMATION

G

ESRS APPENDIX

Reporting according to the EU Taxonomy

For the fourth 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. Pandox is reporting on both eligibility and alignment for all of the environmental objectives. During the year an expanded review was conducted for the remaining environmental objectives 3–6 based on alignment. No alignment was shown for these environmental objectives. 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 2024

In 2024 eligible activities amounted to 98 (98) 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 (CCM). The aligned proportions were 5 (5) percent of turnover, 63 (3) percent of CapEx and 22 (13) percent of OpEx.

The eligible totals for environmental objective 1 (CCM) in 2024 were 37 (97) percent of CapEx and 78 (87) percent of OpEx. In addition, Pandox's eligible activities for environmental objective 6 (BIO) amounted to 46 (46) percent of turnover. Pandox has no taxonomy-aligned turnover, CapEx or OpEx for environmental objective 2 (CCA) and 6 (BIO). None of the investments in 2024 were adaptation investments and environmental objective 2 (CCA) is therefore not applicable.

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 a rating of A to 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 2024 a total of 15 properties were given an energy rating of B and one of A. These are located in Sweden, Norway, Austria, the Netherlands and the UK. The biggest difference compared with the previous year is mainly related to three recently acquired properties in the UK, which are included in this year's reporting.

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 already 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 11 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 the UK. 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 rating 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.

Assessment of applicability and alignment of hotel operations within environmental objective 6 Biodiversity and activity BIO 2.1

The assessment of applicability and alignment only applies to hotel operations within Own Operations since this is the only business segment in which Pandox operates hotels. In the Leases segment Pandox is only a property owner and has no responsibility for hotel operations.

None of Pandox's hotels is located within or near to any designated nature protection areas. It could therefore be argued that Pandox's hotel portfolio is not encompassed by economic activity BIO 2.1 since the hotels have no possibility of contributing to the environmental objective under the established criteria. However, on 29 November 2024 the European Commission published a draft set of FAQs which clarified that hotels eligible under BIO 2.1 must be able to be tested for taxonomy alignment regardless of where they are situated. Pandox has made the assessment that the draft guidance confirms that the hotels are eligible in the taxonomy system. The precise way in which the substantial contribution criteria are to be tested at Pandox's hotels, based on the draft set of FAQs published in November, is still being analysed. The work being carried out to assess alignment is described below. The way in which alignment is to be tested may also be changed in 2025 before the FAQs are adopted.

Pandox has thus started to investigate the extent of alignment in 2024. To classify the hotels within Own Operations as aligned with the Biodiversity objective, the Company must demonstrate alignment with the substantial contribution criteria for the environmental objective (criteria 1–5), with the "does not significantly harm" (DNSH) criteria for the other environmental objectives and with the minimum safeguards. The DNSH criterion that needs to be demonstrated for environmental objective 1, Climate change, relates to the buildings having a certain level of energy efficiency. This has been tested by Pandox through an assessment of the technical screening criterion that defines the top 30 percent most energy-efficient buildings nationally. To identify the properties in the top 30 percent, Pandox applied guidance for the top 15 percent according to the Swedish Property Federation's guidelines. Pandox then used the guidelines from the Swedish Property Federation for primary energy demand (kWh/m²) to include additional properties in the top 30 percent. At the end of 2024, 10 of 24 properties within Own Operations met this criterion. These 10 properties were further evaluated based on technical screening criteria 1–5 for substantial contribution to the Biodiversity objective. However, none of Pandox's properties is judged to be aligned with all the criteria in activity BIO 2.1. This is because for some of the criteria there is no guidance on how they can be applied by properties outside of designated nature protection areas. The recently published FAQs do, however, provide such guidance and therefore in the future it will also be possible for Pandox to have aligned properties within the Biodiversity objective. This is provided that the DNSH criteria for the remaining environmental objectives are met – something that was not tested in 2024 because at that time there was considered to be no basis for alignment.

Pandox is continuing to monitor and evaluate potential actions to improve its sustainability work and adaptation to the EU taxonomy.

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. Analysis will be performed again in advance of the 2025 Annual Report.

In 2024 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.

DNSH

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 determine what impacts various climate scenarios will have on Pandox's properties and to make a plan to minimise these. Consequently, Pandox is carrying out annual climate risk assessment of its property portfolio, aiming for climate adaptation of the properties with a high risk of negative impacts from a changed climate. Overall climate risk assessment is also included in the acquisition process. As of 1 January 2025 climate risk assessment will also be integrated into the annual on-site risk inspection at selected properties.

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. The tool assesses the properties' risks based on the IPCC climate scenarios (RCP 2.6 (1.5 ⁰C), 4.5 (2–3 ⁰C) och 8.5 (4 ⁰C)) and timeframes (current risk and risk in 2030, 2050 and 2100 respectively).

The tool includes 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.
- Hydrological variation is 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. To meet the technical screening criteria for DNSH linked to climate change adaptation (CCA) for economic activity CCM 7.3 and 7.6, climate risk assessments are considered completed and the screening criteria met once a climate risk assessment has been carried out for the property for which there was capital expenditure. Pandox performs individual on-site assessment of the need for climate adaptation at the property when the physical climate risk is deemed very high or high. In 2023 a desktop analysis was performed for the properties identified as having high climate risks. In 2024 an updated needs analysis was performed to review properties in the portfolio through a desktop analysis of four more Pandox properties classified as having a higher risk. Pandox has also carried out climate risk assessment on all newly acquired properties in the portfolio. i.e. the four acquisitions in the UK.

Pollution

Regarding the DNSH pollution criterion, in 2024 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. Through its supplier audit system Pandox requests that these suppliers confirm 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, the suppliers need to specify which chemicals are used. For an economic activity to be considered aligned, all criteria must be met. Only suppliers who have been able to confirm the DNSH criterion for CCM 7.3 have been reported as aligned for CapEx and OpEx. There are plans to introduce a new procedure in 2025 requiring taxonomy-alignment as part of the tendering process. Pandox will at a later stage also carry out random sampling to check that identified suppliers are not using banned substances.

Pandox's taxonomy-eligible economic activities

- BIO 2.1 Hotels, holiday, camping grounds and similar accommodation
- CCM 7.3 Installation, maintenance and repair of energy-efficient equipment
- CCM 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling energy performance
- CCM 7.6 Installation, maintenance and repair of renewable energy technologies
- CCM 7.7 Acquisition and ownership of buildings

DEFINITION OF 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.

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.

OpEx

Total OpEx as defined in the EU Taxonomy includes costs for maintenance and repair of properties.

PROPORTION OF PANDOX'S TURNOVER THAT IS TAXONOMY-ELIGIBLE AND TAXONOMY-ALIGNED

Turnover

				Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)									
Economic activities (1)	Code(s) (2)	Turnover (3)	Proportion of turnover (4)	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)	Minimum safeguards (17)	Taxonomy-aligned/taxonomy-eligible proportion of turnover, 2023 (18)	Category: enabling activity (19)	Category: transitional activity (20)
		MSEK	%	Yes/No/ N/EL	Yes/No/ N/EL	Yes/No/ N/EL	Yes/No/ N/EL	Yes/No/ N/EL	Yes/No/ N/EL	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Acquisition and ownership of buildings	CCM 7.7	362	5%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	–	Yes	-	-	-	-	Yes	5%		
Turnover of environmentally sustainable activities (A.1)		362	5%	4%	0%	0%	0%	0%	0%	–	Yes	-	-	-	-	Yes	5%		
Of which enabling activities		0	0%	0%	0%	0%	0%	0%	0%	–	Yes	-	-	-	-	Yes	0%		
Of which transitional activities		0	0%							–	Yes	-	-	-	-	Yes	0%		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
				EL/N/EL	EL/N/EL	EL/N/EL	EL/N/EL	EL/N/EL	EL/N/EL										
Hotels, holiday, camping grounds and similar accommodation	BIO 2.1	3,268	46%	N/EL	N/EL	N/EL	N/EL	N/EL	EL								46%		
Acquisition and ownership of buildings	CCM 7.7	3,366	47%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								47%		
Turnover of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		6,634	93%	49%	0%	0%	0%	0%	46%								93%		
Total (A.1 + A.2)		6,996	98%	52%	0%	0%	0%	0%	46%								98%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of taxonomy-non-eligible activities		140	2%																
Total (A + B)		7,136	100%																

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 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. No identified alignment in this environmental objective.

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

PROPORTION OF PANDOX'S CAPEX THAT IS TAXONOMY-ELIGIBLE AND TAXONOMY-ALIGNED

Capital expenditure (CapEx)

				Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)									
Economic activities (1)	Code(s) (2)	CapEx (3)	Proportion of CapEx (4)	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)	Minimum safeguards (17)	Taxonomy-aligned or taxonomy-eligible proportion of CapEx, 2023 (18)	Category: enabling activity (19)	Category: transitional activity (20)
		MSEK	%	Yes/No/ N/EL	Yes/No/ N/EL	Yes/No/ N/EL	Yes/No/ N/EL	Yes/No/ N/EL	Yes/No/ N/EL	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Acquisition and ownership of buildings: Leases and Own Operations	CCM 7.7	2,666	61.8%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	–	Yes	-	-	-	-	Yes	2.1%		
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings: Leases and Own Operations	CCM 7.5	23	0.5%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	–	Yes	-	-	-	-	Yes	0.7%	E	
Installation, maintenance and repair of renewable energy technologies: Leases and Own Operations	CCM 7.6	3	0.1%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	–	Yes	-	-	-	-	Yes	0.2%	E	
Installation, maintenance and repair of energy-efficient equipment	CCM 7.3	33	0.8%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	-	Yes	-	Yes	-	-	Yes	0%	E	
CapEx for environmentally sustainable activities (taxonomy-aligned) (A.1)		**2,724**	**63.1%**	**63.1%**	**0%**	**0%**	**0%**	**0%**	**0%**	–	Yes	-	Yes	-	-	Yes	**3.1%**		
Of which enabling activities		**59**	**1.4%**	**1.4%**	**0%**	**0%**	**0%**	**0%**	**0%**	–	Yes	-	-	-	-	Yes	**1.0%**	E	
Of which transitional activities		**0**	**0%**	**0%**						–	Yes	-	-	-	-	Yes	**0%**		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
				EL/N/EL	EL/N/EL	EL/N/EL	EL/N/EL	EL/N/EL	EL/N/EL										
Acquisition and ownership of buildings	CCM 7.7	1,522	35.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								90.8%		
Installation, maintenance and repair of energy-efficient equipment	CCM 7.3	70	1.6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								6%		
CapEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		**1,592**	**36.9%**	**36.9%**	**0%**	**0%**	**0%**	**0%**	**0%**								**96.9%**		
Total (A.1 + A.2)		**4,316**	**100%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**								**99.9%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of taxonomy-non-eligible activities		0	0%																
Total (A + B)		4,316	100%																

CAPEX ACCOUNTING PRINCIPLES

See page 106.

PROPORTION OF PANDOX'S OPERATING EXPENDITURES THAT IS TAXONOMY-ELIGIBLE AND TAXONOMY-ALIGNED

Operating expenditures (OpEx)

				Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)									
Economic activities (1)	Code(s) (2)	OpEx (3)	Proportion of OpEx (4)	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)	Minimum safeguards (17)	Taxonomy-aligned or taxonomy-eligible proportion of OpEx, 2023 (18)	Category: enabling activity (19)	Category: transitional activity (20)
		MSEK	%	Yes/No/ N/EL	Yes/No/ N/EL	Yes/No/ N/EL	Yes/No/ N/EL	Yes/No/ N/EL	Yes/No/ N/EL	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Acquisition and ownership of buildings: Leases and Own Operations	CCM 7.7	46	21%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	–	Yes	-	-	-	-	Yes	13%		
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings: Leases and Own Operations	CCM 7.5	0	0%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	–	Yes	-	-	-	-	Yes	1%	E	
Installation, maintenance and repair of energy-efficient equipment	CCM 7.3	2	1%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	-	Yes	-	Yes	-	-	Yes	0%	E	
OpEx for environmentally sustainable activities (taxonomy-aligned) (A.1)		**48**	**22%**	**21%**	**0%**	**0%**	**0%**	**0%**	**0%**	–	Yes	-	Yes	-	-	Yes	13%		
Of which enabling activities		**0**	**0.9%**	**1%**	**0%**	**0%**	**0%**	**0%**	**0%**	–	Yes	-	-	-	-	Yes	1%	E	
Of which transitional activities		**0**	**0%**	**0%**						–	Yes	-	-	-	-	Yes	0%		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
				EL/N/EL	EL/N/EL	EL/N/EL	EL/N/EL	EL/N/EL	EL/N/EL										
Acquisition and ownership of buildings	CCM 7.7	165	76%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								84%		
Installation, maintenance and repair of energy-efficient equipment	CCM 7.3	6	3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								3%		
OpEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		171	78%	78%	0%	0%	0%	0%	0%								87%		
Total (A.1 + A.2)		218	100%	99%	0%	0%	0%	0%	0%								100%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of taxonomy-non-eligible activities		0	0%																
Total (A + B)		218	100%																

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 screening criteria applicable to Pandox's investment properties and operating properties (CCM 7.3, 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. The increase compared to the previous year is mainly due to the acquisition of three green properties in 2024.

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 71 refers to OpEx within Leases and is included in the item "Costs Leases", adjusted in the amount of MSEK 9 for aligned items under A1 as well as that which is included under 7.3 in A2. Of which MSEK 147 is OpEx within Own Operations and is included in the Item "Costs Own Operations" in the consolidated income statement, adjusted in the amount of MSEK 44 for aligned items under A1 as well as that which is included under 7.3 in A2.

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	5.08%	52.24%
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%	45.8%

	Proportion of CapEx/total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
Climate change mitigation	63.12%	100%
Climate change adaptation	N/A	N/A
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	21.84%	100%
Climate change adaptation	N/A	N/A
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 on page 104)

A.1 Environmentally sustainable activities (taxonomy-aligned):

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.

Own Operations/Leases
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 are 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.

CCM 7.7: All capital expenditures for properties that are taxonomy-aligned, i.e. capital expenditures/acquisitions for properties with an energy rating of EPC B with an approved climate risk assessment. The total reported under 7.7 amounts to MSEK 2,666, of which MSEK 2,612 consists of three EPC B-rated operating properties acquired in 2024 and MSEK 54 is CapEx for green properties owned by Pandox. The increase compared to the previous year is mainly due to the acquisition of three green properties in 2024.

CCM 7.3, 7.5. 7.6: Individual capital expenditures for properties not meeting the criteria for taxonomy alignment but where the capital expenditure itself satisfies the criteria for taxonomy alignment.

A.2 Taxonomy-eligible but not environmentally sustainable activities (non taxonomy-aligned activities):
CCM 7.3: Outcome MSEK 70 (prev. year MSEK 151).
CCA 7/CCM 7.7: Leases: Of which MSEK 732 is CapEx for existing investment properties, corresponding to the CapEx stated in the financial statements, Note E1 (investment properties), adjusted in the amount of MSEK 111 for aligned CapEx in investment properties included under A1 as well as that which is included under 7.3 in A2. Own Operations Also included is MSEK 680 for acquisitions of operating properties (included in financial statements, Note E2) as well as MSEK 292 for CapEx for existing operating properties which corresponds to the stated CapEx in Note E2 and E3, adjusted in the amount of MSEK 71 for aligned CapEx for operating properties included in A1 as well as that which is included under 7.3 in A2.

B: Taxonomy-non-eligible CapEx (B):
Refers, for example, to rent for office premises.

E1 Climate change

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES (IROs)

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

Sub-topics	IRO descriptions	Type of IRO	Where in the value chain: Upstream	Where in the value chain: Pandox's operations	Where in the value chain: Downstream	Time horizon: Short term	Time horizon: Medium term	Time horizon: Long term
Climate change mitigation	Pandox operates in an industry that contributes significantly to GHG emissions. Buildings account for 36 percent of emissions in Europe and hotel operations are both energy- and emissions-intensive.	Potential negative impact		●			●	
	Pandox contributes to emissions through Scope 1, 2 and 3 with Scope 3 generating the majority of emissions.	Actual negative impact		●	●		●	
	For investors and bankers it is crucial that companies have plans in place to manage climate change and to reduce emissions according to the Paris Agreement, which Pandox does. By adhering to these plans Pandox remains an attractive partner for investors and financial institutions.	Financial opportunity		●			●	●
	Pandox is aiming for BREEAM certification for all the hotels that it operates. This certification confirms that the hotels are operated in a sustainable way that supports climate action. By certifying its properties Pandox can create business opportunities, and be an attractive partner and hotel choice for potential guests.	Financial opportunity		●			●	
	Pandox is facing potential future costs from emissions taxes. Larger investments may also be required to meet energy efficiency requirements, particularly in light of the upcoming 2027 requirement for all non-residential properties to reach at least F in Europe and C in the UK.	Financial risk		●			●	
Climate change adaptation	Some of Pandox's properties may potentially face risks such as extreme weather, floods and rain, which could make them unusable, particularly in countries that are exposed to flooding. This could result in high costs for repairs and restoration, as well as a need for large investments for adaptations; for example, the installation of cooling systems to improve the indoor climate. Older properties may also be too expensive to transform to meet new requirements, which is expected to lead to increased costs for Pandox.	Financial risk		●				●
Energy	Most of Pandox's suppliers within property management operate within the construction industry where production of materials is energy-intensive. Pandox is dependent on these suppliers to keep its properties in good condition.	Potential negative impact	●			●		
	Many of the hotels that are operated or managed by Pandox in Europe are heated with natural gas, a fossil fuel with high greenhouse gas emissions.	Actual negative impact		●		●		
	Operating buildings – particular those housing hotels – requires large amounts of energy. A large proportion of emissions (Scope 3) are also caused by partners that lease Pandox's properties. Here Pandox has limited influence and requires a different type of partnership to create incentives for energy efficiency.	Actual negative impact		●	●		●	
	Higher temperatures and volatile energy prices may increase energy consumption and costs in the Own Operations segment where Pandox is responsible for energy contracts. Hotel operators that lease properties from Pandox are also impacted financially, which may also lead to increased demand for energy-efficient properties. If older buildings cannot be renovated to meet requirements in the new regulations to achieve at least F in Europe (2033) and C in the UK (2027), there is a risk of loss of market share over time.	Financial risk	●				●	
	Scenarios involving energy shortages may become a reality as the electrification of society continues. Should these shortages become prolonged, there is a risk that the hotel industry will not be prioritised for energy access. This has the potential to cause serious disruptions and financial losses for Pandox's Own Operations segment and for Pandox's tenants.	Financial risk	●				●	
	Investing in more energy-efficient buildings and equipment can save resources and energy costs in the long term, and ensure that Pandox remains an attractive partner for hotel operators.	Financial opportunity		●				●

E1 cont.

STRATEGY

E1-1 Transition plan for climate change mitigation

Material climate-related impacts

Pandox's greatest negative impact on the climate is through emissions of greenhouse gases throughout the value chain. This is an effect of Pandox's business model which consists of its own operations (Scope 1 and 2) as well as upstream and downstream activities (Scope 3).

Pandox's combustion of fuels such as oil and gas in its own operations, fuel for the Company's cars and leakages of refrigerants give rise to Scope 1 emissions, which mainly occur at hotels operated by Pandox. Pandox also purchases electricity, district heating and cooling for its own operations and these give rise to Scope 2 emissions. Most of the emissions arise downstream with tenants within the Leases segment in Scope 3. Emissions from tenants operating and heating hotels is the single largest emissions category. These emissions are reported for downstream leased assets. For the properties where the tenants provide measured data on actual energy consumption, energy-based emissions are reported in the table. The second largest category in Scope 3 consists of upstream leased assets in Pandox's value chain and comes from purchased goods and services.

Climate transition plan

Pandox has approved science-based targets in line with the Paris Agreement's goal of limiting temperature rise to 1.5 °C. 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. This baseline was chosen to reflect the most recently available emission data, i.e. the most reliable data with a representative year for Pandox's emissions in Scope 1, 2 and 3. In the event of more significant changes in the portfolio, the baseline year is recalculated to continue representing a correct baseline year. The target is not calculated as a linear reduction but is instead set for 2030 and the pathway to reach it does not necessarily have to be linear. 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.

For the Own Operations segment (Scope 1 and 2), in September 2023 the Board approved a climate transition plan of MEUR 29, which is expected to generate annual savings of around MEUR 3. The plan initially included eight properties; this was increased to 11 properties in 2024. The climate transition plan's primary purpose is to contribute to reducing emissions in Scope 1 and 2. Under the programme Pandox will focus on lowering dependence on fossil fuels and increasing energy efficiency by phasing out gas and oil and replacing these with heat pumps. Additional priorities include energy efficiency improvement, increasing the share of renewable energy and changing behaviours. In 2024 preliminary studies and detailed studies were carried out in order to make the right decisions when choosing technical solutions. These studies are not classified as CapEx and are therefore not taxonomy-aligned. In 2025 a pilot project will be carried out to compare two different types of heat pumps. The installation work is expected to be able to be mapped against Taxonomy activities 7.2–7.6. The activities within the programme will also contribute towards achieving a better energy rating. There is, however, no communicated objective of having the properties re-rated as A and B to achieve taxonomy alignment in 7.7 as this would require substantial additional investment with lower profitability. Read more about this on page 101, Reporting according to the EU Taxonomy.

The climate transition plan for Scope 3 is currently being produced. Similar initiatives as for Scope 1 and 2 will be implemented here as well. There will also be projects to reduce emissions during renovation and remodelling by, for example, prioritising sustainable materials choices and reduced waste. This is important because bathroom upgrades are the most common form of renovation carried out by Pandox. A partnership has therefore been initiated with Scandic to develop guiding principles that integrate climate aspects into bathroom renovations. The goal is to prioritise upgrades over tearing out fully functioning bathrooms, which is to become standard practice. The aim is to reduce emissions and contribute to achieving the science-based target for Scope 3 without compromising on guest comfort, design or operating costs. In 2024 test bathrooms were developed, and an agreement is expected in early 2025 that would enable a broad roll-out of the new concept. Around 600 bathrooms are planned to be renovated for Scandic in the period up to the end of 2026.

MANAGING IMPACTS, RISKS AND OPPORTUNITIES

E1-2 Policies related to climate change mitigation and adaptation

E1-3 Actions and resources in relation to climate change policies

Policies related to climate change mitigation and adaptation

Pandox has various governing documents that inform the Company's management of climate-related sustainability topics. The CEO and the executive management team are ultimately responsible for the implementation of and compliance with the policy.

These include:

- Environmental Policy
- Maintenance Policy
- Guidelines for Responsible Sourcing
- 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. Underlying data and reporting will continue to be developed with the objective of being as reliable as financial reporting.

Climate adaptation for climate-related risks and opportunities

Identified IROs linked to climate change adaptation relate to the physical risks that Pandox's properties potentially face, such as extreme weather, floods and rainfall. Pandox manages impacts and risks by performing climate assessments. From the beginning of 2025 site visits will take place as part of the annual risk inspection at selected properties. Climate risk assessment will focus on the properties that have been identified as having a high climate risk. The purpose of site visits are to validate the climate adaptation measures that are in place or to produce action plans where none exist. Pandox aims to certify its hotels under the BREEAM framework, which promotes measures that increase a building's resilience to climate change and other risks. This may include improvements in a building's design, material choices and operating systems.

Climate adaptation of buildings has been a material sustainability topic for Pandox since 2021. In 2024 a workshop was held for the executive management team on the theme of climate change. Pandox used the scenario analysis methods recommended by the TCFD. At the workshop various climate scenarios were analysed to identify short-, medium- and long-term climate-related risks and opportunities, and how these would impact the Company. The analysis performed in 2021 was based on two climate scenarios – worst case and best case. The updated workshop in 2024 analysed three climate scenarios: a worst case scenario where the world fails to transform, emissions continue to increase and the physical risks associated with climate change occur; a middle case scenario where the world implements certain measures to reduce emissions; and a best case scenario where the world successfully collaborates, transforms societies and meets the Paris Agreement's 1.5 ºC goal. Read more about the results on pages 113–116. The purpose of the workshop was to create awareness about climate-related risks and to discuss ways in which Pandox can integrate the climate perspective into its strategy, operations, properties and finances for various potential future climate scenarios.

Dialogue also takes place with tenants concerning climate adaptation of properties. To manage these risks Pandox uses a modelling tool that assesses and makes a financial evaluation of the Company's exposure to physical risks for all of Pandox's properties.

E1 cont.

Measures related to material IROs regarding climate change mitigation and energy use are described in the chapter “Transition plan for climate change mitigation”.

METRICS AND TARGETS

E1-4 Targets related to climate change mitigation and adaptation

Since 2023 Pandox has had science-based targets undertaking 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. The target for Scope 3 includes category 1 for remodelling and renovations of properties as well as all of category 13. The target is based on the consolidated like-for-like outcome. The outcomes are generated and validated internally. Pandox has no separate target for energy consumption but instead has an indirect one through science-based targets. This is because the largest emissions come from energy use.

Reporting principles

Pandox’s climate calculations are based on the GHG Protocol and are consolidated and compiled on the basis of operational control. Greenhouse gases included in the calculation are CO_2, CH_4, N_2O, HFCs, PFCs, SF_6 and NF_3. 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. In cases where actual data is not available, standard calculations of emissions are used by Pandox.

Pandox uses emission factors taken from the following sources for GHG emissions:

- Electricity: AIB 2022, IEA 2023.
- Fuels (coal, oil, natural gas, pellets, wood chips, biogas, bio oil, diesel, propane): DEFRA 2024
- District heating: DEFRA 2024 (location-based).
- Scope 3, category 1 uses Exiobase 3.9 2019.

The reported Scope 1 and 2 emissions are based on energy consumption reported. For Scope 3 both reported and standard data are used.

The emissions calculations in category 1 in Scope 3 are based on transaction data from Pandox’s purchases, where each supplier is placed into purchasing categories. An emission factor for GHG emissions per category, sector and country is then applied. GHG emissions in the entire value chain are included for each purchase. Exiobase 3.9 is used as the source for emission factors. This category includes GHG emissions from the product and building stages (A1–A3, A5) for construction projects, major remodelling projects and hotel renovations. Standard calculations have been used for the emissions, based on lifecycle analysis completed in 2021 and revisions for one new construction project, one larger remodelling project and two hotel renovation projects. Emissions were calculated from the product stage and building stage per square metre of floor space, which amounted to 306 kg CO_2eq/sq m for the construction project, 134 kg CO_2eq/sq m for the remodelling project and 29 kg CO_2eq/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 2024.

The table for energy consumption in the Leases segment presents energy consumption downstream in the value chain, i.e. among tenants who are responsible for operating the hotel properties. 130 out of a total of 135 (135) properties reported actual measured data for 2024. In order for Pandox to collect environmental and energy data from the tenants, these companies must first give their consent. Certain tenants have competition-related and/or organisational considerations that result in them not yet consenting to sharing data. Properties that lack actual measured data use standard calculations for energy use. 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. As the standard calculation is based on actual data from Pandox’s properties and the actual sq m for the properties, this provides a high degree of accuracy in the estimate. The table “Tenants’ energy consumption within Leases” presents actually measured energy consumption data first, followed by data based on the standard calculation.

The following emission categories are not considered relevant as emissions amount to less than 500 metric tons of CO_2eq per year or do not occur in Pandox’s value chain:

2. Capital goods, 4. Transport and distribution (upstream), 5. Waste management (upstream), 6. Business travel, 7. Commuting, 8. Leasing (upstream), 9. Transport and distribution (downstream), 10. Treatment of sold products, 11. Treatment of sold products, 12 Waste management of sold products (downstream), 14. Investments, 15. Franchising. 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).

Biogenic emissions are only reported for Scope 1 as Pandox has no material biogenic emissions in Scope 2 and 3.

To ensure the accuracy of actual data in the value chain, Pandox is working to automate data collection. A system-based solution has been implemented to facilitate data collection directly from energy providers or, where this is not possible, via submeters in the properties. In 2024, 92 properties had automated solutions for energy data collection.

Energy intensity per net revenue is included in energy consumption for all properties and total income per business segment, i.e. divided between Own Operations and Leases.

Emissions intensity is calculated by taking total emissions for Scope 1, 2 and 3 and dividing this by the combined total revenue for Own Operations and Leases. Net revenue for 2024 is found in this report in the table “Consolidated statement of comprehensive income”.

E1 cont.

E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions

PANDOX'S GHG EMISSIONS [1]

	Consolidated outcome like-for-like						Consolidated outcome (aligned with financial report)		
				Science-based targets and 2024 outcome					
(metric tons CO_2e)	2024	2023 [2]	Δ%	2030	2022 Base year	Δ% against base year	2024	2023	Δ%
Total Gross indirect (Scope 1 and 2) GHG emissions (tCO_2eq) (market-based)	**9,680**	**9,981**	**–3%**	**–42%**	**8,699**	**11%**	**10,890**	**10,443**	**–4%**
Scope 1 GHG emissions									
Gross Scope 1 GHG emissions (tCO_2eq)	6,659	5,435	23%		5,754		6,659	5,435	23%
Biogenic emissions in Scope 1	906	920	–2%		949		906	920	–2%
Scope 2 GHG emissions									
Gross location-based Scope 2 GHG emissions (tCO_2eq)	5,998	7,418	–19%		7,410		6,625	7,699	–20%
Gross market-based Scope 2 GHG emissions (tCO_2eq)	3,021	4,546	–34%		2,945		4,231	5,008	–48%
Total Gross indirect (Scope 3) GHG emissions (tCO_2eq)	**86,479**	**93,828**	**–8%**	**–25%** [3]	**89,023**	**–27%** [3]	**87,870**	**94,939**	**–8%**
1. Purchased goods and services	37,398	42,259	–12%		27,218		37,398	42,259	–12%
– of which new construction, remodelling, renovation of properties	*3,455*	*5,412*	–46%		*8,987*		*3,455*	*5,412*	
3. Upstream production of fuel and energy	2,767	2,083	33%		2,241		2,767	2,083	33%
13. Downstream leased assets	46,314	49,486	–5%		59,564		46,705	50,597	–7%
– of which based on measured data from tenants	*43,661*	*46,753*			*31,938*		*43,661*	*46,753*	
– of which standard calculations for other tenants	*2,653*	*2,733*			*27,626*		*3,044*	*3,844*	
Total GHG emissions									
Total GHG emissions (location-based) (tCO_2eq)	99,136	106,681	–7%		102,187		100,154	107,173	–7%
Total GHG emissions (market-based) (tCO_2eq)	96,159	103,809	–7%		97,722		97,760	105,382	–7%

	2024	2023	Δ%	2024	2023	Δ%
GHG intensity based on net revenue						
Total GHG emissions (location-based) per net revenue (tCO_2eq/MSEK)	14	16	–13%	14	16	–12%
Total GHG emissions (market-based) per net revenue (tCO_2eq/MSEK)	13	15	–13%	14	15	–7%

	2024	2023	Δ%	2024	2023	Δ%
GHG intensity per sq m						
Total GHG emissions (location-based) per sq m (tCO_2eq/sq m)	49	52	–6%	49	52	–6%
Total GHG emissions (market-based) per sq m (tCO_2eq/sq m)	47	50	–6%	48	51	–7%

[1] Pandox's long-term environmental goal has a target year of 2030. There are no targets in the interim.
[2] Corrected data for 2023 where standard data calculations have been updated for actual outcomes.
[3] Contains only new construction, remodelling, renovation of properties in category 1 and category 13.

Comments on the table

Purchased electricity that generates Scope 2 emissions consists of 93 percent fossil-free certified electricity; the remaining portion lacks green electricity certification. The breakdown of fossil-free certified electricity is 100 percent with an electricity certificate that is directly linked to the actual renewable energy purchased, while zero percent is certificates purchased separately. e.g. REC or Guarantee of Origin. Scope 1 and 2 combined have decreased by 3 percent. Scope 2 has decreased by 34 percent due to lower electricity usage and multiple green electricity certificates. Scope 1 increased by 23 percent, which is explained in part by Pandox divesting two hotels with district heating in Canada in 2022/2023 while acquiring three hotels that use gas during the same period. Although the acquired properties are part of Pandox's transition programme, no measures have been implemented yet.

Pandox's total emissions decreased in 2024 by 7 percent. In category 1 most of the emissions are standard calculations based on transaction data. The method for this was developed in 2024 and is not directly comparable to previous years. This portion of category 1 is also not included in Pandox's science-based targets.

E1 cont.

E1-5 Energy consumption and mix

OWN OPERATIONS

	Consolidated outcome like-for-like			Consolidated outcome (aligned with financial report)		
	2024	2023[3]	Δ%	2024	2023	Δ%
Energy consumption and mix						
(1) Fuel consumption from coal and coal products (MWh)	0	0		0	0	
(2) Fuel consumption from crude oil and petroleum products (MWh)	177	215	–18%	177	215	–18%
(3) Fuel consumption from natural gas (MWh)	32,465	28,996	12%	32,465	28,996	12%
(4) Fuel consumption from other fossil sources (MWh)	0	0		0	0	
(5) Consumption of purchased or acquired electricity, heat, steam or cooling from fossil sources (MWh)[1]	6,383	12,960	–51%	7,965	14,224	–44%
(6) Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)	**39,025**	**42,171**	**–7%**	**40,607**	**43,435**	**–7%**
Share of fossil sources in total energy consumption	**58%**	**58%**		**58%**	**59%**	
(7) Consumption from nuclear sources (MWh)	0	0		0	0	
Share of consumption from nuclear sources in total energy consumption	**0%**	**0%**		**0%**	**0%**	
(8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	2,587	2,629	–2%	2,587	2,629	–2%
(9) Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources (MWh)[1]	25,281	27,346	–8%	25,281	27,346	–8%
(10) The consumption of self-generated non-fuel renewable energy (MWh)	0	0		0	0	
(11) Total renewable energy consumption (MWh) (calculated as the sum of lines 8 to 10)	**27,868**	**29,975**	**–7%**	**27,868**	**29,975**	**–7%**
Share of renewable sources in total energy consumption	**42%**	**42%**		**42%**	**41%**	
Total energy consumption (MWh) (calculated as the sum of lines 6, 7 and 11)	**66,893**	**72,146**	**–7%**	**68,475**	**73,410**	**–7%**

	2024	2023	Δ%	2024	2023	Δ%
Energy intensity per net revenue[2]						
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors (MWh/MSEK)	20	23	–13%	21	23	–9%
Energy intensity per sq m & guest night						
Total consumption per sq m (kWh/sq m)	196	204	–4%	182	207	–12%
Total consumption per gn (kWh/gn)	33	36	–8%	33	37	–11%

[1] The share of electricity based on standard calculations in the financial scope is 0 percent in 2024 and 9 percent in 2023.
[2] Metric included as Pandox is active in the property sector, which is considered a high climate impact sector.
[3] Corrected data for 2023 where standard data calculations have been updated for actual outcomes.

Comments on the table

The table presents data for the 20 (19) properties in Own Operations in the like-for-like scope and for all 24 properties in line with the financial scope.

There has been no significant change in energy use per net revenue and guest night. There has, on the other hand, been around an 11 percent increase in gas consumption for heating within Own Operations. This is due to the fact that the planned technical solutions have not yet been implemented. In 2024 preliminary studies were concluded and in 2025 there will be a pilot project to select the appropriate technology. The return on this investment will be apparent over the next few years.

At the same time there is a decrease in the use of electricity and district heating, as well as a higher percentage of renewable electricity at the hotels. This is a consequence of efforts to improve the efficiency of building management systems in buildings and to change behaviours among the staff. The difference in the share of renewable electricity is due to the fact that in 2024 a larger share of renewable energy was purchased from providers.

E1 cont.

LEASES

	Consolidated outcome like-for-like			Consolidated outcome (aligned with financial report)		
	2024	2023 [3]	Δ%	2024	2023	Δ%
Energy consumption and mix						
(1) Fuel consumption from coal and coal products (MWh)	0	0		0	0	
(2) Fuel consumption from crude oil and petroleum products (MWh)	5,491	5,240	5%	5,491	5,240	5%
(3) Fuel consumption from natural gas (MWh)	56,065	60,879	–8%	56,065	60,879	–8%
(4) Fuel consumption from other fossil sources (MWh)	0	0		0	0	
(5) Consumption of purchased or acquired electricity, heat, steam or cooling from fossil sources (MWh) [1]	174,830	167,053	5%	176,976	170,824	4%
(6) Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)	**236,386**	**233,172**	**1%**	**238,532**	**236,943**	**1%**
Share of fossil sources in total energy consumption	**67%**	**66%**		**67%**	**67%**	
(7) Consumption from nuclear sources (MWh)	0	0		0	0	
Share of consumption from nuclear sources in total energy consumption	**0%**	**0%**		**0%**	**0%**	
(8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	0	0		0	0	
(9) Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources (MWh) [1]	118,312	118,520	0%	118,312	118,520	0%
(10) The consumption of self-generated non-fuel renewable energy (MWh)	0	0		0	0	
(11) Total renewable energy consumption (MWh) (calculated as the sum of lines 8 to 10)	**118,312**	**118,520**	**0%**	**118,312**	**118,520**	**0%**
Share of renewable sources in total energy consumption	**33%**	**34%**		**33%**	**33%**	
Total energy consumption (MWh) (calculated as the sum of lines 6, 7 and 11)	**354,698**	**351,692**	**1%**	**356,844**	**355,463**	**0%**

	2024	2023	Δ%	2024	2023	Δ%
Energy intensity per net revenue [2]						
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors (MWh/MSEK)	92	95	–3%	92	96	–4%
Energy intensity per sq m & guest night						
Total consumption per sq m (kWh/sq m)	213	221	–4%	210	223	–6%
Total consumption per gn (kWh/gn)	33	37	–11%	33	37	–11%

[1] The share of electricity based on standard calculations is 8 percent for 2024 and 34 percent for 2023 in the like-for-like scope. The share based on standard calculations in the financial scope is 8 percent in 2024 and 33 percent in 2023.
[2] Metric included as Pandox is active in the property sector, which is considered a high climate impact sector.
[3] Corrected data for 2023 where standard data calculations have been updated for actual outcomes.

Comments on the table

The table presents the tenants energy use downstream in the value chain. Measured data from 130 (112) of 135 (135) properties is included. The increase is due to one tenant having provided Pandox with environmental data for 18 of its hotels situated in Germany. This means that the number of hotels for which a standard calculation had to be made has decreased to 5 (22) 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 other countries.

The outcome was an increase in total energy consumption of one percent. Energy intensity has decreased by four percent. Energy intensity per guest night reduced by 11 percent. The calculation was made for 87 hotels that report both guest nights and full energy data.

E1 cont.

Results of climate scenario analysis

SCENARIO "WE ACHIEVE THE PARIS AGREEMENT TARGET" (IPCC SCENARIO RCP 1.9)

RISKS	Time horizon
PHYSICAL RISKS [1]	
TRANSITION RISK	
Political decisions, taxes and regulations are introduced regarding greenhouse gas emissions and transformation, such as increased demands on the Company and regarding the properties' energy performance, by lawmakers, investors, tenants and hotel guests (policy and regulation risks).	Medium term 2040
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 (technology risk).	Medium term 2040
The electrification of society may create a power shortage and energy shortages may arise (market risk).	Medium term 2040

[1] Pandox has not identified physical risks that are highly likely to occur in this scenario as it presumes that the world succeeds in limiting climate change through lower emissions, limited warming and an assumption of fast adaptation.

POTENTIAL IMPACT ON STRATEGY AND OPERATIONS

- Pandox focuses on acquiring better buildings in terms of energy rating and this impacts the property portfolio.
- Pandox must make substantial investments in new technology in the parts of the property portfolio where current technology is outdated, such as investments in fossil-free energy, and efficient water and energy consumption.
- The organisation needs a more long-term approach to climate strategies and targets.
- All leases have green addendums in their contract structure, where Pandox and tenants set common emissions targets and have plans for monitoring them.

POTENTIAL FINANCIAL IMPACT

- Increased operating costs for administration, operation and maintenance as a consequence of the green transformation of the properties.
- Investments are required to adapt Pandox's property portfolio based on future regulations and demands from society.
- Reduced rental income over the long term due to decreased demand for properties that are not climate-adapted in areas such as their energy rating.
- Guests who are not willing to stay at hotels that lack sustainability certification.
- Decreased property value on an increasing number of properties that have not managed to meet regulatory requirements, for example because it is too expensive/not profitable to rebuild and adapt.
- Reduced operating costs relating to energy and water due to more resource-efficient systems and new technology.
- Lower cost of managing, operating and insuring properties due to more energy-efficient systems, mitigated sustainability risks.
- Increased property values for climate-adapted properties.
- Higher rental income from properties if Pandox can offer the tenants properties that meet new and existing regulatory requirements.
- Increased rental income for property owners who can offer hotel guests sustainability-certified hotels.

OPPORTUNITIES	Time horizon
Be an attractive property owner by investing in climate-adapted properties with a good indoor climate (product and service offering).	Short term 2030
Increased regional travel may create new business opportunities in new areas (markets).	Long term 2050
Acquire existing hotels with good development/investment opportunities for becoming energy efficient (technology).	Short term 2030, Medium term 2040, Long term 2050
Develop the hotel properties in line with upcoming requirements to remain an attractive property owner (product and service offering).	Medium term 2040
Reduce the amount of energy needed by having climate-adapted and resource-efficient properties (resource efficiency).	Short term 2030
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 (adaptation and resilience).	Short term 2030, Medium term 2040, Long term 2050
Produce renewable electricity using solar panels. This mitigates power shortages and rising electricity prices (energy sources).	Short term 2030
Install charging points for electric vehicles in hotel parking areas to meet the guests' needs (energy sources).	Short term 2030
Implement green leases with tenants (product and service offering).	Short term 2030
Use materials and resources more efficiently by focusing on recycling and reuse (resource efficiency).	Short term 2030
New strategic partnerships with suppliers to reduce climate emissions together (resource efficiency).	Medium term 2040

RESULTS OF CLIMATE SCENARIO ANALYSIS
Climate scenario analysis was performed for the first time in 2021, with an annual review after that. In 2024 an updated workshop was held to identify climate-related risks, opportunities and impacts.

After the updated TCFD workshop some changes were made to identified risks, opportunities and impacts, and which scenarios they are assigned to. Pandox sees this as only natural in view of greater industry practice and changes in the world around us. The information presented in this section is forward-looking and may thus be regarded as uncertain.

Time horizon
- Short term 2030
- Medium term 2040
- Long term 2050

E1 cont.

SCENARIO "INTERMEDIATE PATHWAY" (IPCC SCENARIO RCP 4.5)

RISKS

PHYSICAL RISKS	Time horizon
Extreme weather and floods may cause more damage to Pandox's properties (acute).	2050
Rising sea levels in combination with storms and torrential rain may cause damage to properties (chronic).	2050
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 guests and employees (chronic).	2050
Higher temperatures and more heatwaves could result in water shortages (chronic).	2050
Shortages of natural resources, water, materials and raw materials needed for operations, construction and renovation may arise (acute).	2050

TRANSITION RISK	Time horizon
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 (market risk).	2050
Political decisions, taxes and regulations are introduced regarding GHG emissions and transformation such as increased demands on the Company and regarding the properties' energy performance, from lawmakers, investors, tenants and hotel guests (policy and regulation risks).	2040
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 (technology risk).	2040
The electrification of society may create a power shortage and energy shortages may arise (market risk).	2040
Unchanged behaviour among tenants, investors and guests increases emissions and makes attempts at transformation more difficult, resulting in a risk that the properties will not be able to meet new ESG requirements (market risk).	2040

POTENTIAL IMPACT ON STRATEGY AND OPERATIONS

- The organisation is forced to be more reactive instead of proactive, to handle an increased number of acute crises at the properties.
- Pandox focuses on acquiring better buildings in terms of energy rating and this impacts the property portfolio.
- The organisation needs a more long-term approach to climate strategies and targets.
- All leases have green addendums as part of their contract structure.

POTENTIAL FINANCIAL IMPACT

- Increased operating costs for administration, operation and maintenance as a consequence of the green transformation of the properties.
- Volatile and/or rising energy costs and water costs.
- Reduced property values on an increasing number of property values that have not managed to meet regulatory requirements, for example because it is too expensive/not profitable to rebuild.
- Greater competitiveness and more tenants as a result of successfully seizing identified opportunities, such as being a more attractive landlord, increased regional travel.
- Increased property values for climate-adapted properties.
- Higher rental income from properties if Pandox can offer the tenants properties that meet new and existing regulatory requirements.
- Increased rental income for property owners who can offer hotel guests sustainability-certified hotels.

OPPORTUNITIES

OPPORTUNITIES	Time horizon
Be an attractive property owner by investing in climate-adapted properties with a good indoor climate (product and service offering).	2030
Increased regional travel can create new business opportunities in new areas (markets).	2050
Acquire existing hotels with good development/investment opportunities for becoming energy efficient (technology).	2030, 2040, 2050
Develop the hotel properties in line with upcoming requirements to remain an attractive property owner (product and service offering).	2040
Reduce the amount of energy needed by having climate-adapted and resource-efficient properties (resource efficiency).	2030
Identify other segments or new ways of using hotel properties (product and service offering).	2050
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 (adaptation and resilience).	2030, 2040, 2050
Produce renewable electricity using solar panels. This mitigates power shortages and rising electricity prices (energy sources).	2030
Install charging points for electric vehicles in hotel parking areas to meet the guests' needs (energy sources).	2030
Implement green leases with tenants (product and service offering).	2030
New strategic partnerships with suppliers to reduce climate emissions together (resource efficiency).	2040
Use materials and resources more efficiently by focusing on recycling and reuse (resource efficiency).	2030

Time horizon

- Short term 2030
- Medium term 2040
- Long term 2050

E1 cont.

SCENARIO "BUSINESS AS USUAL" (IPCC SCENARIO RCP 8.5)

RISKS	Time horizon
PHYSICAL RISKS	
Extreme weather and floods may cause more damage to Pandox's properties (acute).	●
Rising sea levels in combination with storms and torrential rain may cause damage to properties (chronic).	●
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 guests and employees (chronic).	●
Higher temperatures and more heatwaves could result in water shortages (chronic).	●
Shortages of natural resources, water, materials and raw materials needed for operations, construction and renovation may arise (acute).	
Properties located in flood-risk areas may become unusable (acute).	●
TRANSITION RISK	
Travel patterns and demand in submarkets may change (market risk).	●
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 (market risk).	●
Unchanged behaviour among tenants, investors and guests increases emissions and makes attempts at transformation more difficult, resulting in a risk that the properties will not be able to meet new ESG requirements (market risk).	●
Shortages of natural resources, raw materials and energy may arise, resulting in more expensive input goods (market risk).	●

POTENTIAL IMPACT ON STRATEGY AND OPERATIONS

The organisation is forced to be more reactive instead of proactive, to handle an increased number of acute crises at the properties.

POTENTIAL FINANCIAL IMPACT

Higher operating costs for insurance policies which increase with the risk associated with the properties.

Increased revenue and rising value of properties if Pandox can offer tenants sustainable hotel properties with a niche service/product.

Reduced property value in the case of properties impacted by physical climate changes in risk areas.

OPPORTUNITIES	Time horizon
Increased regional travel may create new niche business opportunities, in new areas. For example, if Pandox transforms and can offer climate-adapted and resource-efficient properties in which reduced energy need is a feature (resource efficiency).	●

Time horizon

- ● Short term 2030
- ● Medium term 2040
- ● Long term 2050

E1 cont.

Metrics 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.

Metrics and sensitivity analyses are presented in the matrix below.

	Risk/Opportunity	Metric	Sensitivity analysis	Financial impact	Management
Physical risk	Higher electricity costs resulting from shortages, regulations, taxes etc. in Own Operations	Total energy cost per year (MSEK)	Cost of energy consumption increases by around 12 percent	Energy costs increase by around MSEK 10	Energy-efficiency improvements Investments in renewable energy, solar energy, geothermal heating, natural cooling etc.
Physical risk	Higher water costs in Own Operations	Total cost for water consumption (MSEK)	Water consumption cost increases by 20%	Increase in water costs of around MSEK 3.	Projects to improve water consumption efficiency
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	Environmental certification of the property portfolio
Transition risk	Tenants require investments in climate-smart technology	Cost of climate-related adaptations in the properties for air conditioning (MSEK)	The need for air conditioning increases in the portfolio	Increased annual climate adaptation costs of around MSEK 50 if replacement needed	Green addendums to leases with tenants
Transition risk	Political decisions, taxes and regulations are introduced regarding GHG emissions, CO_2 taxes introduced	Cost of CO_2 taxes	Increased tax costs	CO_2 taxes increase cost of emissions by around EUR 95 per metric ton of CO_2 emissions	Transition plans and established SBTi targets to reduce emissions in the portfolio in Scope 1, 2 and 3
Opportunities	Increase in value of environmentally certified buildings	Proportion of existing buildings with environmental certification in Own Operations (16 buildings)	Hotels with environmental certification maintain their market value when the property is environmentally certified	Property value maintained at the same levels	Environmental certification of the property portfolio and included in due diligence ahead of acquisitions
Opportunities	Reduced energy costs through a higher proportion of self-generated energy in Own Operations	Proportion of self-generated electricity within the property portfolio (percent)	Proportion of self-generated electricity to replace proportion of purchased energy by 2 percent compared with 2024	Energy costs reduced by around MSEK 2, equivalent to 2 percent of total energy costs in 2024	Investments in renewable energy Energy efficiency improvements

E2 Pollution

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES (IROs)

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

Sub-topics	IRO descriptions	Type of IRO	Where in the value chain: Upstream	Where in the value chain: Pandox's operations	Where in the value chain: Downstream	Time horizon: Short term	Time horizon: Medium term	Time horizon: Long term
Substances of concern and substances of very high concern	Products used in Pandox's operations may contain substances that are harmful and cause damage to the environment at the end of their life cycle. For example, refrigerants in refrigerators, freezers and air conditioning systems. This could lead to fluorinated greenhouse gases being released into the atmosphere. With rising temperatures more air conditioning systems are installed, which exacerbates the problem. Hazardous substances may also be present in cleaning products used in housekeeping and hotel laundry operations.	Potential negative impact		●	●			●
	The construction sector uses substances that may be harmful to the environment – both in construction and renovation work, and upstream in the value chain in material purchasing and production. This risk varies depending on the level of maturity among Pandox's suppliers. Although this impact is the greatest in new construction, there are still risks linked to renovation work.	Potential negative impact	●			●		

IMPACT AND RISK MANAGEMENT RELATING TO POLLUTION

E2-1 Policies related to pollution

E2-2 Actions and resources related to pollution

Under Pandox's Environmental Policy the use of hazardous substances must be kept to an absolute minimum. In cases where their use is unavoidable, they must be handled with caution, stored and disposed of safely, kept in designated containers, and be labelled and documented with clear safety data sheets. Pandox's Environmental Policy does not specifically address measures to be taken in the event of incidents and emergencies.

The same approach and management applies for 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 a requirement in order to align with parts of the EU Taxonomy. This process was developed in 2024 and is being implemented as part of Pandox's auditing of suppliers. 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. Wherever possible within the Own Operations segment, Pandox aims to replace synthetic refrigerants with natural alternatives such as carbon dioxide or propane, to reduce environmental and GHG impacts.

In 2023 Pandox also introduced Guidelines for Responsible Sourcing which provide guidance on cleaning products to be used in hotels operated by Pandox. Cleaning products containing chemicals are to be replaced as far as possible with chemical-free and green alternatives. There are also requirements for suppliers of hotel laundry services to be ISO-certified to guarantee a structured environmental process and focus. The SVP, Director of Sustainable Business is responsible for implementing the policy.

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 Guidelines for Responsible Sourcing are available as reference for all employees involved in purchasing.

METRICS AND TARGETS

E2-3 Targets related to pollution

E2-5 Substances of concern and substances of very high concern

Within the Own Operations segment the target is for the proportion of certified eco-labelled products and chemical-free cleaning products combined to constitute 75 percent of all products by the end of 2024. In addition, at least one chemical-free product is to be in place one year after acquisition in rooms, restaurant areas and lobbies. All targets within Own Operations are set voluntarily within the Pandox Group to reduce the use of chemicals in Pandox's hotel operations, and are not based on statutory requirements. The target was not produced in cooperation with stakeholders and is linked to the requirements in the Guidelines for Responsible Purchasing. All targets and minimum requirements for objectives will be reviewed in 2025.

Pandox has not yet set any targets for refrigerants and thus does not have a robust process in place to monitor the percentage of emissions that come from fluorinated greenhouse gases and their emissions into the atmosphere from hotels in Own Operations. Calculation of emissions from fluorinated greenhouse gases is complex and is not currently carried out. The impact is monitored through emissions in Scope 1, which are reported in E1 on page 110. In 2024 there were 351 metric tons of emissions from 150 kg of refrigerant replenishment at hotels operated by Pandox.

As previously described in "Actions and resources related to pollution", in 2024 Pandox introduced a control function in the supplier audit system whereby suppliers within activity 7.3 in the Taxonomy were subject to an expanded Supplier Assurance Questionnaire (SAQ). Enquiries are sent out to the supplier to ensure that there are no chemicals from the EU's Candidate List of substances of very high concern (SVHCs). Read more about this process on page 102. This is a first step for Pandox to get oversight and a basis for setting targets to limit environmentally hazardous substances in the supply chain.

USE OF CHEMICALS IN OWN OPERATIONS

	2024	2023
Chemical-free cleaning system	80%	70%
Hotels that use ISO-certified laundries	95%	N/A

Comments on the table:

In 2024 the percentage of hotels using a chemical-free cleaning system for hotel rooms was 80 (70) percent. The outcome is based on 20 and not all 24 properties, as four of the hotels were acquired in the fourth quarter and have not yet had time to implement targets and routines. If all 24 properties were included in the calculation the outcome would be 67 percent. 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, and in particular in the Guidelines for Responsible Sourcing. Environmentally friendly cleaning products are better for the health of the cleaning staff. In addition, 19 hotels used ISO-certified hotel laundry services. The same calculation method as above was used.

Reporting principles

The figure is calculated as the number of hotels within Own Operations that have introduced a chemical-free system for cleaning as a percentage of all hotels in this segment. The outcome is followed up internally by Pandox's Sustainability Manager.

E3 Water resources

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES (IROs)			Where in the value chain			Time horizon		
ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model								
Sub-topics	**IRO descriptions**	**Type of IRO**	**Upstream**	**Pandox's operations**	**Downstream**	**Short term**	**Medium term**	**Long term**
Water	There is a risk that water discharge from Pandox's hotel operations will adversely affect the surrounding environment. The amount of wastewater generated by laundering, showering, rinsing and flushing within the hotel industry can impact local wastewater systems.	Potential negative impact		●		●		
	Hotel operations require large amounts of water for activities such as laundering, showering, rinsing and flushing. Pandox has operations in water-stressed cities, such as London and Brussels. Water consumption in the hotel operations of Pandox's tenants can also contribute to this negative impact.	Actual negative impact		●	●	●		

IMPACT AND RISK MANAGEMENT WITHIN WATER RESOURCES

Standard ESRS E3 describes how Pandox impacts water withdrawals. Pandox meters the amount of water going into the hotel operations; in this report, this is referred to as water consumption. This is to be interpreted as water withdrawals as per the definition of water withdrawals in E3. Operating hotels – which is part of Pandox's business model – requires large amounts of water, which can have a negative impact on local water availability, particularly 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.

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.

E3-1 Policies related to water resources

E3-2 Actions and resources related to water resources

Water management and reducing water use is part of Pandox's broader Environmental Policy, in which data collection plays a key role. As part of this process, an updated analysis of water-stressed areas is being performed for properties in the Own Operations segment. 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 addendums are incorporated into 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.

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.

At three hotels in Belgium, shower heads with a flow rate of 8L/minute were replaced in 2024 by shower heads with a flow rate of 6L/minute. As a result, water consumption decreased from 193L/guest night to 151L/guest night. No complaints have been noted from guests. At one of the hotels, Double Tree by Hilton Brussels City, this is equivalent to a potential saving of 15 percent in annual water consumption. The initiative will now be rolled out to other hotels in Belgium. 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.

METRICS AND TARGETS

E3-3 Targets related to water resources

E3-4 Water consumption

The earlier two green investment programmes reduced water consumption by around 20 percent, and the focus in 2024 was on maintaining this as a base level. Alongside the projects to install low-flow shower heads as described in the previous paragraph, behavioural change has been a priority. The goal is to reduce water consumption in terms of litres per guest night by 5 percent annually for all Pandox's hotels in Own Operations. 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. Another measure is sensors for detecting water leaks at an early stage. Pandox's targets for water consumption are set voluntarily and are not based on legislation.

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 meters and reports on water consumption both in its own operations and in its tenants' operations. Water intensity per sq m and water intensity in litres per guest night are also reported. In addition, water consumption in water-stressed

E3 cont.

areas is reported as a separate data point. The targets were developed internally without the involvement of external stakeholders. The outcomes are generated and validated internally.

All goals and minimum requirements for objectives will be reviewed in 2025.

Reporting principles

Data for water consumption in the Own Operations segment is metered directly. The water consumption data for the Leases segment is based on measured data reported by tenants covering 120 (110) of the total 135 (135) properties. Water consumption data is based on standard calculations for 15 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.

Water intensity, litres/guest night is calculated based on the number of hotels that have reported water consumption and guest nights, and therefore does not include hotels for which the data is incomplete. 87 (66) hotels reported both parameters this year. The calculation is based on actual data from Pandox's other properties, which provides a high degree of accuracy in the estimate. In addition, Pandox is taking steps to secure actual data in the value chain by automating data collection; here Pandox is in the process of implementing a system-based solution in which the hotels can retrieve water consumption automatically from meters.

The water stress indicators from the World Resources Institute (WRI) 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.

PANDOX'S WATER CONSUMPTION IN OWN OPERATIONS[1)]

	Consolidated outcome like-for-like			Consolidated outcome (aligned with financial report)		
(m³)	2024	2023	Δ%[1)]	2024	2023	Δ%
Total water consumption	**334,419**	**344,623**	**–3%**	**352,684**	**365,523**	**–3.5%**
– of which water consumption in water-stressed areas	150,714	123,958	22%	165,605	144,858	14%
Water intensity, litres/sq m	914	921	–1%	925	885	4.5%
Water intensity, litres/guest night	168	174	–3%	167	174	-4%

1) Change in 2024 versus 2023 according to target of 5 percent reduction per year. Applicable only to water intensity in litres/guest night.

TENANTS' WATER CONSUMPTION WITHIN LEASES

(m³)	2024	2023
Water consumption from properties with measured data	1,560,493	1,568,383
Water consumption from properties using standard calculations	200,034	312,089
Total water consumption	**1,679,174**	**1,880,472**
– of which water consumption in water-stressed areas	65,488	61,813
Water intensity, litres/sq m	1,055	1,137
Water intensity, litres/guest night	160	183

Comments on the table

Pandox's like-for-like water consumption in Own Operations decreased by 3 percent in 2024, with most hotels having reduced their water consumption per guest night. This is mainly due to the installation of water-saving devices and leak detection systems. The increase in water consumption in water-stressed areas is mainly driven by the classification of a hotel in the UK as being in a water-stressed area in 2024, compared to 2023 when it was not classified as such. In Leases, data is based on reported water consumption from 120 (110) hotels.

E5 Circular economy

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES (IROs)

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

Sub-topics	IRO descriptions	Type of IRO	Where in the value chain			Time horizon		
			Upstream	Pandox's operations	Downstream	Short term	Medium term	Long term
Resources inflows, including resource use	As a property owner and manager, Pandox carries out extensive construction and renovation projects. Pandox has a negative impact through its choice and use of materials, especially the use of raw materials. Some materials depend on the use of virgin resources. Since the construction companies hired are usually full-service contractors, there is a lack of insight into the purchasing practices of the materials and the impact this may have had on people and the environment.	Actual negative impact	●					●
	There may be a shortage of resources and materials needed for operation, construction and renovation. This could result in increased prices or could disrupt operations. Moreover, materials from countries with less strict climate policies are expected to become more expensive with future EU rules on carbon emissions.	Financial risk	●				●	
Waste	Hotel operations generate waste per guest night, and here a large proportion of the waste at the hotels operated by Pandox comes from packaging of purchased goods.	Actual negative impact		●		●		
	Regulation around waste and waste management may result in increased costs for Pandox. Hotel operations generate large amounts of waste and if there is a requirement to limit this to specific quantities or send a certain amount for recycling, this may become costly or lead to fines.	Financial risk		●			●	

IMPACT AND RISK MANAGEMENT WITHIN RESOURCE USE AND CIRCULAR ECONOMY

Through the resources needed to operate its business, Pandox inevitably has a negative impact on the environment through its resource inflows upstream in the value chain. 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 contribute to 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.

As Pandox manages properties that have already been built, there is no significant resource outflow other than waste. By managing properties and ensuring their lifespan and continued usability, Pandox contributes to fewer buildings needing to be demolished and rebuilt. This promotes long property lifespans through reuse and renovation.

E5-1 Policies related to resource use and circular economy
E5-2 Actions and resources related to resource use and circular economy

Pandox's policy related to resource use and circular economy is part of its broader Environmental Policy. Among other things, the policy states that waste management is to be prioritised according to the waste hierarchy, in the order: reduce, reuse, recycle, energy recovery, disposal (landfill). The content of this policy also 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 their 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 2024 a guide to responsible sourcing was developed that includes the above categories. This will be rolled out to the hotels in Own Operations during the first quarter of 2025.

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 to Pandox-operated hotels.

Reuse in renovations and activities to verify this are in the start-up phase. Cooperation began with Scandic in 2024 to develop guiding principles that integrate the climate aspect into bathroom renovations with the aim of prioritising upgrades rather than tearing everything out. This cooperation concerns bathroom renovations, and test bathrooms were developed during the year with the ambition of rolling out the new concept in 2025.

E5 cont.

METRICS AND TARGETS

E5-3 Targets related to resource use and circular economy

E5-4 Resource inflows

Pandox's circular economy target is linked to waste quantities within the Own Operations segment. The target is a maximum of 1 kg of waste per guest night by 2025 and 0.6 kg per guest night by 2030. The target, set voluntarily, aims to reduce the identified negative impact in Pandox's Own Operations segment and to meet policy requirements relating to resource use and circular economy in Pandox's Environmental Policy. The target is based not on legislation but rather on best practice in the tourism industry. Neither has the target been developed together with stakeholders. The outcomes are generated and validated internally. The result for 2024 was 1 kg/guest night.

There are plans to set targets for the sustainable use of resources in renovation, but circular economy efforts are not currently advanced enough for a concrete target to be set. The plan is to set targets within a medium-term horizon (within five years). Information gathering on the amount of purchased materials in different categories began during the year; full results are not yet available for the total weight of materials used during the reporting period, nor the percentage of biological material or weight of reused and recycled parts. Pandox is working actively to enable reporting of significant identified materials consumption. All goals and minimum requirements for objectives will be reviewed in 2025.

E5-5 Resource outflows (waste)

Pandox's material waste streams from hotel operations include, for example, food waste, packaging waste such as glass, plastic and cardboard, but also batteries, LED light bulbs and waste electrical and electronic equipment (WEEE). Hazardous waste comes primarily from maintenance activities at the hotels such as painting. This consists mainly of paint containing hazardous substances, but also of other chemicals such as white spirit as well as WEEE. Material waste streams that come from renovation of hotel properties are primarily construction and demolition waste, hazardous waste in the form of waste from fluorescent lamps, batteries, chemicals from HVAC and climate control systems. There is also WEEE from building operations, such as when upgrading ventilation systems and other technical facilities that generate WEEE.

Reporting principles

The data for waste generated in 2024 is for 18 of the 20 hotels in the Own Operations segment with a like-for-like outcome. The possibility of collecting accurate waste data depends on local conditions and on how waste contractors sort, measure and charge for the waste. The granularity may therefore vary between hotels, and there is some uncertainty in the data. Pandox works actively with the hotels in the Own Operations segment to create reliable data through quality assurance, and through more stringent traceability and analysis requirements. Efforts also include dialogue with waste contractors on obtaining more detailed data.

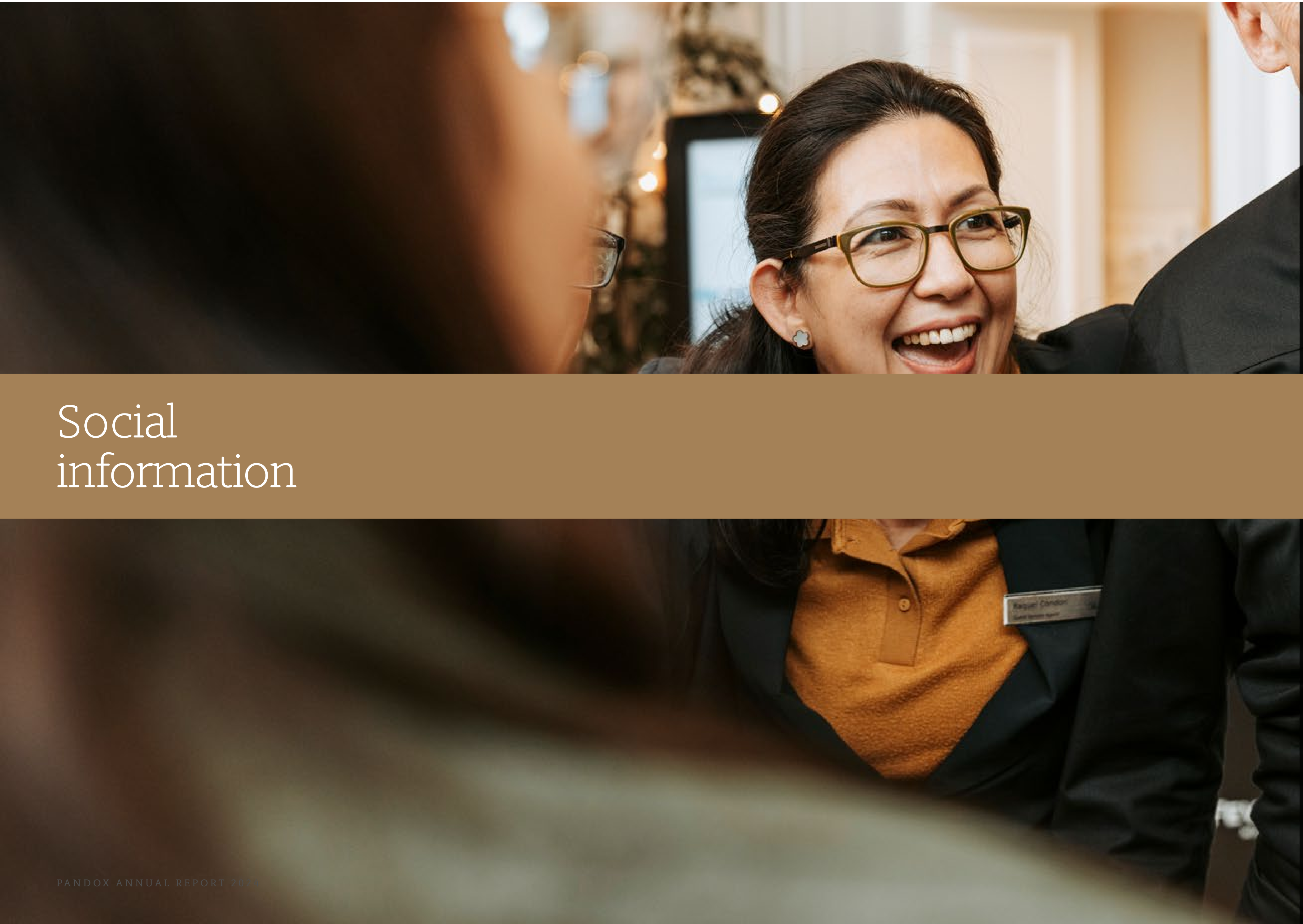
WASTE GENERATED AND WASTE DISPOSAL METHODS IN PANDOX'S OWN OPERATIONS[1]

metric tons	Consolidated outcome like-for-like						Consolidated outcome (aligned with financial report)					
	2024			2023[4]			2024			2023		
Disposal method	Non-hazardous waste	Hazardous waste	Total waste	Non-hazardous waste	Hazardous waste	Total waste	Non-hazardous waste	Hazardous waste	Total waste	Non-hazardous waste	Hazardous waste	Total waste
Derived from disposal												
Materials recycling	776	0.1	776	850	6	856	902	0.1	902	990	7	997
Preparation for reuse	4.5	1.5	6	13	2	15	5	1.7	7	15	3	18
Other recycling procedures[2]	1,131	0	1,131	1,158	1	1,158	1,316	0	1,316	1,349	1	1,350
Intended for disposal												
Incineration (not including energy recovery)	124	0	125	116	0	116	145	0	145	135	0	135
Landfill	0	0	0	0	0	0	0	0	0	0	0	0
Other disposal methods[2]	1,786	1.5	1,788	1,905	8	1,913	2,078	2	2,080	2,219	10	2,229
Total volume of waste [3]	**1,912**	**1.6**	**1,911**	**2,021**	**8**	**2,029**	**2,223**	**1.9**	**2,225**	**2,355**	**10**	**2,364**

1) Pandox does not use the methods of deep well injection or storage on site. Pandox has no significant radioactive waste.
2) Other = composting, energy recovery, recycling and reuse.
3) 100% recycled and 0% went to landfill in 2024 and 2023.

Comments on the table

The average outcome in 2024 was 1 kg of waste per guest night including 18 properties in the like-for-like scope in Own Operations.



Social information

GENERAL INFORMATION

ENVIRONMENTAL INFORMATION

E

SOCIAL INFORMATION

S

GOVERNANCE INFORMATION

G

ESRS APPENDIX

S1 Own workforce

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES (IROs)			Where in the value chain			Time horizon		
ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model								
Sub-topics	**IRO descriptions**	**Type of IRO**	Upstream	Pandox's operations	Downstream	Short term	Medium term	Long term
Working conditions	Pandox creates employment opportunities through its presence in the community.	Actual positive impact		●		●		
	Pandox has operations in countries where freedom of association is violated, such as the UK and Belgium. Lack of opportunities for trade union organisation and collective bargaining agreements can increase the risk of worsening working conditions.	Potential negative impact		●			●	
	Lack of language skills among workers is a major contributing factor to health and safety risks as well as inadequate labour rights. This may be the case, for example, among cleaning staff, where knowledge of the grievance mechanism is potentially lacking.	Potential negative impact		●		●		
Equal treatment and opportunities for all	Discrimination and sexual harassment exist in hotel operations among, for example, restaurant and cleaning staff, where there are risks that they may be subjected to harassment and disrespectful treatment from guests and other staff. In addition, discrimination against migrant workers occurs in the tourism sector. This may apply to both working hours and wages as well as to opportunities for promotion. The negative impact can be exacerbated if there is no understanding of the grounds for discrimination.	Actual negative impact		●		●		
	The proportion of women who hold management positions at hotels is still lower elsewhere in Europe than in the Nordic countries. This can lead to a feeling of unequal treatment. This can contribute to challenges in building a diverse and inclusive workforce in the long term.	Actual negative impact		●			●	
	Many aspects of hotel work can be physically demanding. As employees get older, they may find it difficult to perform the same tasks as previously, which may require adjustments to their duties. In Belgium half of the workforce is over 45 years old.	Potential negative impact		●				●
	A minority of Pandox employees in Own Operations, primarily in cleaning, do not use or have access to computers. This makes it challenging to include them in training and to share necessary information. There may also be problems with literacy.	Actual negative impact		●		●		
	With diversity and inclusion as well as employee satisfaction as new focus areas, many actions can be implemented to improve collaboration and efficiency within the Company, and to identify new opportunities and solutions. An effective strategy for attracting and retaining employees reduces Pandox's costs for training and employee turnover, and can also increase business opportunities.	Financial opportunity		●			●	
Occupational health and safety	The safety of hotel staff can be an area of risk, especially at night. Cases of discrimination, harassment and threats have occurred against employees who work at reception in hotels operated by Pandox. Threats from guests also represent a risk, and have been noted for restaurant and cleaning staff. The latter group is particularly vulnerable as they sometimes work alone.	Actual negative impact			●	●		
	The hotel and restaurant sector faces significant occupational health and safety risks, such as in connection with heavy lifting, slip and injury incidents, burns, cuts and chemical exposure, particularly for cleaning staff.	Potential negative impact		●			●	
	Pandox's Own Operations often include restaurant and cleaning operations, areas where overtime and stress can occur. In the long run, this may increase the risk of burnout.	Actual negative impact		●		●		

S1 cont.

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model, cont.

Pandox defines its own workforce as employees and consultants. Employees means personnel at Pandox's head office and in property management, as well as personnel working in the hotel operations in the Own Operations business segment. A definition of non-employees can be found in disclosure requirement S1-7 in this section. Identified significant impacts on own workforce mainly covers staff at the hotels working in housekeeping and in food and beverage operations. This includes the same personnel who are non-employees in Own Operations but who perform the same work as above. Negative impact derives mainly from activities occurring in sectors or specific geographical areas; see above IRO descriptions for a more detailed description. No IROs linked to forced labour or child labour have been identified.

STRATEGY

Pandox has identified various impacts, risks and opportunities related to its own workforce. The majority are associated with Pandox's business activities – hotel operations in the Own Operations segment. 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 represent a challenge in terms of sharing information. 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 and providing information in multiple languages. 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 is dependent on its employees for guest satisfaction.

IMPACT AND RISK MANAGEMENT WITHIN OWN WORKFORCE

S1-1 Policies related to own workforce

Pandox's Human Rights Policy describes commitments to all its employees in the markets where Pandox operates. The policy covers fair and equal treatment, information security and the right to privacy. In addition, information and directives on how colleagues 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 built on the ten principles of the UN Global Compact (www.unglobalcompact.org) that Pandox complies with through its membership and annual reporting since 2019. It also encompasses the underlying conventions and declarations covering human rights, labour rights (ILO), environmental protection and anti-corruption. For example, no colleague is to be discriminated against on the grounds of gender, transgender identity or expression, ethnicity, nationality, religion or other belief, disability, medical status, sexual orientation, age, parental status, marital status, membership of a trade union or political views. Pandox makes no special commitments in its policies regarding inclusion and/or positive action for groups that are particularly vulnerable in its own workforce. Instead, this has been included in the strategy work for inclusion and diversity. The strategy has resulted in three targets, such as having one or more locally adapted targets for socially marginalised groups. The targets are also linked to activities such as inclusive recruitment. HR managers and department managers at 15 hotels in the Own Operations segment received training during 2024 from a third party, through a workshop and individual support. The CEO and the executive management team are responsible for implementing the Code of Conduct for Employees. The Code is available on the website. For further measures and processes see disclosure requirement S1-4.

S1-2 Processes for engaging with own workforce and workers' representatives about impacts

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, each year a diversity and inclusion survey is conducted among all employees, and forms 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 also has a goal that all hotels in Own Operations are to have one or more locally adapted targets for socially marginalised groups, with the majority choosing to hire employees with disabilities.

In addition, in the Own Operations segment there is ongoing dialogue with works council representatives who monitor employee matters such as working conditions. There are works councils, for example, at hotels in Germany and Belgium.

Pandox measures the effectiveness of its engagement with the workforce by monitoring employee satisfaction as revealed through the employee survey. Employee satisfaction in 2024 was 74 percent within Own Operations. The key metric of employee turnover is also used to evaluate how satisfied employees are and thus how well employee issues are being addressed.

The above applies to all employees and the focus has not been placed on specific groups of employees in Pandox's own workforce.

The human resources departments at each hotel and at the head office are responsible for conducting and following up on engagement with employees.

S1-3 Processes to remediate negative impacts and channels for own workforce to raise concerns

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. In the first instance, grievances are to be reported to the relevant supervisor or, if this is not possible, to the supervisor's manager, who will then forward the matter to the executive management team to be dealt with. 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 also has an independent, external whistleblower system for employees and other external stakeholders. Any suspected irregularities or deviations from Pandox's policies can be reported anonymously into the system. The Company's stakeholders can also submit grievances via this channel or request actions to remedy negative impact that Pandox has caused or contributed to. This includes human rights abuses such as deficits in working conditions or harassment. Reports received are handled by an external party. Depending on the severity, this may lead to training programmes, a reminder, a warning or, as a last resort, termination of employment. Two reports were received in 2024. There is also opportunity to report on HR matters anonymously through the whistleblower channel. These are then handled by the respective hotel's head of HR.

The digital training in the Code of Conduct completed by all new employees informs them of the possibilities they have and the process that exists for bringing up grievances. The availability of the whistleblowing channel is also promoted by posting up QR codes in staff corridors at the hotels in Own Operations. Links to the system are also prominently displayed on Pandox's website. Employees have the opportunity to provide feedback on the process in the quarterly employee surveys. In 2023 the employees in Own Operations were asked if they know how to report more minor incidents as well as those that are more serious, to ensure that the information process is working. The outcome showed that the majority know where to do this, which confirms that communication about the whistleblowing service is well established. This, together with the fact that cases are reported on an ongoing basis, shows that the system is reliable.

S1-4 Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

The Code of Conduct for Employees constitutes the ethical guidelines for Pandox's operations. The Code is broadly

S1 cont.

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 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. The Code of Conduct covers both impacts on and opportunities for its employees, especially in terms of working conditions, diversity and equal opportunities.

By continuing to focus on diversity and inclusion and on employee satisfaction, Pandox creates opportunities to reduce costs by, for example, having lower employee turnover. The Code of Conduct also makes clear that within all the Company's operations there should be proactive prevention, detection and remedying of all forms of discrimination, including harassment, abusive treatment and bullying.

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 or to HR. 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 Pandox's whistleblowing channel. All reported cases are followed up to assess any remediation needed.

In addition, Pandox makes efforts to manage negative impacts for its own workforce in the Own Operations segment, for example through security cameras, panic alarms and training for night staff in how to deal with aggressive behaviour from guests. In Belgium, where there is a potential impact on health and safety from the workforce being older, local rules are followed that require companies to offer extra days of annual leave to those above a certain age.

Conflicts of interest are dealt with in the Code and in the digital training. This is also included in the more in-depth anti-corruption training. To avoid conflicts of interest in sourcing, all hotels in Own Operations, regardless of brand, have access to an external purchasing system for food and beverages. This digital purchasing system guarantees that the suppliers have been audited by a third party, and minimises situations where bribery or conflicts of interest may occur. In 2024 around 80 percent of all purchases were made through this platform and around 20 percent were sourced from local suppliers. In addition, the grandparent principle – where decisions must be approved by a manager at the next level up – applies to interviews, and two-step verification is used for invoices.

The actions Pandox takes to reduce negative impacts are followed up through the employee surveys carried out quarterly for hotel employees and annually at the head office. Metrics for employee turnover, gender balance and collective bargaining coverage to measure the effectiveness of the measures Pandox takes can be found later in this standard along with comparative figures.

Pandox manages actual negative impact and enables remedy though processes such as the whistleblower channel, which is provided by a third party, and through policies such as the Code of Conduct. These measures ensure that matters are reported and managed in a structured, responsible way.

Financing of the above measures does not burden either OpEx or CapEx.

METRICS AND TARGETS

S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Pandox has three specific targets for its own workforce. The targets are ongoing and were developed internally together with a third party that has expert knowledge in this field. They are not based on legislation and have not been developed together with stakeholders. All outcomes in S1 have been validated internally. Targets and outcomes in 2024:

- Maximum 60 percent of one gender identity In 2024 the outcome was 51 percent women and 49 percent men.
- All employees are to feel included – the outcome in 2024 was 82 percent
- One or more locally adapted targets for socially marginalised groups

To enable the targets to be achieved they have been broken down in a roadmap linked to various planned activities to strengthen internal awareness and processes regarding human rights. Examples of activities carried out during the year include training on discrimination and harassment, an inclusion survey among the workforce and training on inclusion and equality in recruitment. 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 was implemented in 2024. Gender equality and inclusion are ongoing efforts, with new activities implemented continuously. In 2024, 17 hotels underwent Unconscious Bias training, representing 64 percent of Pandox employees. To increase knowledge concerning inclusion and equality in recruitment, individuals responsible for recruitment and department managers at 15 of the 24 hotels completed training. In addition, all targets and minimum disclosure requirements for objectives will be reviewed in 2025.

S1-6 Characteristics of the undertaking's employees

The majority of Pandox employees have permanent positions, but additional employees with temporary contracts are needed – particularly within Own Operations during the hotels' high season. Part-time work is common in the hotel industry.

At the end of 2024 the gender distribution among Pandox employees 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.

Target outcomes are primarily followed up in conjunction with the financial year-end, but also on an ongoing basis during the year and in the roadmap that is used to achieve the targets.

Reporting principles

All employee data is reported as number of employees (headcounts) as of 31 December. 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, property management and at the head office. The majority of the total number of employees work within Own Operations, since they are hotel staff.

New employee hires and employee turnover are reported as a percentage and state the number divided by the total number of employees in the respective category. In 2024, for example, 486 individuals under the age of 30 were recruited, which represents 69 percent of the total number of employees under 30. Employee turnover is the number of employees who left the organisation voluntarily, were laid off or took retirement. This ratio includes both permanent and temporary employees divided by the total number of employees as of 31 December.

S1-6: HEADCOUNT BY GENDER

	Headcount	
Gender identity	2024	2023
Men	959	1,014
Women	993	1,073
Non-binary	5	0
Total headcount	**1,957**	**2,087**

S1-6: HEADCOUNT BY COUNTRY

	Headcount	
	2024	2023
Belgium	589	622
UK	872	612
Canada	0	322
Germany	359	394
Sweden	44	40
Denmark	35	37
Finland	32	35
Norway	1	1
Netherlands	25	24
Total headcount	**1,957**	**2,087**

Comments on the table

During the year five individuals identified as non-binary. Pandox enabled this data to be reported as of 2023, as part of the diversity and inclusion programme.

No major changes in the number of employees have taken place overall. The biggest increase geographically was in the UK, where four hotels were acquired during the year. The greatest decrease relates mainly to the divestment of one hotel in Canada.

S1 cont.

S1-6: HEADCOUNT BY CONTRACT TYPE AND GENDER

	2024				2023			
	Women	Men	Non-binary	Total	Women	Men	Non-binary	Total
Headcount	993	959	5	1,957	1,073	1,073	0	2,087
Permanent employees	898	873	5	1,776	1,015	961	0	1,976
Temporary employees	95	86	0	181	58	53	0	111
Full-time employees	635	709	5	1,349	747	768	0	1,515
Part-time employees	358	250	0	608	326	246	0	572

S1-6: HEADCOUNT BY CONTRACT TYPE AND REGION

	2024			2023			
	Nordics	Europe	Total[1]	Nordics	Europe	Canada	Total
Headcount	112	1,845	1,957	113	1,652	322	2,087
Permanent employees	105	1,671	1,776	103	1,555	318	1,976
Temporary employees	7	174	181	10	97	4	111
Full-time employees	85	1,264	1,349	80	1,167	268	1,515
Part-time employees	28	580	608	33	485	54	572

1) Pandox's hotel operations in Canada were divested at the beginning of 2024; consequently, employees are not presented for this region in 2024.

Comments on the table

The biggest difference in 2024 is due to an increase in temporary employees compared with the previous year. The increase is due to the four newly acquired hotels. The decrease in permanent employees and full-time employees is mainly explained by the divestment of a hotel in Canada. No major changes impacting the total have been identified.

S1-6: GENDER DISTRIBUTION BY EMPLOYMENT CATEGORY[1) 2)]

	2024			2023		
		Gender distribution,%			Gender distribution,%	
	Total number	Women	Men	Total number	Women	Men
Board of Directors[3)]	7	43%	57%	7	43%	57%
Executive management team	10	30%	70%	10	30%	70%
Own Operations						
Management	296	45%	55%	264	42%	59%
Hotel employees	1,610	52%	48%	1,774	53%	47%
Property management						
Management	4	25%	75%	5	20%	80%
Other property management employees	8	25%	75%	8	25%	75%
Head office						
Management[4)]	2	50%	50%	2	50%	50%
Other head office employees	27	41%	59%	24	42%	58%
Total within Pandox (excl. Board)	**1,957**	**51%**	**49%**	**2,087**	**52%**	**48%**

1) Pandox reports employee numbers (headcounts) as of 31 December. From 2023 onwards the category of non-binary is also included. A total of five people within Own Operations reported in this category in 2024; this is less than 1 percent and consequently this is not presented in a separate column.

2) Table updated from 2023; the breakdown in 2024 refers only to management and employees, and does not show the breakdown into senior management and middle management.

3) All board members are non-executive.

4) Managers at head office who are not part of the executive management team.

Comments on the table

Headcount and gender distribution

Pandox has significant diversity among its employees, particularly in the Own Operations segment; for example, in terms of ethnicity, gender, religion and age. The total number of employees in 2024 was made up of 51 percent women and 49 percent men. The gender balance between women and men in senior management positions improved somewhat in 2024, with 45 (42) percent women compared with 55 (59) percent men. 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 property management employees. Read more about Pandox's goals for diversity and inclusion on page 125.

S1-6: NEW EMPLOYEES AND EMPLOYEE TURNOVER BY GENDER AND AGE[1)]

	2024				2023			
	New employees, %		Employee turnover, %		New employees, %		Employee turnover, %	
	Number	Share, %[2)]	Number	Share, %[3)]	Number	Share, %[2)]	Number	Share, %[3)]
Key ratios for different groups:								
Women	348	35%	363	37%	399	37%	374	35%
Men	361	38%	357	37%	384	38%	382	38%
Non-binary	5	100%	0	0%	0	0%	0	0%
Age <30	486	69%	451	65%	462	64%	434	60%
Age 30–50	193	24%	221	27%	266	31%	249	29%
Age >50	35	8%	48	11%	55	11%	73	14%
Total within Pandox	**714**	**35%**	**720**	**37%**	**783**	**38%**	**756**	**36%**

1) Pandox reports employee numbers (headcounts) as of 31 December.

2) 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.

3) The percentage for employee turnover is the number of employees who left the organisation voluntarily or were laid off, retired or passed away while employed (including both permanent and temporary employees) divided by the total number of employees as of 31 December.

Comments on the table

New employee hires and employee turnover

Pandox uses employee turnover as a measure of employee satisfaction. Total employee turnover decreased marginally in 2024 from 38 percent to 37 percent. In 2024 the number of new employees and rate of employee turnover were highest in the age category <30. Working in the hotel industry is often a first job for young people, and employees in this age category are in general more mobile in the job market.

S1 cont.

S1-7 Characteristics of non-employee workers in the undertaking's own workforce

At the end of 2024 the number of people not employed by Pandox but who work within the organisation amounted to 331 (189). 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. The difference compared with 2023 relates primarily to the hotels that were not included in the previous year's outcome. Hilton Belfast and the newly acquired DoubleTree by Hilton Edinburgh together account for the greatest increase, as these were not included in last year's outcome.

S1-8 Collective bargaining coverage and social dialogue

59 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.

S1-9 Diversity metrics

See disclosures in table on the right, "Age distribution by employment category".

S1-10 Adequate wages

All employees within Pandox are paid reasonable wages according to current guidelines.

S1-11 Social protection

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. In 2024 a total of 69 individuals took family related leave, consisting of 42 women and 27 men.

S1-13 Training and skills development metrics

Reporting principles

The outcome below includes data from Pandox's own employees in Own Operations. See disclosures in tables on the next page.

S1-8: COLLECTIVE BARGAINING COVERAGE AND SOCIAL DIALOGUE

	2024			2023	
	Collective bargaining coverage [1]		Social dialogue	Collective bargaining coverage	
Coverage	Employees within EEA	Employees outside EEA	Workplace representatives (all entities in Own Operations)	Employees within EEA	Employees outside EEA
0–19%	Denmark, Sweden, Norway [2]		Denmark, Sweden, Norway, Netherlands	Denmark, Sweden, Norway [2]	UK
20–29%			UK		
30–59%	Germany	UK	Germany		
60–79%			Belgium	Germany	
80–100%	Belgium, Finland, Netherlands		Finland	Belgium, Finland, Netherlands	Canada

1) Representation on a European Works Council or works council in a European company (Swedish company) or in a European Cooperative Society (SCE) in 2024 for all personnel in Belgium.
2) For Norway and Sweden this relates only to employees at the head office as well as one employee in property management who belongs to the head office, where there are no collective bargaining agreements.

Comments on the table

Hotel employees 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.

Metrics for social dialogue are reported for the first time for 2024 and consequently there are no comparative figures.

S1-9: AGE DISTRIBUTION BY EMPLOYMENT CATEGORY [1] [2]

	2024				2023			
		Distribution by age group, %				Distribution by age group, %		
	Total number	<30 years	30–50 years	>50 years	Total number	<30 years	30–50 years	>50 years
Board of Directors[3]	7	0%	14%	86%	7	0%	14%	86%
Executive management team[4]	10	0%	10%	90%	10	0%	10%	90%
Own Operations								
Management[5]	296	20%	59%	20%	264	21%	56%	22%
Hotel employees	1,610	40%	38%	22%	1,774	37%	38%	25%
Property management								
Management[5]	4	0%	50%	50%	5	0%	40%	60%
Other property management employees	8	0%	38%	63%	8	0%	38%	62%
Head office								
Management[6]	2	0%	50%	50%	2	0%	50%	50%
Other head office employees	27	11%	74%	15%	24	21%	58%	21%
Total within Pandox (excl. Board)	**1,957**	**36%**	**42%**	**22%**	**2,087**	**35%**	**40%**	**25%**

1) Pandox reports employee numbers (headcounts) as of 31 December.
2) Table updated from 2023; the breakdown in 2024 refers only to management and employees, and does not show the breakdown into senior management and middle management.
3) All board members are non-executive.
4) The executive management team is defined as the highest level of management below the Board of Directors.
5) Includes general managers, business area managers, HR managers etc. excluding the executive management team.
6) Managers at head office who are not part of the executive management team.

Comments on the table

There has been no significant redistribution of employees by age group during the year. The small difference in the total is due mainly to the divestment of a large hotel in Canada in Pandox's Own Operations segment and to four acquisitions of smaller hotels.

S1 cont.

S1-13: EMPLOYEES WHO HAD A PERFORMANCE AND CAREER DEVELOPMENT REVIEW, % 1)

	2024				2023		
	Percentage				Percentage		
Employment category	Total	Women	Men	Non-binary	Total	Women	Men
Key ratios for different groups:							
Executive management team	90%	100%	86%	0%	100%	100%	100%
Own Operations							
Management	82%	56%	84%	0%	98%	100%	96%
Other hotel employees	87%	86%	89%	60%	72%	70%	75%
Property management							
Management	75%	0%	100%	0%	67%	100%	60%
Other property management employees	75%	100%	67%	0%	88%	100%	83%
Head office							
Management	100%	100%	100%	0%	100%	100%	100%
Other head office employees	63%	55%	69%	0%	100%	100%	100%
Total within Pandox	**86%**	**85%**	**88%**	**60%**	**76%**	**74%**	**78%**

1) 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 is one.

S1-13: AVERAGE HOURS OF TRAINING PER EMPLOYEE

	2024				2023		
	Average number of hours				Average number of hours		
Employment category	Total	Women	Men	Non-binary	Total	Women	Men
Key ratios for different groups:							
Executive management team	43	48	41	0	31	42	25
Own Operations							
Management	13	9	13	0	29	31	28
Other hotel employees	10	9	10	52	13	14	13
Property management							
Management	0	0	0	0	3	14	0
Other property management employees	7	18	3	0	11	9	11
Head office							
Management	14	21	8	0	27	32	22
Other head office employees	19	20	18	0	20	9	27
Average number of training hours within Pandox	**10**	**10**	**11**	**52**	**16**	**16**	**16**

Comments on the table
The number of employees who had a performance and career development review in 2024 is 1,682, which is 86 percent. The higher percentage is mainly due to an increase in employees in the Own Operations segment. Employees at Hilton Belfast, where the majority of employees had a performance and career development review, have been included in the total and account for more than 60 percent of the increase. DoubleTree by Hilton Montreal, where few employees had a performance and career development review due to strikes, has meanwhile been divested.

As regards the average number of hours of training, the decrease in 2024 is partly due to the divestment in Canada which accounted for a significant share of the hours of training, and partly to the fact that in 2023 training in leadership as well as training in diversity and inclusion were launched in Own Operations, resulting in a higher than usual number of hours of training.

S1-14 Health and safety metrics
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. A total of 95 percent of staff at Pandox's 20 hotels in Own Operations are covered by local health and safety management systems. The four newly acquired hotels are not yet covered as they are in the process of being incorporated into Pandox's structure. 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 in the 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 back annually via Pandox's Group-wide system for collecting social data from Own Operations. The cause of accidents is to be investigated and preventive measures taken.

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.

Most of 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.

Pandox does not have any formal responsibility for the health and safety of those employed by tenants and business partners. 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 in the workplace. It is also Pandox's responsibility to assess if there is anything in the incidents or accidents that the company can learn from in its capacity as a property developer or client.

S1 cont.

S1-15 Work-life balance metrics
See information in disclosures S1-8 and S1-11 above.

S1-16 Remuneration metrics (pay gap and total remuneration)
The difference between average pay levels for female and male employees (the pay gap) is 8 percent for Pandox employees in 2024. For 2024 the annual total remuneration ratio, i.e. the ratio between the highest paid individual and the median value of total remuneration for all employees in the Pandox Group, is 26 percent. Note that employees at the head office work in the real estate industry, while hotel staff in Own Operations work in the hotel industry, with different salary structures based on industry practices.

Reporting principles:
Pandox calculates a total pay gap and remuneration ratio based on employees at the head office, in hotel operations in the Own Operations segment and in property management. The metrcis are generated and monitored internally. These metrics are reported for the first time for 2024 and consequently there are no comparative figures.

S1-17 Incidents, complaints and severe human rights impacts
During the year two incidents were reported concerning employees in Own Operations. One incident was reported via the anonymous whistleblower system and concerned harassment. The second incident concerned discrimination on the grounds of religion and was received through internal channels. Neither case resulted in any fine, sanction or damages.

S1-14: WORK-RELATED ILL HEALTH [1)]

	Number	
	2024	2023
Employees		
Fatalities as a result of work-related ill health	0	0
Reported work-related ill health	6	7

1) Work-related ill health is when poor health or illness is caused by exposure to hazards at work or a poor work environment.

S1-14: SICKNESS ABSENCE BY SEGMENT [1)]

	Sickness absence, %	
All types of sickness, ill health or injuries	2024	2023
Own Operations	9.8%	6.2%
Property management	0.4%	0.6%
Head office	0.8%	0.5%
Total	**9.5%**	**6.0%**

1) Sickness absence is presented as a percentage of total scheduled hours worked. Total sickness absence is based on all employees in the Group.

S1-14: WORK-RELATED INJURIES[1)]

	2024		2023	
	Number	Rate of fatalities/ accidents	Number	Rate of fatalities/ accidents
Employees				
Fatalities resulting from work-related injuries	0	0	0	0
Serious work-related injuries (excl. fatalities)	1	0.52	0	0
Reported work-related injuries	46	23.73	80	41.02

1) The number of hours worked by Pandox's own employees amounted to 1,938,554 in 2024 compared with 1,949,907 in 2023 for the head office, Leases and Own Operations.

Comments on the table
The number of reported cases of work-related ill health among employees in 2024 is in line with 2023. Sickness absence increased, which is in part explained by longer periods of sick leave during the year.
Reported incidents of injury and ill health resulted in 966 days of absence in 2024.

During the year there were zero fatalities and one serious work-related injury, which is in line with the expected outcome and with the previous year's outcome. One serious accident was reported because it resulted in absence. The number of reported work-related accidents was 46, with the accident rate decreasing from 41.02 to 23.73. The reduction in work-related injuries is mainly due to the divestment of a hotel in Canada that had a high level of reported work-related injuries in 2023.

As in the previous year, in 2024 the most common causes of work-related ill health and work-related injuries were cuts, slips/falls and strains.

S2 Workers in the value chain

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES (IROs)			Where in the value chain			Time horizon		
ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model								
Sub-topics	**IRO descriptions**	**Type of IRO**	Upstream	Pandox's operations	Downstream	Short term	Medium term	Long term
Working conditions	Restaurant and cleaning staff are at risk of forced labour, low wages and precarious employment. In the real estate sector there is a risk of illegal labour and wage dumping, where workers often lack the opportunity to influence their conditions and can be exploited.	Potential negative impact			●		●	
	Inadequate language skills contribute to shortcomings in labour rights and limited knowledge of grievance mechanisms. This is a widespread problem in the hotel industry (for example, among external cleaning services) and the construction industry, where seasonal migrant workers are often hired.	Potential negative impact			●		●	
	External cleaning staff may be exposed to chemicals that adversely affect health.	Potential negative impact			●		●	
	Lack of union membership and collective bargaining agreements can mean poorer working conditions and rights. Pandox operates in countries where freedom of association is violated.	Potential negative impact			●		●	
	The construction industry is a risk sector when it comes to working conditions, health and safety etc. A large part of Pandox's suppliers operate in the construction sector. The risks also include illegal labour and wage dumping.	Potential negative impact	●				●	
	Construction workers in Pandox's value chain deal with stressful working conditions to meet deadlines. Smaller companies are not always aware of the legal requirements regarding working conditions and may inadvertently break the law.	Potential negative impact	●			●		
Equal treatment and equal opportunities for all	Within the industry there is a risk that hotel employees are vulnerable to harassment (sexual or otherwise) and discrimination, both from guests and from other employees. For example, discrimination against migrant workers as regards working hours and wages, as well as opportunities for promotion, occurs in the tourism sector.	Potential negative impact			●		●	
Other work-related rights	Hotel workers are at risk of harassment and discrimination, especially migrant workers and housekeeping and restaurant staff.	Potential negative impact			●		●	
	There is a risk of forced labour and child labour in the value chain, especially in the coffee and tea industry. These industries also use hazardous chemicals that can harm workers' health.	Potential negative impact	●					●

S2 cont.

STRATEGY

Pandox's impacts, risks and opportunities related to workers in the value chain are primarily linked to equal treatment, health and safety, and 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. This potential negative impact is mainly associated with the construction industry. 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.

Pandox defines workers in the value chain as upstream employees of suppliers that Pandox purchases services and products from, and downstream hotel personnel in the operations within the Leases business segment.

IMPACT AND RISK MANAGEMENT RELATED TO WORKERS IN THE VALUE CHAIN

S2-1 Policies related to value chain workers

Pandox is committed to respecting and promoting human rights in all operations, including in the value chain. Pandox's human rights policy and Code of Conduct for Business Partners cover all business partners, suppliers and subcontractors. These documents are based on the Ten Principles of the UN Global Compact and its underlying conventions and declarations covering human rights and labour rights (ILO).

The Code of Conduct for Business Partners describes the requirements that Pandox places on its suppliers regarding working conditions and terms of employment. This Code, which aims to create a common understanding of Pandox's values, includes minimum requirements in the area of labour law, such as the prohibition of child labour and forced labour, as well as rules on terms of employment, working time, wages and benefits. The Code of Conduct also addresses human rights, with zero tolerance of criminality, sexual exploitation, prostitution and human trafficking, and emphasises fair and equal treatment as well as the protection of personal data. In addition, the Code deals with health and safety, freedom of association and the right to collective bargaining. Pandox's Human Rights Policy covers the entire value chain. Pandox also publishes a Modern Slavery Act statement on its website concerning the Company's human rights efforts.

The policies were originally developed jointly with an external party, with conventions and declarations being analysed to ensure that Pandox can comply with these. Pandox's Senior Vice President, Director of Sustainable Business is responsible for the content of the policies. The CEO and the executive management team are responsible for implementing all the policies adopted annually by Pandox's Board of Directors. The policies are available on Pandox's website. Both policies address the risks and negative impacts involved, as identified in the table on the previous page. 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 internal values. All new suppliers are sent the Code of Conduct for Business Partners and must accept the terms described.

To fulfil its commitment to respecting and upholding human rights, Pandox works continually to improve its processes for identifying, preventing and mitigating negative impacts. This is done through consultation with potentially affected individuals or relevant stakeholders. In practice this means, for example, requiring suppliers and subcontractors to comply with the Code of Conduct for Business Partners and publishing a statement annually in accordance with the UK Modern Slavery Act which communicates developments and relevant key activities. No incidents of non-compliance were detected in the annual reporting for 2024.

In addition, Pandox has undertaken to provide or cooperate to remedy negative human rights impact in the value chain. There is also an expectation that business partners, suppliers and subcontractors will undertake to provide or cooperate to enable impacts to be remedied. Both internal and external stakeholders can report to Pandox any serious breaches of the guidelines in the human rights policy or the Code of Conduct for Business Partners. Further information on this can be found in the paragraph below.

S2-2 Processes for engaging with value chain workers about impacts

S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns

Like any other relevant party, workers in the value chain are able to report misconduct through the whistleblowing system available via Pandox's website. During the year Pandox worked to ensure that workers in the value chain have access to Pandox's reporting channel by clarifying this on the website with simpler navigation. It is possible to remain anonymous when reporting through the whistleblower system. All reported cases are followed up to assess any remediation needed, and the Board is informed of more serious cases. The channel is managed by an external third party and helps Pandox take effective action. For example, this has led to contracts being terminated and decision-making processes being changed.

See page 136 under G1 for how Pandox ensures that workers and other stakeholders are protected from retaliation, and how to ensure that they are aware of and trust structures and procedures for raising concerns.

S2-4 Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

No need to take further action, implement any action plan or expand contact with workers in the value chain beyond implementing the Code of Conduct for Business Partners has yet been identified. This is based on reported cases of violations and ongoing efforts to identify negative impacts in the value chain. Pandox's supplier audit system is an example of a measure implemented to identify and ensure that Pandox works with the right business partners and that these comply with the Code of Conduct for Business Partners. This means that Pandox works actively to manage potential negative impacts. In 2024 the number of supplier assessments was expanded as a number of suppliers were categorised. Read more about auditing of suppliers under G1 on page 136.

METRICS AND TARGETS

S2-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Pandox currently has no time-bound targets associated with workers in the value chain but will review its targets for all material topics during 2025.

S4 Consumers and end-users

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES (IROs)

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

			Where in the value chain			Time horizon		
Sub-topics	IRO descriptions	Type of IRO	Upstream	Pandox's operations	Downstream	Short term	Medium term	Long term
Personal safety of consumers and/or end-users	Hotel operations entail risks of prostitution, human trafficking and sexual abuse, and shortcomings in the management of these risks may lead to human rights violations.	Potential negative impact		●	●		●	
	There is a risk that hotel guests will be exposed to bad behaviour or harassment from other guests or people around the hotel.	Potential negative impact			●	●		
Social inclusion of consumers and/or end-users	Pandox can contribute to inclusion by ensuring that its properties are accessible to all and by offering a reasonable number of adapted rooms at its hotels and properties.	Potential positive impact			●	●		

STRATEGY

Pandox defines its end-users and end-consumers based on the Company's two business segments. In Own Operations the end-users are the guests at hotels operated by Pandox, while for Leases the end-consumers are Pandox's tenants. Pandox has a direct responsibility for consumers and end-users within the Own Operations segment, where the health and safety of 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 zero-tolerance policy towards trafficking and prostitution.

IMPACT AND RISK MANAGEMENT RELATED TO CONSUMERS AND END-USERS

S4-1 Policies related to consumers and end-users

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

The policies cover various ways of ensuring that guests have a safe and enjoyable experience when visiting hotels operated by Pandox and are updated annually; for example, on Pandox's website. 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. For Pandox's guests there are risks associated with trafficking and prostitution that can take place on hotel premises. Pandox requires suppliers and subcontractors to comply with the Code of Conduct for Business Partners. Within property management, new and repeat suppliers above a significant set level are required to be digitally audited before an order is placed. The purpose of this audit is so that Pandox can monitor that suppliers are complying with the Code of Conduct for Business Partners, which contains specific requirements concerning human rights. If any non-compliance is identified, the business partner must produce an action plan that Pandox is to approve. Pandox reserves the right to make on-site visits and to terminate the contract with the business partner in the event of significant breach of the obligations described in the Code or its underlying conventions and declarations. Furthermore, Pandox works proactively to minimise the risk of human trafficking and/or prostitution at the hotels within the Own Operations segment, for example through more in-depth training, and publishes a Transparency Statement every year in accordance with the UK Modern Slavery Act which communicates developments and relevant key activities. Hotels in the Own Operations segment report each year whether there have been any incidents involving trafficking, prostitution, discrimination or sexual harassment and if so, how these were handled. The incidence and handling of these are reported publicly in the Company's Annual Report. Pandox provides access to a whistleblowing system where consumers and end-users can anonymously report any abuses or other irregularities. As part of its annual sustainability reporting, Pandox continually monitors and reports specific key indicators related to human rights such as incidents that have occurred, supplier audits and the outcome of these, and the number of reports received via the whistleblowing channel.

The CEO and the executive management team are responsible for implementing all of the policies, and the policies are available on the website. They apply to all of Pandox's operations without exception.

S4-2 Processes for engaging with consumers and end-users about impacts

S4-3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

Following up on the end-consumers is carried out annually through two surveys. The first is intended to monitor the tenants' perceived customer satisfaction, while the second involves measuring customer satisfaction among guests at the hotels that Pandox operates within Own Operations.

Guest satisfaction follow-up for end-consumers in the Own Operations business segment is carried out annually through a third party. The latest survey shows a guest satisfaction score of 84 (84) percent. Pandox's tenant satisfaction survey in Leases is conducted annually via a survey that is sent out to Pandox's tenants. The objective is to obtain their feedback on matters related to the property itself, Pandox as a property owner and various other matters related to customer satisfaction. The tenant satisfaction survey is conducted by a third party and the latest survey yielded a Net Promoter Score (NPS) of 19, which is classed as "good". It means that Pandox has satisfied and loyal tenants that would recommend the Company. The response rate was 51.8 percent of tenants in the properties for which there is relevant data. A long-term objective is to collect data for all properties. The outcome is followed up by Pandox's property department.

S4 cont.

The guest satisfaction survey is used to identify which topics best promote guest satisfaction, and the results are used to improve the strategy with guests in mind. The survey is continuously followed up on, enabling insights from previous strategies and approaches to optimise the guest experience in the future. 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 anonymously through the whistleblower system, which is managed by an external party. All end-consumers have access to the Company's whistleblowing system via the Pandox website. In addition, staff at Pandox's hotels receive internal training on guidelines relating to the Code of Conduct and thus the information is available at Pandox's hotels to pass on to guests. Pandox's Code of Conduct is also publicly available on the Pandox website for all end-users.

Read more under ESRS G1 (pages 136–137) about how Pandox processes and follows up on feedback from guests and tenants, and how these are thus protected from retaliation.

S4-4 Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

To ensure the safety of end-consumers – in other words, guests – Pandox employees are regularly given training in first aid.

Prevention of trafficking and prostitution is carried out both through internal training and continuous collaboration with local law enforcement agencies. During the year training was provided to staff at those hotels where no previous training had been provided regarding prostitution. In 2024, 953 employees completed training in how employees can identify, report and follow up on suspected cases of prostitution in Own Operations. There have been no reports of serious incidents or human rights issues related to consumers and end-users during the year. See table on the right for outcomes. Financing of measures does not burden OpEx or CapEx.

As mentioned in S4-3, Pandox enables guests and tenants to report incidents through the whistleblower channel and by reporting any situations directly to hotel management. These reports are followed up individually. Reports made via the whistleblower channel are followed up by a third party to enable any required remediation.

METRICS AND TARGETS

S4-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The Company aims to have zero cases of prostitution and trafficking, as specified in Pandox's Code of Conduct which is updated and approved annually by the Board. The targets are not defined based on specific legislation.

Additionally, Pandox has a target for the hotels in Own operations that at least 80 percent of the hotel guests should recommend the hotel to others. This is monitored within Own Operations. The reason for the target being set at 80 percent is that this is considered to be the threshold between "satisfied" and "loyal". The target is not time-bound but instead must be met annually. Guest satisfaction was at 84 (84) percent according to Pandox's annual guest survey, which was carried out by an external party in 2024. Ongoing follow-up and analysis of guest satisfaction and the annual result is carried out by a third party.

Pandox is currently reviewing how the process of setting targets for end-consumers and users can be developed and whether further targets and follow-up need to be implemented.

THE IMPACT OF PRODUCTS AND SERVICES ON THE HEALTH AND SAFETY OF PANDOX'S HOTEL GUESTS

	2024	2023
Total number of incidents where a guest's or visitor's health or safety was negatively affected on a visit to a Pandox hotel	3[1]	13[2]
– of which the number of incidents of non-compliance with laws	0	0
– of which the number of incidents of non-compliance with voluntary standards	0	13[1]
– of which the number of incidents of non-compliance with laws that resulted in fines or other penalties	0	0
– of which the number of incidents of non-compliance with laws that resulted in a warning	0	0

1) None of the cases resulted in a fine.
2) Refers to 13 cases where guests failed to respect that the rooms were non-smoking.

Comments on the table:
In 2024 three cases relating to the health and safety of hotel guests were reported. These cases concerned slipping accidents and one fall accident. They were not caused by failure to comply with laws or voluntary standards and did not result in any fine, penalty or warning.

Governance information

G1 Business conduct

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES (IROs)			Where in the value chain			Time horizon		
ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model								
Sub-topics	IRO descriptions	Type of IRO	Upstream	Pandox's operations	Downstream	Short term	Medium term	Long term
Corporate culture	Pandox has a positive impact on its employees through a corporate culture that encourages feedback. There is an openness to trying new ideas and exploring development opportunities that may work and benefit the Company.	Potential positive impact		●			●	
	Pandox has been conducting an annual inclusion survey for the past two years. In 2024 the result was that 82 percent of employees felt they were included. This means that there are potentially 18 percent who do not feel as included.	Potential negative impact		●			●	
	Diversity and inclusion shortcomings that reflect a sense of value discrepancy can lead to reduced engagement and efficiency. They may also indirectly increase costs and reduce opportunities for the Company to retain employees – potentially leading to higher employee turnover.	Financial risk		●			●	
Management of relationships with suppliers	Building materials are sometimes produced in a socially unsustainable way. Pandox is dependent on its contractor partners for the purchase of most of these materials. There is often close partner dialogue, but it is difficult to ensure that the products are produced in a manner consistent with Pandox's values.	Potential negative impact	●				●	
	Suppliers below a certain amount, corresponding to an estimated 4 percent of Pandox's spend, are not subject to the same rigorous scrutiny. This may result in social and environmental risks being overlooked, especially as the number of small suppliers is greater than the number of those from which larger volumes are purchased.	Potential negative impact	●				●	
Corruption and bribery	Pandox is dependent on the Company, its employees, suppliers and partners respecting and complying with applicable legislation on corruption and bribery. Corruption and bribery may result in increased costs, lost business opportunities, legal sanctions and damage to the Company's reputation. Corruption may also occur in connection with acquisition processes and integration. The construction sector is a high-risk sector for corruption and bribery.	Financial risk		●			●	
	There is generally a risk of corruption in all business activities, especially when procuring goods and services, and also a risk of bias when signing agreements.	Potential negative impact	●				●	

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES (IROs)			Where in the value chain			Time horizon		
Sub-topics	IRO descriptions	Type of IRO	Upstream	Pandox's operations	Downstream	Short term	Medium term	Long term
Cybersecurity (Company-specific disclosure)	In its role as hotel operator, Pandox manages large amounts of guests' personal and sensitive data. In the event of a data leak, this could have serious consequences for guests. Cybercrime is generally increasing in society.	Potential negative impact		●			●	

G1 cont.

Pandox identified positive and negative impacts as well as risks relating to the corporate culture, corruption and bribery as well as Pandox's management and relationships with suppliers. The corporate culture promotes new ideas and development in order to benefit the Company, and 84 percent of employees feel included. At the same time, it is a potential risk that 18 percent do not feel fully included on an equal basis.

Moreover, suppliers are audited based on Pandox's supplier audit system as there is a potential negative impact in the supply chain associated with suppliers in the construction industry as regards socially unsustainable supply chains. There is also a potential risk that suppliers with smaller spend amounts are overlooked in the supplier audit system due to the boundaries set.

Corruption and bribery are generally a potential risk in business activities that involve procurement, and there is a potential risk of bias when signing agreements. Any such cases could result in a financial risk for Pandox. This has not been to case to date.

IMPACT AND RISK MANAGEMENT WITHIN BUSINESS CONDUCT

G1-1 Business conduct policies and corporate culture

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. Pandox is subject to the statutory national whistleblower requirement and incidents can therefore also be reported through the whistleblowing channel that is managed by an external independent party, thereby 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. To ensure that all parties have access to a channel for reporting, in 2024 Pandox developed its communication on this through a reference on the website. There is also a reference to the channel in Pandox's Code of Conduct for Business Partners, which audited suppliers must confirm that they have read. This takes place in conjunction with auditing of suppliers that are red-flagged in the initial risk assessment. The Code of Conduct is also actively made available to business partners when a contract is entered into. In addition, Pandox has a specific Anti-Corruption Policy in accordance with Principle 10 of the UN Global Compact, which provides guidelines for understanding and working against 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. 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. All Pandox's policies are available on the company website.

G1-2 Management of relationships with suppliers

All of Pandox's suppliers are expected to read and accept the Code of Conduct for Business Partners, which describes the requirements the Company places on its suppliers regarding human rights, environmental protection, business ethics and anti-corruption. In addition, Pandox manages its relationships with suppliers in accordance with the statement on due diligence under GOV-4 (pages 93–94). By imposing requirements on suppliers, Pandox can have a positive impact on responsible business conduct. During the year, a third party categorised 98 percent of Pandox's spend. 2,206 suppliers underwent a risk analysis, which corresponds to approximately 42 percent of the total supplier base and 80 percent of the spend for 2024. The purpose of the project was risk minimisation, because Pandox operates in both the construction industry, where there is a risk of illegal labour, and the hotel industry, where dry cleaning and cleaning service providers may engage in illegal labour practices and corruption. A further aim was to streamline the purchasing process and to create deeper collaboration with suppliers capable of meeting Pandox's requirements. This work will continue in 2025. The suppliers categorised in the spend analysis have all been uploaded into Pandox's digital supplier audit tool and are managed by external consultants who provide the tool, to ensure independence. In the system all suppliers have been given a risk profile based on potential risk parameters such as country the supplier is registered in, sector and spend. The suppliers also need to confirm that they have read and understood Pandox's attached Code of Conduct for Business Partners. Suppliers that are given a red risk profile are required to complete a self-assessment form, which is available in five languages to facilitate understanding of the questions. The system provider has also collaborated with Pandox to make the form dynamic, which means that only relevant questions are shown to the supplier based on its responses. If responses are red-flagged, the supplier needs to provide additional evidence, documentation or clarification. The external consultants review the responses received and only they are allowed to change the responses to green or amber. If, despite attempts at dialogue, the supplier still does not respond after three reminders, the supplier will be red-flagged and must not be used again. If, after dialogue, the supplier's responses are inadequate, an on-site audit must take place. This is primarily relevant for construction projects, where there is a risk that illegal labour may occur. Red-flagged suppliers must also be escalated to the purchasing council, which includes representatives of the executive management team such as the CFO, SVP Director of Sustainable Business, SVP Asset Management & Development, and VP Asset Management Nordics. Exceptions may be made only by the purchasing council, and must be documented. During the year no cases were escalated to the council. The ambition for the coming year is to carry out the risk assessment and have the supplier complete the self-assessment form already at the time of purchase in order to be able to select suppliers even before a contract is signed.

Pandox's purchasing process is to ensure that internal procedures are in place for handling payments to suppliers, regardless of size. Using system solutions that generate reminders to verifiers and a practice that all payments must go through before the due date, Pandox ensures that payments are made on time, to all suppliers.

G1-3 Prevention and detection of corruption and 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 employees at Pandox's head office as well as identified employees in Own Operations who may be exposed to corruption are given anti-corruption training. This is an advanced training course that all employees at head office completed in 2024, along with 36 percent of identified individuals in Own Operations. The anti-corruption training goes through eight different modules that require the employee to respond to different scenarios. Anti-corruption is also part of the training covering the Code of Conduct for Employees. This training is mandatory for all new recruits and must be subsequently repeated every three years, or more frequently if the code has been significantly updated. The training is web-based and requires the employee to complete all the modules, answer a questionnaire at the end of the training and confirm that they have completed the course. The actual completion rate of the Code of Conduct training is measured and monitored annually. Training in the Code of Conduct and in anti-corruption is currently not mandatory for the Board. However, anti-corruption training was provided by an external third party during the year to ensure that the Board is knowledgeable in this area. 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, which is managed by an external party. 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.

G1 cont.

MEASURED COMPLETION RATE OF TRAINING IN PANDOX'S CODE OF CONDUCT

	2024 [1]	2023 [2]
Number of employees who have completed Code of Conduct training	71%	65%

1) Does not include the four recently acquired properties in the UK. If these are added the outcome is 63 percent, but this is not counted in the total as they are still in the process of being included in Pandox's systems and procedures.
2) Updated outcome compared with the previous year's report due to incomplete reported data, which caused errors in the calculation.

METRICS AND TARGETS

Although Pandox has no formally approved targets, training in the Code of Conduct is mandatory for all new recruits and must be subsequently repeated every three years. As part of Pandox's diversity and inclusion efforts, in 2024 a programme was produced to develop senior executives' work on inclusive recruitment processes. This has been rolled out in 2025 and targets have thus not yet been formulated. The work will continue in 2025. Pandox also carries out annual employee surveys, the format and outcome of which is described in detail under S1. The Company also has zero tolerance of corruption and bribery, which is followed up annually. The targets were developed internally and are not based on legislation; nor were they developed in consultation with stakeholders. All targets are validated by external parties except Pandox's internal training in the Code of Conduct, which is validated internally. In 2025 Pandox will work on a review of the targets and their alignment with the standard regarding minimum requirements of target setting.

AUDIT OF EXISTING SUPPLIERS BASED ON ENVIRONMENTAL CRITERIA, SOCIAL CRITERIA AND BUSINESS ETHICS

	2024
Number of suppliers given a risk profile	2,206
Percentage of suppliers given an SAQ [1]	7%
Percentage of the suppliers whose SAQ was approved	53%
Percentage of the suppliers subject to ongoing audit [2]	47%
Percentage of the suppliers whose SAQ was not approved [3]	-

1) Number of suppliers refers to those who are considered to have or to be at risk of having a significant negative impact based on identified risks relating to social and/or governance aspects.
2) 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.
3) The outcome is still unknown as the majority of the suppliers given an SAQ have not yet been given a final risk profile. The outcome therefore cannot be established and will be completed in the first half of 2025 instead.

G1-4 Confirmed incidents of corruption or bribery

NUMBER OF CASES OF CORRUPTION

	2024	2023
Total number of cases of corruption [1]	1	0
– of which cases where an employee was dismissed due to corruption	1	0
– of which cases where contracts with business partners were terminated or not extended due to corruption	0	0
– of which the number of legal cases regarding corruption filed against the Company or employees	0	0

1) During the year Pandox has not had any convictions or fines as a result of violations of anti-corruption and anti-bribery laws.

Comments on the table

One case of corruption was 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.

Cybersecurity (Pandox-specific)

Pandox processes large volumes of guests' personal and sensitive data in its hotel operations. It is therefore in the Company's interest to process this data in a way that avoids breaches that could have serious consequences.

POLICIES AND PREVENTIVE EFFORTS RELATING TO CYBERSECURITY

Pandox has an Information Security Policy that must be complied with. It is applicable to all employees within the Own Operations segment and at the head office. The Group's General Counsel is responsible for implementation of the policy. The policy is also signed by the Board of Directors. Data security is covered in Pandox's Code of Conduct for Employees as well. This highlights data security and confidentiality by requiring Pandox to protect confidential information from colleagues, business partners and guests through the use of technical and organisational security measures such as firewalls, access control and password systems, in order to prevent loss, misuse, unauthorised access, alteration or disclosure. Within the Own Operations segment of Pandox, a data protection officer (DPO) has been appointed for each hotel. These DPOs are provided directly or indirectly by a third party in the jurisdictions where hotel operations are conducted. The hotels have direct access to a third party in the event of GDPR-related incidents. The IT function analyses any incidents and, if necessary, brings in external expertise and forensic specialists to assess the extent of data breaches. In more serious cases, and where there is a requirement to notify the data protection authorities in a jurisdiction, the Group's General Counsel and local legal expertise, which cannot be provided by a third party, are also involved. Follow-up meetings are held quarterly with third parties to report on activities other than incidents. Incidents are reported immediately, and there is an email address where reports can be made to a third party around the clock.

Cybersecurity measures include the use of firewalls and password-protected systems, along with continuous improvement efforts involving employees. There are systems to maintain the highest level of guest privacy and data security at all times. Physical security measures also include perimeter protection, security guards and surveillance cameras. Fire and evacuation drills are regularly conducted, and emergency preparedness plans are to be in place for all hotels operated by Pandox. To ensure the safety of end-consumers/guests, employees are given regular training in data security.

Financing of measures does not burden CapEx or OpEx.

METRICS AND TARGETS

There is as yet no formal target to measure the effects of the measures taken by Pandox to reduce the potential negative impact and thus there are no time-bound targets related to cybersecurity. The outcomes are scrutinised internally. In 2025 Pandox will review objectives for all material topics.

DATA SECURITY AND CUSTOMER PRIVACY

	2024	2023
Total number of data security breaches, such as stolen customer data	8	3
Total number of complaints received regarding violation of customer privacy	0	0
– percentage of total complaints received from external parties	0	0
– percentage of total complaints received from authorities	0	0

Comments on the table

The eight data security incidents that took place in 2024 concerned so-called phishing attacks and hacking of servers. The incidents were investigated by data security experts and the local data protection officer to prevent future attacks. Two cases required notification to the local data protection authority. These incidents led to corrective action being taken, and none of the authorities have required Pandox to take further action beyond what has already been done.

ESRS appendix

Core elements of due diligence

ESRS 2 GOV-4 – Statement on due diligence

Core elements of due diligence	Paragraphs or pages in the sustainability statement	Impacts on people and/or the environment?
a) Embedding due diligence in governance, strategy and business model	ESRS 2 GOV-2, pp. 93, 95	People and the environment
	ESRS 2 GOV-3, p. 93	People and the environment
	ESRS 2 SBM-3, pp. 97–98	People and the environment
	ESRS 2 SBM-3-E1, pp. 97–98, 107	Environment
	ESRS 2 SBM-3-E2, pp. 97–98, 117	
	ESRS 2 SBM-3-E3, pp. 97–98, 118	
	ESRS 2 SBM-3-E5, pp. 97–98, 120	
	ESRS 2 SBM-3-S1, pp. 97–98, 123–124	People
	ESRS 2 SBM-3-S2, pp. 97–98, 130	
	ESRS 2 SBM-3-S4, pp. 97–98, 132	
	ESRS 2 SBM-3-G1, pp. 97–98, 135	People and the environment
b) Engaging with affected stakeholders in all key steps of the due diligence	ESRS 2 GOV-2, pp. 93, 95	People and the environment
	ESRS 2 SBM-2, p. 96	People and the environment
	ESRS 2 IRO-1, p. 99	People and the environment
	ESRS 2 MDR-P:	
	E1-2, p. 108	Environment
	E2-1, p. 117	
	E3-1, p. 118	
	E5-1, p. 120	
	ESRS 2 MDR-P:	
	S1-1, p. 124	People
	S2-1, p. 131	
	S4-1, p. 132	
	G1-1, p. 136	People and the environment
	Relevant ESRS:	
	S1-2, p. 124	People
	S2-2, p. 131	
	S4-2, pp. 132–133	
c) Identifying and assessing adverse impacts	ESRS 2 IRO-1, p. 99	People and the environment
	ESRS 2 SBM-3, pp. 97–98	People and the environment
	ESRS 2 SBM-3-E1, pp. 97–98, 107	Environment
	ESRS 2 SBM-3-E2, pp. 97–98, 117	
	ESRS 2 SBM-3-E3, pp. 97–98, 118	
	ESRS 2 SBM-3-E5, pp. 97–98, 120	
	ESRS 2 SBM-3-S1, pp. 97–98, 123–124	People
	ESRS 2 SBM-3-S2, pp. 97–98, 130	
	ESRS 2 SBM-3-S4, pp. 97–98, 132	
	ESRS 2 SBM-3-G1, pp. 97–98, 135	People and the environment
d) Taking actions to address those adverse impacts	*ESRS 2 MDR-A:*	
	E1-3, pp. 108–109	Environment
	E2-2, p. 117	
	E3-2, p. 118	
	E5-2, p. 120	
	ESRS 2 MDR-A:	
	S1-4, pp. 124–125	People
	S2-4, p. 131	
	S4-4, p. 133	
	E1-1, p. 108	Environment
	G1-1, p. 136	People and the environment
	G1-2, p. 136	
	G1-3, p. 136	

▶▶ Core elements of due diligence, cont.

Core elements of due diligence	Paragraphs or pages in the sustainability statement	Impacts on people and/or the environment?
e) Tracking the effectiveness of these efforts and communicating	*ESRS 2 MDR-M:*	
	E1-5, pp. 111–112	Environment
	E1-6, p. 110	
	E2-5, p. 117	
	E3-4, p. 119	
	E5-4, p. 121	
	E5-5, p. 121	
	ESRS 2 MDR-M:	
	S1-8, p. 127	People
	S1-9, p. 127	
	S1-10, p. 127	
	S1-11, p. 127	
	S1-13, pp. 127–128	
	S1-14, pp. 128–129	
	S1-15, p. 129	
	S1-16, p. 129	
	S1-17, p. 129	
	G1-4, p. 137	People and the environment
	E1-4, p. 109	Environment
	E2-3, p. 117	
	E3-3, pp. 118–119	
	E5-3, p. 121	
	S1-5, p. 125	People
	S2-5, p. 131	
	S4-5, p. 133	
	Entity-specific: Cybersecurity, p. 137	People and the environment

Content index of ESRS disclosure requirements

IRO-2 – Disclosure requirements in ESRS covered by the undertaking's sustainability statement

List of material disclosure requirements	Page number	Comments	EPRA reference
ESRS 2 – General disclosures			
BP-1 General basis for preparation of sustainability statements	93		
BP-2 Disclosures in relation to specific circumstances	93		
GOV-1 The role of the administrative, management and supervisory bodies	93, 95, 127		Gov-Board, Gov-COI
GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	93, 95		
GOV-3 Integration of sustainability-related performance in incentive schemes	93		
GOV-4 Statement on due diligence	93–94		
GOV-5 Risk management and internal controls over sustainability reporting	94		
SBM-1 Strategy, business model and value chain	96		
SBM-2 Interests and views of stakeholders	96		
SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	97–98		
IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities	99		
IRO-2 Disclosure requirements in ESRS covered by the undertaking's sustainability statement	99		
E1 Climate change			
ESRS 2 GOV-3-E1 Integration of sustainability-related performance in incentive schemes	93		
E1-1 Transition plan for climate change mitigation	108		
ESRS 2 SBM-3-E1 Material impacts, risks and opportunities and their interaction with strategy and business model	97–98, 107		
ESRS 2 IRO-1-E1 Description of the processes to identify and assess material climate-related impacts, risks and opportunities	99		
E1-2 Policies related to climate change mitigation and adaptation	108		
E1-3 Actions and resources in relation to climate change policies	108–109		
E1-4 Targets related to climate change mitigation and adaptation	109		
E1-5 Energy consumption and mix	111–112		Elec-Abs, Elec-LfL, DH&C-Abs, DH&C LfL, Fuels-Abs, Fuels-LfL, Energy-Int
E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions	110		GHG-Dir-Abs, GHG-Indir-Abs, GHG-Int
E1-9 Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	N/A	Not reported in 2024 due to phase-in reliefs	

List of material disclosure requirements	Page number	Comments	EPRA reference
E2 Pollution			
ESRS 2 SBM-3-E2 Material impacts, risks and opportunities and their interaction with strategy and business model	97–98, 117		
ESRS 2 IRO-1-E2 Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	99		
E2-1 Policies related to pollution	117		
E2-2 Actions and resources related to pollution	117		
E2-3 Targets related to pollution	117		
E2-5 Substances of concern and substances of very high concern	117		
E2-6 Anticipated financial effects from pollution-related impacts, risks and opportunities	N/A	Not reported in 2024 due to phase-in reliefs	
E3 Water resources			
ESRS 2 SBM-3-E3 Material impacts, risks and opportunities and their interaction with strategy and business model	97–98, 118		
ESRS 2 IRO-1-E3 Description of the processes to identify and assess material water resources-related impacts, risks and opportunities	99		
E3-1 Policies related to water resources	118		
E3-2 Actions and resources related to water resources	118		
E3-3 Targets related to water and marine resources	118–119		
E3-4 Water consumption	119		Water-Abs, Water-LfL, Water-Int
E3-5 Anticipated financial effects from water and marine resources-related impacts, risks and opportunities	N/A	Not reported in 2024 due to phase-in reliefs	
E5 Resource use and circular economy			
ESRS 2 SBM-3-E5 Material impacts, risks and opportunities and their interaction with strategy and business model	97–98, 120		
ESRS 2 IRO-1-E5 Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	99		
E5-1 Policies related to resource use and circular economy	120		
E5-2 Actions and resources related to resource use and circular economy	120		
E5-3 Targets related to resource use and circular economy	121		
E5-4 Resource inflows	121		
E5-5 Resource outflows (waste)	121		Waste-Abs, Waste-LfL
E5-6 Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities		Not reported in 2024 due to phase-in reliefs	

▶▶ Content index for disclosure requirements under ESRS, cont.

List of material disclosure requirements	Page number	Comments	EPRA reference
S1 Own workforce			
ESRS 2 SBM-2-S1 – Interests and views of stakeholders	96		
ESRS 2 SBM-3-S1 – Material impacts, risks and opportunities and their interaction with strategy and business model	97–98, 123–124		
S1-1 Policies related to own workforce	124		
S1-2 Processes for engaging with own workforce and workers' representatives about impacts	124		
S1-3 Processes to remediate negative impacts and channels for own workforce to raise concerns	124		
S1-4 Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	124–125		
S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	125		
S1-6 Characteristics of the undertaking's employees	125–126		Emp-Turnover
S1-7 Characteristics of non-employee workers in the undertaking's own workforce	127		
S1-8 Collective bargaining coverage and social dialogue	127		
S1-9 Diversity metrics	127		Diversity-Emp
S1-10 Adequate wages	127		
S1-11 Social protection	127		
S1-12 Persons with disabilities	N/A	Not reported in 2024 due to phase-in reliefs	
S1-13 Training and skills development metrics	127–128		Emp-Training, Emp-Dev
S1-14 Health and safety metrics	128–129		H&S
S1-15 Work-life balance metrics	129		
S1-16 Remuneration metrics (pay gap and total remuneration)	129		Diversity-Pay
S1-17 Incidents, complaints and severe human rights impacts	129		
S2 Workers in the value chain			
ESRS 2 SBM-2-S2 Interests and views of stakeholders	96		
ESRS 2 SBM-3-S2 Material impacts, risks and opportunities and their interaction with strategy and business model	97–98, 130		
S2-1 Policies related to value chain workers	131		
S2-2 Processes for engaging with value chain workers about impacts	131		

List of material disclosure requirements	Page number	Comments	EPRA reference
S2 Workers in the value chain, cont.			
S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns	131		
S2-4 Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	131		
S2-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	131		
S4 Consumers and end-users			
ESRS 2 SBM-2-S4 – Interests and views of stakeholders	96		
ESRS 2 SBM-3-S4 – Material impacts, risks and opportunities and their interaction with strategy and business model	97–98, 132		
S4-1 Policies related to consumers and end-users	132		
S4-2 Processes for engaging with consumers and end-users about impacts	132–133		
S4-3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	132–133		
S4-4 Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	133		
S4-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	133		H&S-Asset, H&S-Comp
G1 Business conduct			
ESRS 2 SBM-3-G1 Material impacts, risks and opportunities and their interaction with strategy and business model	97–98, 135		
ESRS 2 GOV-1-G1 The role of the administrative, management and supervisory bodies	93, 95, 127		
ESRS 2 IRO-1-G1 – Description of the process to identify and assess material impacts, risks and opportunities	99		
G1-1 Business conduct policies and corporate culture	136		
G1-2 Management of relationships with suppliers	136		
G1-3 Prevention and detection of corruption and bribery	136		
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List of datapoints that derive from other EU legislation

IRO-2 – Disclosure requirements in ESRS covered by the undertaking's sustainability statement

Disclosure requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material / Not material	Page number
ESRS 2 GOV-1 Board's gender diversity, paragraph 21 (d)	Indicator number 13 of Table #1 of Annex I		Commission Delegated Regulation (EU) 2020/1816, Annex II		Material	93
ESRS GOV-1 Percentage of board members who are independent, paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		Material	93
ESRS 2 GOV-4 Statement on due diligence, paragraph 30	Indicator number 10 Table #3 of Annex I				Material	93–94
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities, paragraph 40 (d) i	Indicators number 4 Table #1 of Annex I	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		Not material	
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Not material	
ESRS 2 SBM-1 Involvement in activities related to controversial weapons, paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex I		Delegated Regulation (EU) 2020/1818, Article 12(1), Delegated Regulation (EU) 2020/1816, Annex II		Not material	
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818, Article 12(1), Delegated Regulation (EU) 2020/1816, Annex II		Not material	
ESRS E1-1 Transition plan to reach climate neutrality by 2050, paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	Material	108
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks, paragraph 16 (g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article12.1 (d) to (g), and Article 12.2		Not material	
ESRS E1-4 GHG emission reduction targets, paragraph 34	Indicator number 4 Table #2 of Annex I	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate Change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		Material	109
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors), paragraph 38	Indicator number 5 Table #1 and indicator number 5 Table #2 of Annex I				Material	111–112
ESRS E1-5 Energy consumption and mix, paragraph 37	Indicator number 5 Table #1 of Annex I				Material	111–112
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors, paragraphs 40 to 43	Indicator number 6 Table #1 of Annex I				Material	111–112
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions, paragraph 44	Indicators number 1 and 2 Table #1 of Annex I	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book– Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		Material	110
ESRS E1-6 Gross GHG emissions intensity, paragraphs 53 to 55	Indicators number 3 Table #1 of Annex I	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate Change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		Material	110

►► List of datapoints that derive from other EU legislation, cont.

Disclosure requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material / Not material	Page number
ESRS E1-7 GHG removals and carbon credits, paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	Not material	
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks, paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		Not reported in 2024 due to phase-in reliefs	
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk, paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk, paragraph 66 (c)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, paragraphs 46 and 47; Template 5: Banking book– Climate change physical risk: Exposures subject to physical risk.			Not reported in 2024 due to phase-in reliefs	
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes, paragraph 67 (c)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2: Banking book – Climate change transition risk: Loans collateralised by immovable property – Energy efficiency of the collateral			Not reported in 2024 due to phase-in reliefs	
ESRS E1-9 Degree of exposure of the portfolio to climate- related opportunities, paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		Not reported in 2024 due to phase-in reliefs	
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex I Indicator number 2 Table #2 of Annex I Indicator number 1 Table #2 of Annex I Indicator number 3 Table #2 of Annex I				Not material	
ESRS E3-1 Water and marine resources, paragraph 9	Indicator number 7 Table #2 of Annex I				Material	118
ESRS E3-1 Dedicated policy, paragraph 13	Indicator number 8 Table #2 of Annex I				Not material	
ESRS E3-1 Sustainable oceans and seas, paragraph 14	Indicator number 12 Table #2 of Annex I				Not material	
ESRS E3-4 Total water recycled and reused, paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex I				Not material	
ESRS E3-4 Total water consumption in m^3 per net revenue on own operations, paragraph 29	Indicator number 6.1 Table #2 of Annex I				Not material	
ESRS 2 – SBM-3 – E4 paragraph 16 (a) i	Indicator number 7 Table #1 of Annex I				Not material	
ESRS 2 – SBM-3 – E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex I				Not material	
ESRS 2 – SBM-3 – E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex I				Not material	
ESRS E4-2 Sustainable land/agriculture practices or policies, paragraph 24 (b)	Indicator number 11 Table #2 of Annex I				Not material	
ESRS E4-2 Sustainable oceans/seas practices or policies, paragraph 24 (c)	Indicator number 12 Table #2 of Annex I				Not material	
ESRS E4-2 Policies to address deforestation, paragraph 24 (d)	Indicator number 15 Table #2 of Annex I				Not material	
ESRS E5-5 Non-recycled waste, paragraph 37 (d)	Indicator number 13 Table #2 of Annex I				Material	121
ESRS E5-5 Hazardous waste and radioactive waste, paragraph 39	Indicator number 9 Table #1 of Annex I				Material	121
ESRS 2 – SBM-3 – S1 Risk of incidents of forced labour, paragraph 14 (f)	Indicator number 13 Table #3 of Annex I				Not material	
ESRS 2 – SBM-3 – S1 Risk of incidents of child labour, paragraph 14 (g)	Indicator number 12 Table #3 of Annex I				Not material	
ESRS S1-1 Human rights policy commitments, paragraph 20	Indicator number 9 Table #3 and indicator number 11 Table #1 of Annex I				Material	124

►► List of datapoints that derive from other EU legislation, cont.

Disclosure requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material / Not material	Page number
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organization Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		Material	124
ESRS S1-1 processes and measures for preventing trafficking in human beings, paragraph 22	Indicator number 11 Table #3 of Annex I				Material	124
ESRS S1-1 Workplace accident prevention policy or management system, paragraph 23	Indicator number 1 Table #3 of Annex I				Material	124
ESRS S1-3 Grievance/complaints handling mechanisms, paragraph 32 (c)	Indicator number 5 Table #3 of Annex I				Material	124
ESRS S1-14 Number of fatalities and number and rate of work-related accidents, paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Material	128–129
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness, paragraph 88 (e)	Indicator number 3 Table #3 of Annex I				Material	129
ESRS S1-16 Unadjusted gender pay gap, paragraph 97 (a)	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Material	129
ESRS S1-16 Excessive CEO pay ratio, paragraph 97 (b)	Indicator number 8 Table #3 of Annex I				Material	129
ESRS S1-17 Incidents of discrimination, paragraph 103 (a)	Indicator number 7 Table #3 of Annex I				Material	129
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD Guidelines, paragraph 104 (a)	Indicator number 10 Table #1 and indicator number 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Article 12(1)		Material	129
ESRS 2 – SBM-3 – S2 Significant risk of child labour or forced labour in the value chain, paragraph 11 (b)	Indicators number 12 and number 13 Table #3 of Annex I				Material	130
ESRS S2-1 Human rights policy commitments, paragraph 17	Indicator number 9 Table #3 and indicator number 11 Table #1 of Annex I				Material	131
ESRS S2-1 Policies related to value chain workers, paragraph 18	Indicator number 11 and number 4 Table #3 of Annex I				Material	131
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines, paragraph 19	Indicator number 10 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Article 12(1)		Material	131
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organization Conventions 1 to 8, paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II		Material	131
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain, paragraph 36	Indicator number 14 Table #3 of Annex I				Material	131
ESRS S3-1 Human rights policy commitments, paragraph 16	Indicator number 9 Table #3 of Annex I and indicator number 11 Table #1 of Annex I				Not material	
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines, paragraph 17	Indicator number 10 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Article 12(1)		Not material	
ESRS S3-4 Human rights issues and incidents, paragraph 36	Indicator number 14 Table #3 of Annex I				Not material	
ESRS S4-1 Policies related to consumers and end-users, paragraph 16	Indicator number 9 Table #3 and indicator number 11 Table #1 of Annex I				Material	132

►► List of datapoints that derive from other EU legislation, cont.

Disclosure requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material / Not material	Page number
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines, paragraph 17	Indicator number 10 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Article 12(1)		Material	132
ESRS S4-4 Human rights issues and incidents, paragraph 35	Indicator number 14 Table #3 of Annex I				Material	133
ESRS G1-1 United Nations Convention against Corruption, paragraph 10 (b)	Indicator number 15 Table #3 of Annex I				Material	136
ESRS G1-1 Protection of whistle-blowers, paragraph 10 (d)	Indicator number 6 Table #3 of Annex I				Material	136
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws, paragraph 24 (a)	Indicator number 17 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Material	137
ESRS G1-4 Standards of anti-corruption and anti-bribery, paragraph 24 (b)	Indicator number 16 Table #3 of Annex I				Material	137

TCFD Index

Pandox is reporting according to TCFD (Task Force on Climate-related Financial Disclosures) for the fifth 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 p. 95	A. Describe the climate-related risks and opportunities the organisation has identified. See pp. 113–115	A. Describe the organisation's processes for identifying and assessing climate-related risks. See pp. 93–99	A. Disclose the metrics used by the organisation to assess climate-related risks and opportunities. See pp. 113–116
B. Describe management's role in assessing and managing climate-related risks and opportunities. See p. 95	B. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning. See pp. 113–115	B. Describe the organisation's processes for managing climate-related risks. See pp. 108–109, 116	B. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks. See p. 110
	C. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios. See p. 108	C. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management. See pp. 108–109, 116	C. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets. See pp. 109–110

Sustainability definitions

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.

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.

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.

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.

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.

GRESB
GRESB (Global Real Estate Sustainability Benchmark) conducts a global review annually of the sustainability efforts of listed real estate companies and funds. GRESB is an international comparison tool that measures and assesses sustainability efforts by real estate companies and property holdings from an investor perspective. In this ranking three aspects of the real estate companies' sustainability efforts are assessed: environmental, social and governance.

CDP
The Carbon Disclosure Project (CDP) is an independent non-profit organisation with the world's largest collection of data on corporate climate impact. CDP ranks companies from A to D. The data is distributed to investors globally.

Sustainalytics
Sustainalytics is a global player in ESG analysis of listed companies, designed to help investors identify and understand key ESG-related risks within companies.

For clarity, the following terms are interchangeable within this report and merely reflect differences between Pandox's terminology and the wording used in ESRS standards:

- sustainability report = sustainability statement

Consolidated income statement

MSEK	Note	2024	2023
Revenue Leases			
Rental income	C1, C2, E1	3,728	3,548
Other property revenue	C1, C2, E1	137	142
Revenue Own Operations	C1	3,271	3,159
Total revenues		**7,136**	**6,849**
Costs Leases	C1, C4, C6, C7, G5	–568	–533
Costs Own Operations	C1, C5, C6, C7, G5	–2,713	–2,729
Gross profit		**3,855**	**3,587**
– of which gross profit Leases	*C1*	*3,297*	*3,157*
– of which gross profit Own Operations	*C1*	*558*	*430*
Central administration	C1, C3, C6, C7	–200	–197
Financial income	C1, G1	38	31
Financial expenses	C1, G1	–1,590	–1,498
Financial cost for right-of-use assets	G1, G5	–119	–108
Profit before changes in value		**1,984**	**1,815**
Changes in value			
Change in value of properties	C1, E1	475	–1,107
Change in value of derivatives	C1, G2	–100	–1,205
Profit before tax		**2,359**	**–497**
Current tax	C1, D1	–318	–375
Deferred tax	C1, D1	–335	292
Profit for the year		**1,706**	**–580**

Consolidated statement of comprehensive income

MSEK	Note	2024	2023
Items that may not be reclassified to profit or loss, net after tax			
This year's revaluation of tangible non-current assets		—	39
Translation differences realisation of foreign operations		–31	—
Items that may be reclassified to profit or loss, net after tax			
Net investment hedge of foreign operations		–160	26
Translation differences of foreign operations		1,226	–177
Other comprehensive income for the year		**1,035**	**–112**
Comprehensive income for the year		**2,741**	**–692**
Profit for the year attributable to the shareholders of the parent company		1,689	–585
Profit for the year attributable to non-controlling interests		17	5
Total comprehensive income for the year attributable to the shareholders of the parent company		2,718	–698
Total comprehensive income for the year attributable to non-controlling interests		23	6
Per share data	G4		
Weighted average number of shares		186,866,813	183,849,999
Earnings per share, before and after dilution, SEK		9.04	–3.18

Consolidated statement of financial position

MSEK	Note	31 Dec 2024	31 Dec 2023
ASSETS			
Non-current assets			
Operating properties	E2	12,123	8,273
Equipment and interiors	E3	522	580
Investment properties	E1	60,270	57,226
Right-of-use assets	G5	3,156	2,848
Deferred tax assets	D1	347	340
Derivatives	G2, G3	1,139	1,535
Other non-current receivables	E5, G3	93	77
Total non-current assets		**77,650**	**70,879**
Current assets			
Inventories		8	16
Current tax assets	D1	266	173
Trade accounts receivable	E4, G3	419	445
Prepaid expenses and accrued income	E6	659	648
Other current receivables		380	207
Cash and cash equivalents		1,286	769
Assets held for sale	E7	20	71
Total current assets		**3,038**	**2,329**
TOTAL ASSETS		**80,688**	**73,208**

MSEK	Note	31 Dec 2024	31 Dec 2023
EQUITY AND LIABILITIES			
Equity	G4		
Share capital		487	460
Other paid-in capital		9,470	7,525
Reserves		2,234	1,205
Retained earnings including profit for the year		21,337	20,383
Total equity attributable to the owners of the parent company		**33,528**	**29,573**
Non-controlling interests		167	152
Total equity		**33,695**	**29,725**
Liabilities			
Non-current liabilities			
Non-current interest-bearing liabilities	G2, G3	33,175	24,190
Other non-current liabilities		20	29
Long term lease liability	G5	3,134	2,826
Derivatives	G2, G3	183	479
Provisions	F2	43	40
Deferred tax liabilities	D1	5,776	5,270
Total non-current liabilities		**42,331**	**32,834**
Current liabilities			
Provisions	F2	12	35
Current interest-bearing liabilities	G2, G3	2,359	8,580
Current lease liabilities	G5	31	30
Tax liabilities	D1	691	551
Trade accounts payable	G3	369	333
Other current liabilities		241	170
Accrued expenses and prepaid income	F1	959	950
Total current liabilities		**4,662**	**10,649**
Total liabilities		**46,993**	**43,483**
TOTAL EQUITY AND LIABILITIES		**80,688**	**73,208**

Consolidated statement of changes in equity

	Attributable to owners of the parent							
MSEK	Share capital	Other paid-in capital	Translation reserve	Revaluation reserve [1]	Retained earnings, including profit for the year	Total	Non-controlling interests	Total equity
Equity, opening balance, 1 January 2023	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
Equity, closing balance, 31 December 2023	460	7,525	979	226	20,383	29,573	152	29,725
Equity, opening balance, 1 January 2024	460	7,525	979	226	20,383	29,573	152	29,725
Profit for the year	—	—	—	—	1,689	1,689	17	1,706
Other comprehensive income	—	—	1,029	—	—	1,029	6	1,035
Dividend non-controlling interests	—	—	—	—	—	—	–8	–8
New share issue [2]	27	1,945	—	—	—	1,972	—	1,972
Dividend	—	—	—	—	–735	–735	—	–735
Equity, closing balance, 31 December 2024	487	9,470	2,008	226	21,337	33,528	167	33,695

[1] Change in fair value due to reclassification of hotel properties from Own Operations to Leases.
[2] The proceeds of the new share issue are reported net after deducting transaction costs of MSEK 28.

2023	
Number of shares outstanding at year-end	183,849,999
2024	
Number of shares outstanding at year-end	194,603,000

The share par value is SEK 2.50.

Consolidated statement of cash flow

MSEK	Note	2024	2023
OPERATING ACTIVITIES			
Profit before tax		2,359	–497
Reversal of depreciation		287	286
Changes in value of properties		–474	1,107
Changes in value of derivatives		100	1,205
Other items not included in cash flow	I1	–127	40
Taxes paid		–280	–178
Cash flow from operating activities before changes in working capital		**1,865**	**1,963**
Increase/decrease in operating receivables		–43	137
Increase/decrease in operating liabilities		4	93
Change in working capital		**–39**	**230**
Cash flow from operating activities		**1,826**	**2,193**
INVESTING ACTIVITIES			
Investments in investment properties		–732	–493
Investments in operating properties		–246	–382
Investments in furniture, fixtures and equipment		–46	–47
Divestment of hotel properties, net effect on liquidity	I1	680	894
Acquisition of hotel properties, net effect on liquidity	I1	–3,762	–1,465
Acquisition/divestment of financial assets		–15	12
Cash flow from investing activities		**–4,121**	**–1,481**
FINANCING ACTIVITIES			
New share issue		2,000	—
Transaction costs		–28	—
Loans taken out		20,760	12,944
Amortisation of debt		–19,283	–14,168
Dividend non-controlling interests		–17	–17
Paid dividend		–735	–460
Cash flow from financing activities		**2,697**	**–1,701**
Cash flow for the year		**402**	**–989**
Cash and cash equivalents at beginning of year		769	1,630
Exchange differences in cash and cash equivalents		115	128
Cash and cash equivalents at year-end		**1,286**	**769**
Information regarding interest paid			
Interest received		27	31
Interest paid		–1,492	–1,243
Financial cost for right-of-use assets		–119	–108

Parent Company income statement

MSEK	Note	2024	2023
Total revenues	L1	105	112
Administrative costs	C3, C7	–250	–245
Operating profit		**–145**	**–133**
Profit from participations in Group companies	G1, L1	123	964
Other interest expense and similar profit/loss items	G1, L1	1,064	1,235
Derivatives, unrealised		121	–231
Profit after financial items		**1,163**	**1,835**
Year-end appropriations	J4	135	352
Profit before tax		**1,298**	**2,187**
Current tax	D1	–137	–217
Deferred tax	D1	–22	46
Profit for the year		**1,139**	**2,016**
Other comprehensive income for the year		—	—
Comprehensive income for the year		**1,139**	**2,016**

Parent Company balance sheet

MSEK	Note	31 Dec 2024	31 Dec 2023
ASSETS			
Non-current assets			
Property, plant and equipment			
Equipment	E2	9	11
Total non-current assets		**9**	**11**
Financial non-current assets			
Shares and participations in Group companies	H1	16,461	12,227
Receivables from Group companies	L1	8,601	10,515
Other non-current receivables	E5	29	28
Deferred tax assets	D1	38	60
Total financial non-current assets		**25,129**	**22,830**
Total non-current assets		**25,138**	**22,841**
Current assets			
Other receivables		224	20
Prepaid expenses and accrued income	E6	67	90
Receivables from Group companies	L1	591	1,941
Cash and bank balances		352	3
Total current assets		**1,234**	**2,054**
TOTAL ASSETS		**26,372**	**24,895**

MSEK	Note	31 Dec 2024	31 Dec 2023
EQUITY AND LIABILITIES			
Equity	G4		
Share capital		487	460
Statutory reserve		10	10
Share premium reserve		4,914	2,970
Retained earnings		9,140	7,858
Profit for the year		1,139	2,016
Total equity		**15,690**	**13,314**
Untaxed reserves		**3**	**4**
Provisions	F2	**48**	**69**
Non-current liabilities			
Non-current interest-bearing liabilities	J2	3,443	5,702
Liabilities, Group companies	L1	3,458	1,931
Derivatives		149	260
Deferred tax liabilities		0	0
Total non-current liabilities		**7,050**	**7,893**
Current liabilities			
Current interest-bearing liabilities	J2	1,288	1,994
Trade accounts payable		10	15
Current tax liabilities		334	233
Liabilities, Group companies	L1	1,827	1,284
Other current liabilities		16	4
Accrued expenses and deferred income	F1	106	85
Total current liabilities		**3,581**	**3,615**
Total liabilities		**10,682**	**11,581**
TOTAL EQUITY AND LIABILITIES		**26,372**	**24,895**

Statement of changes in equity for the Parent Company

	Restricted equity		Non-restricted equity				
MSEK	Share capital	Statutory reserve	Share premium reserve	Other comprehensive income	Retained earnings	Profit for the year	Total equity
Equity, opening balance, 1 January 2023	**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
New share issue	—	—	—	—	—	—	—
Equity, closing balance, 31 December 2023	**460**	**10**	**2,969**	**0**	**7,860**	**2,016**	**13,314**
Equity, opening balance, 1 January 2024	**460**	**10**	**2,969**	**0**	**7,860**	**2,016**	**13,314**
Appropriation of profit	—	—	—	—	2,016	−2,016	—
Other comprehensive income	—	—	—	—	—	—	—
Profit for the year	—	—	—	—	—	1,139	1,139
Dividend	—	—	—	—	−735	—	−735
New share issue	27	—	1,945	—	—	—	1,972
Equity, closing balance, 31 December 2024	**487**	**10**	**4,914**	**0**	**9,141**	**1,139**	**15,690**

2023	
Number of shares outstanding at year-end	183,849,999
2024	
Number of shares outstanding at year-end	194,603,000

The share par value is SEK 2.50.

Statement of cash flow for the Parent Company

MSEK	2024	2023
OPERATING ACTIVITIES		
Profit after financial items	1,163	1,835
Reversal of depreciation	2	3
Other items not included in cash flow	−74	310
Taxes paid	−36	−1
Cash flow from operating activities before changes in working capital	**1,055**	**2,147**
Increase/decrease in operating receivables	−181	−99
Increase/decrease in operating liabilities	1,951	916
Changes in working capital	**1,770**	**817**
Cash flow from operating activities	**2,825**	**2,964**
INVESTING ACTIVITIES		
Changes in shares and participations	−4,246	−2,734
Investments in equipment	0	0
Divestment of subsidiaries, net effect on liquidity	—	—
Acquisition of subsidiaries, net effect on liquidity	—	−2,113
Acquisition of financial assets	−982	−8,355
Divestment of financial assets	3,210	9,391
Cash flow from investing activities	**−2,018**	**−3,811**
FINANCING ACTIVITIES		
New share issue	2,000	—
Transaction costs	−28	—
Group contributions received	425	458
Group contributions provided	−290	−104
New loans	9,252	5,042
Debt repayment	−11,082	−4,091
Paid dividend	−735	−460
Cash flow from financing activities	**−458**	**845**
Cash flow for the year	**349**	**−2**
Cash and cash equivalents at beginning of year	3	5
Cash and cash equivalents at year-end	**352**	**3**
Information on interest paid		
Interest received	953	1,100
Interest paid	−290	−194
Information on cash and cash equivalents at year-end	**352**	**3**
Cash and cash equivalents consist of bank balances		

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.

See definitions on page 191.

1

RECONCILIATION ALTERNATIVE PERFORMANCE MEASURES (MSEK)	2024	2023
Net interest-bearing debt		
Non-current interest-bearing liabilities	33,175	24,190
Current interest-bearing liabilities	2,359	8,580
Arrangement fees for loans	237	189
Cash and cash equivalents	–1,286	–769
Net interest-bearing debt	**34,485**	**32,190**
Loan-to-value ratio, net %		
Net interest-bearing debt	34,485	32,190
Market value, properties	76,334	69,039
Loan-to-value ratio, %	**45.2**	**46.6**
Interest coverage ratio, times		
EBITDA	3,961	3,696
Less: Financial expense for right-of-use assets	–119	–108
Net interest expense	1,431	1,335
Interest coverage ratio, times	**2.7**	**2.7**
Average interest on debt, %	**4.0**	**4.2**
See Note G2 for a complete reconciliation		
Investments, incl. Parent Company excl. acquisitions	**1,024**	**922**

2

RECONCILIATION ALTERNATIVE PERFORMANCE MEASURES (MSEK)	2024	2023
Net operating income Leases		
Rental income	3,728	3,548
Other property revenue	137	142
Expenses, excl. property administration	–299	–290
Net operating income before property administration	**3,566**	**3,400**
Property administration	–269	–243
Net operating income Leases	**3,297**	**3,157**
Net operating income Own Operations		
Revenue Own Operations	3,271	3,159
Costs Own Operations	–2,713	–2,729
Gross profit	**558**	**430**
Add: Depreciation included in costs	284	283
Net operating income Own Operations	**842**	**713**
EBITDA		
Total gross profit from respective business segment	3,855	3,587
Add: Depreciation included in costs Own Operations	284	283
Add: Depreciation included in Central administration	22	23
Less: Central administration, excluding depreciation	–200	–197
EBITDA	**3,961**	**3,696**
Cash earnings		
EBITDA	3,961	3,696
Add: Financial income	38	31
Less: Financial expense	–1,590	–1,498
Less: Financial expense for right-of-use assets	–119	–108
Add/Less: Unrealised translation gains on bank balances	0	1
Less: Current tax	–318	–375
Add/Less: Profit for the year attributable to non-controlling interests	–17	–5
Cash earnings attributable to the parent	**1,955**	**1,742**

1 2 See explanations on next page.

►► Note A1, cont.

CONT. RECONCILIATION ALTERNATIVE PERFORMANCE MEASURES	2024	2023
EPRA NRV		
Group equity attributable to owners of the parent	33,528	29,573
Add: Revaluation of operating properties	3,408	2,971
Add: Fair value of financial derivatives	–956	–1,056
Less: Deferred tax assets related to derivatives	197	218
Add: Deferred tax liabilities related to properties	5,776	5,270
EPRA NRV	**41,953**	**36,976**
Growth in EPRA NRV, annual rate, %		
EPRA NRV attributable to owners of the parent, opening balance	36,976	37,694
EPRA NRV attributable to owners of the parent, closing balance	41,952	36,976
Dividend added back, current year	735	460
Growth in EPRA NRV, annual rate, %	**10.1%**	**–0.7%**

RECONCILIATION ALTERNATIVE PERFORMANCE MEASURES PER SHARE [1]	2024	2023
Comprehensive income per share, SEK		
Comprehensive income for the period attributable to owners of the parent, MSEK	2,718	–698
Weighted average number of shares before and after dilution	186,866,813	183,849,999
Comprehensive income per share, SEK	**14.55**	**–3.80**
Cash earnings per share, SEK		
Cash earnings attributable to owners of the parent, MSEK	1,955	1,742
Weighted average number of shares before and after dilution	186,866,813	183,849,999
Cash earnings per share, SEK	**10.46**	**9.48**
Net reinstatement value (EPRA NRV) per share, SEK		
EPRA NRV, MSEK	41,953	36,976
Number of shares at year-end	194,603,000	183,849,999
Net reinstatement value (EPRA NRV) per share, SEK	**215.58**	**201.12**
Dividend per share, SEK		
Dividend, MSEK	827	735
Number of shares at dividend	194,603,000	183,849,999
Dividend per share, SEK	**4.25**	**4.0**
Weighted average number of shares before and after dilution	186,866,813	183,849,999
Number of shares at year-end	194,603,000	183,849,999
PROPERTY-RELATED PERFORMANCE MEASURES		
Number of hotels, end of period[2]	161	159
Number of rooms, end of period[2]	35,672	35,851
WAULT, years	14.4	15.0
Market value properties, MSEK	76,334	69,039
Market value investment properties, MSEK	60,290	57,226
Market value operating properties, MSEK	16,044	11,813
RevPAR (operating properties) for comparable units at comparable exchange rates, SEK	1,075	1,036

[1] The total number of shares outstanding after full dilution amounts to 194,603,000, of which 75,000,000 are class A shares and 119,603,000 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.
[2] 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.

▶▶ Note A1, cont.

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 2024 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 191 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 2024		31 Dec 2023	
Net asset value	**MSEK**	**SEK per share[1)]**	**MSEK**	**SEK per share[1)]**
Equity attributable to owners of the parent	33,528	172.29	29,573	160.85
Add: Revaluation of operating properties	3,408	17.51	2,971	16.16
Add: Fair value of financial derivatives	–956	–4.91	–1,056	–5.74
Less: Deferred tax assets related to derivatives	197	1.01	218	1.18
Add: Deferred tax liabilities	5,776	29.68	5,270	28.66
Net reinstatement value (EPRA NRV), MSEK	**41,953**	**215.58**	**36,976**	**201.12**
Added back:	—	—	—	—
Net tangible assets (EPRA NTA), MSEK	**41,953**	**215.58**	**36,976**	**201.12**
Added back: derivatives and deferred tax	–5,017	–25.78	–4,432	–24.10
Net disposal value (EPRA NDV), MSEK	**36,936**	**189.80**	**32,544**	**177.01**

1) Number of shares at end of period.

	31 Dec 2024			31 Dec 2023		
Loan-to-value ratio, MSEK	**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**
Non-current interest-bearing liabilities	33,175	—	33,175	24,190	—	24,190
Current interest-bearing liabilities	2,359	—	2,359	8,580	—	8,580
Arrangement fees for loans	237	—	237	189	—	189
Net operating receivables and operating liabilities	—	248	248	—	264	264
Exclude: Cash and cash equivalents	–1,286	—	–1,286	–769	—	–769
Net debt	**34,485**	**248**	**34,733**	**32,190**	**264**	**32,454**
Market value, properties	76,334	—	76,334	69,039	—	69,039
Net operating receivables and operating liabilities	—	—	—	—	—	—
Total properties and other applicable assets	**76,334**	—	**76,334**	**69,039**	—	**69,039**
Loan-to-value ratio, %	**45.2**		**45.5**	**46.6%**		**47.0%**

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.

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 49. The financial statements as per 31 December 2024 were approved by the Board of Directors and CEO on 9 March 2025 for adoption at the Annual General Meeting on 9 April 2025.

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

Amendments and new accounting standards entered into force in 2024. None has had any material impact on the Group's financial statements. Amendments entering into force in 2025 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 2024 financial year, however. This was also the case for the 2023 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 2025 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.

Currency code	Ultimo 31 Dec 2023	Average Jan–Dec 2024	Ultimo 31 Dec 2024
CAD	7.578200	7.714337	7.639840
CHF	11.982700	12.004543	12.174350
DKK	1.488800	1.532683	1.539750
EUR	11.096000	11.432169	11.486500
GBP	12.768000	13.504527	13.847500
NOK	0.987100	0.983192	0.969690
SEK	1.000000	1.000000	1.000000

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 is it 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.

►► Note B1, cont.

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.

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 2024

Business segments, MSEK	Leases[3]	Own Operations[3]	Group-wide and unallocated items	Total
Revenue Leases				
Rental income and other property revenue[1]	3,865	—	—	3,865
Revenue Own Operations	—	3,271	—	3,271
Net sales	**3,865**	**3,271**	—	**7,136**
Costs Leases	–568	—	—	–568
Costs Own Operations[2]	—	–2,713	—	–2,713
Gross profit	**3,297**	**558**	—	**3,855**
– of which gross profit Leases	*3,297*	—	—	*3,297*
– of which gross profit Own Operations	—	558	—	558
Central administration	—	—	–200	–200
Financial income	—	—	38	38
Financial expense	—	—	–1,590	–1,590
Financial expense for right-of-use assets	—	—	–119	–119
Profit before changes in value	**3,297**	**558**	**–1,871**	**1,984**
Changes in value				
Change in property value	427	48	—	475
Change in value of derivatives	—	—	–100	–100
Profit before tax	**3,724**	**606**	**–1,971**	**2,359**
Current tax	—	—	–318	–318
Deferred tax	—	—	–335	–335
PROFIT FOR THE YEAR	**3,724**	**606**	**–2,624**	**1,706**

1) For full-year 2024 revenue-based rent in the Leases segment amounted to MSEK 1,275.
2) Including depreciation of operating properties at MSEK 284.
3) 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
Net sales									
Leases	942	245	240	307	920	86	895	230	**3,865**
Own Operations	—	88	—	41	758	1,202	1,018	165	**3,271**
Properties, market value[1]	16,019	4,418	3,455	4,511	16,959	6,145	20,608	4,219	**76,334**
Investments in properties[2]	321	47	85	41	145	257	114	12	**1,024**
Acquisition of properties	0	—	—	—	—	—	3,884	—	**3,884**
Change in property value	93	227	126	–144	–19	–24	331	–114	**475**
Carrying amount, operating properties	—	—	—	28	2,058	3,213	6,953	385	**12,637**
Total non-current assets at carrying amount excl. deferred tax	17,697	4,432	3,457	5,312	15,909	5,037	21,216	4,245	**77,304**

1) Also includes fair value of operating properties at MSEK 16,044.
2) Includes investments in furniture, fixtures and equipment in operating properties at MSEK 46.

▶▶ Note C1, cont.

GROUP 2023

Business segments, MSEK	Leases[3]	Own Operations[3]	Group-wide and unallocated items	Total
Revenue Leases				
Rental income and other property revenue[1]	3,690	—	—	**3,690**
Revenue Own Operations	—	3,159	—	**3,159**
Net sales	**3,690**	**3,159**	—	**6,849**
Costs Leases	–533	—	—	**–533**
Costs Own Operations[2]	—	–2,729	—	**–2,729**
Gross profit	**3,157**	**430**	—	**3,587**
– 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**
Profit before changes in value	**3,157**	**430**	**–1,772**	**1,815**
Changes in value				
Change in property value	–1,155	48	—	**–1,107**
Change in value of derivatives	—	—	–1,205	**–1,205**
Profit before tax	**2,002**	**478**	**–2,977**	**–497**
Current tax	—	—	–375	**–375**
Deferred tax	—	—	292	**292**
PROFIT FOR THE YEAR	**2,002**	**478**	**–3,060**	**–580**

1) 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.
2) Including depreciation of operating properties in the amount of MSEK 283 and reduced costs due to government assistance of MSEK 0 (143).
3) 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
Net sales									
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[1]	15,470	4,063	3,303	4,458	16,374	5,701	14,866	4,804	**69,039**
Investments in properties[2]	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**

1) Also includes fair value of operating properties at MSEK 11,813.
2) Includes investments in furniture, fixtures and equipment in operating properties at MSEK 47.

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 grants
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 grants within Leases are recognised as other revenue in the income statement when it is reasonably certain that the grant 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 rate. Total variable rental income accounts for MSEK 1,275 (1,275) of the total rental income of MSEK 3,728 (3,548) in 2024.

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 3,271 (3,159).

The average remaining lease terms at the end of the financial year amounted to 14.4 (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 2024 and is therefore an estimate.

GROUP
RENTAL INCOME, MATURITY STRUCTURE OF CONTRACTUAL RENT

MSEK	2024	2023
Rental income		
Due within one year	3,610	3,497
Due in 1–5 years	16,692	16,521
Due after more than 5 years	31,044	32,273
Total	**51,347**	**52,291**

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.

C3 FEES AND REMUNERATION TO AUDITORS

REMUNERATION TO AUDITORS

	Group		Parent Company	
MSEK	2024	2023	2024	2023
PwC				
Audit assignments	–13.6	–12.3	–5.7	–5.2
Audit-related services[1)]	–0.1	–0.3	–0.1	—
(of which to the auditor for the Parent Company Öhrlings Pricewaterhouse-Coopers AB)	*–0.1*	–	–	–
Tax advisory services[1)]	—	–0.3	—	—
(of which to the auditor for the Parent Company Öhrlings Pricewaterhouse-Coopers AB)	–	–	–	
Other assignments[2)]	–2.2	–0.8	–2.1	–0.8
(of which to the auditor for the Parent Company Öhrlings Pricewaterhouse-Coopers AB)	*–2.1*	–	–	–
Other auditors				
Audit assignments	–7.9	–6.3	—	—
Audit-related services	0.0	–0.2	—	—
Tax advisory services	–0.2	–0.2	—	—
Other assignments	—	—	—	—
Total	**–24.0**	**–20.4**	**–7.9**	**–6.0**

1) Audit-related services are audit-related advisory services and preparation of other statutory reports.
2) Other services are mainly consulting and auditing for ESRD.

C4 COSTS LEASES

GROUP

MSEK	2024	2023
Operating costs	–58	–60
Maintenance costs	–71	–72
Property tax	–136	–128
Property administration	–270	–242
Other administration costs	–33	–31
Total	**–568**	**–533**

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 and amounts to MSEK 114 (115). Property administration of MSEK –270 (–242) includes the cost of bookkeeping, auditing, legal advice and other administrative expenses.

C5 COSTS OWN OPERATIONS

GROUP

MSEK	2024	2023
Employee costs	–994	–1,043
Marketing and sales	–153	–199
Repairs and maintenance	–147	–118
Property tax	–63	–101
Other operating costs	–1,072	–985
Depreciation/amortisation	–284	–283
Total	**–2,713**	**–2,729**

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	2024	2023
Employee costs	–1,150	–1,198
Cost of goods sold	–153	–199
Maintenance	–218	–191
Operation and administration	–1,457	–1,339
Property tax	–199	–229
Depreciation/amortisation	–304	–303
Total	**–3,481**	**–3,459**

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.

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.

Salary costs and board fees for the Group and the Parent Company amount to MSEK –1,145.4 (–1 205.0) and are presented in the table below.

SALARIES, FEES AND BENEFITS

	Group		Parent Company	
MSEK	**2024**	**2023**	**2024**	**2023**
Chair of the Board				
Christian Ringnes	–1.0	–1.0	–1.0	–1.0
Other board members				
Bengt Kjell (Vice Chair)	–0.8	–0.8	–0.8	–0.8
Jon Rasmus Aurdal	–0.6	–0.6	–0.6	–0.6
Ann-Sofi Danielsson	–0.6	–0.6	–0.6	–0.6
Ulrika Danielsson	–0.6	–0.5	–0.6	–0.5
Jeanette Dyhre Kvisvik	–0.5	–0.5	–0.5	–0.5
Jakob Iqbal	–0.5	–0.5	–0.5	–0.5
Chief Executive Officer				
Basic salary	–7.3	–6.8	–7.3	–6.8
Variable remuneration	–3.1	–2.6	–3.1	–2.6
Incentive schemes	–3.5	–0.3	–3.5	–0.3
Other senior executives				
Basic salary	–23.0	–21.7	–23.0	–21.7
Variable remuneration	–7.7	–7.2	–7.7	–7.2
Other remuneration[1)]	–9.3	–8.4	–1.7	–1.2
Incentive schemes	–14.3	–1.4	–14.3	–1.2
Other employees	–881.5	–960.2	–26.1	–29.6
Incentive schemes	–3.1	–0.5	–3.1	–0.3
Total	**–957.4**	**–1,013.4**	**–94.4**	**–75.4**

	Group		Parent Company	
MSEK	**2024**	**2023**	**2024**	**2023**
Contractual pension costs				
Chief Executive Officer	–2.6	–2.4	–2.6	–2.4
Other senior executives	–6.7	–6.2	–6.7	–6.2
Other employees	–22.7	–28.9	–5.7	–6.8
Total	**–32.0**	**–37.5**	**–15.0**	**–15.4**
Payroll overheads including payroll tax				
Chair of the Board	–0.1	–0.1	–0.1	–0.1
Other board members	–0.7	–0.6	–0.7	–0.6
Chief Executive Officer	–4.9	–3.6	–4.9	–3.6
Other senior executives	–11.8	–9.9	–11.8	–9.8
Other employees	–138.5	–139.9	–13.5	–12.1
Total	**–156.0**	**–154.1**	**–31.0**	**–26.2**
Total	**–1,145.4**	**–1,205.0**	**–140.4**	**–117.0**

1) Remuneration is invoiced by one senior executive.

The Board's proposed guidelines for remuneration of senior executives and board members

Purpose and scope
These guidelines for remuneration of senior executives cover the Company's board members and executive management team, which includes the Chief Executive Officer and other senior executives. The guidelines are forward-looking and are to be applied to contractual remuneration, and changes that are made to contractual remuneration, after the guidelines are adopted by the 2024 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 with expertise in active ownership, hotel property management and development, as well as hotel operation. Pandox's strategy is to own large hotel properties 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 based on fixed cash salary, cash-based incentive schemes (current and continuing LTI schemes which, according to their terms, now run for one year at a time), pension benefits and other benefits. In addition, the guidelines allow for a performance-based, long-term cash-based incentive scheme linked to the share price for members of executive management and other key employees within Pandox ("LTIP 2024"). The performance criteria for LTIP 2024 are measured for the period 1 January 2024–31 December 2025 and payment under LTIP 2024 is to be made in cash as soon as possible after 31 December 2025. The shareholders' meeting may in addition – and irrespective of these guidelines – decide to offer share-related/share price-related or performance-based remuneration.

The short-term variable cash remuneration is based on fixed cash salary and 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 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. The criteria in the schemes may vary however. Cash-based incentive schemes may be continuous and ongoing. If such cash-based incentive schemes are implemented, it must continue to be possible to receive multiple annual salaries within the scope of the scheme, provided that the return for the Company's shareholders has been very good during the same period.

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.

►► Note C7, cont.

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 short-term variable cash remuneration based on the fixed salary and remuneration payable under cash-based incentive schemes (current and continuing LTI schemes and LTIP 2024) are to be linked to predetermined and measurable criteria, which may be financial or non-financial. Fulfilment of criteria to receive variable cash remuneration based on fixed salary must, however, be able to be measured over a period of one year. Fulfilment of criteria to receive payment under cash-based incentive schemes must be able to be measured, and settled, for a period of one year but are for targets that are long term.

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 and shareholder returns (for current and continuing LTI schemes, growth in cash earnings per share, growth in EPRA NRV per share and sustainability apply) by, for example, being clearly linked to the business strategy or promoting the executive's long-term development. The criteria for short-term variable cash remuneration may also be individualised quantitative or qualitative objectives. At least one third (1/3) of the net bonus received in the cash-based incentive schemes is to be reinvested in shares in the Company during the year. These shares are to be retained for at least two years from the date of acquisition.

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 assessed. 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, including 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.

These guidelines apply indefinitely from the 2024 Annual Geneal Meeting.

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 incentive schemes for senior executives and key individuals:

- The incentive schemes are continuous, ongoing, performance- and cash-based programmes based on predetermined and measurable financial and non-financial criteria.

Parent Company Board of Directors in 2024:

Christian Ringnes, Chair
Jeanette Dyhre Kvisvik
Jakob Iqbal
Bengt Kjell, Vice Chair
Ann-Sofi Danielsson
Jon Rasmus Aurdal
Ulrika Danielsson

Senior executives in 2024:

Liia Nõu, CEO
Anneli Lindblom, CFO
Anders Berg
Mattias Bernunger
Martin Creydt
Tobias Ekman
Lars Häggström
Aldert Shaaphok
Caroline Tivéus
Jonas Törner

Board of Directors and senior executives in 2024:

Number in the Parent Company: 17, of which 6 women
Number in the Group: 17, of which 6 women

The average number of employees in the Group in 2024 amounted to 1,498 (1,380) broken down by country and gender as shown below.

	Group		Parent Company	
Average number of employees	**2024**	**2023**	**2024**	**2023**
Women	759	709	14	17
Men	739	671	23	24
Total	**1,498**	**1,380**	**37**	**41**
Board of Directors				
Women	3	3	3	3
Men	4	4	4	4
Total	**7**	**7**	**7**	**7**
Senior executives				
Women	3	3	3	3
Men	7	7	7	6
Total	**10**	**10**	**10**	**9**
Average number of employees by country				
Sweden	37	41	37	41
Belgium	436	452	—	—
Germany	336	318	—	—
Canada	91	190	—	—
Denmark	20	20	—	—
Finland	24	23	—	—
Norway	2	1	—	—
Netherlands	44	39	—	—
UK	508	296	—	—
Total	**1,498**	**1,380**	**37**	**41**

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

	Group		Parent Company	
MSEK	**2024**	**2023**	**2024**	**2023**
Current tax	–318	–375	–137	–217
Deferred tax	–335	292	–22	46
Total	**–653**	**–83**	**–159**	**–171**

RECONCILIATION OF EFFECTIVE TAX RATE

	Group		Parent Company	
MSEK	**2024**	**2023**	**2024**	**2023**
Tax				
Reported profit before tax	2,359	–497	1,298	2,187
Income tax assessed based on the tax rate in effect[2]	–486	103	–267	–451
Tax relating to previous years	50	13	–4	0
Tax-exempt income[1]	148	61	113	293
Non-deductible expenses	–240	–103	–1	–12
Non-deductible interest expense	–147	–184	—	—
Utilisation of previously unrecognised tax losses	34	48	—	—
Tax loss carryforwards for which no deferred tax asset is recognised	–5	–56	—	—
Recognition of previous unrecognised tax losses	44	99	—	—
Adjustment of temporary differences	–62	–33		–1
Change in tax rate	3	6	—	—
Tax effect of foreign subsidiaries	8	–37	—	—
Tax for the year according to the income statement	**–653**	**–83**	**–159**	**–171**

[1] Tax-free capital gain arising from intra-Group sale of shares in subsidiaries, tax-free unrealised exchange gains and settlement of foreign tax.
[2] On 1 January 2024 the corporate tax rate in Austria was lowered to 23 percent. Reassessment of deferred tax took place in 2023. The 2024 effect is due to changes in German corporate tax rates applied for certain companies.

►► Note D1, cont.

GROUP DEFERRED TAX ASSETS

	Group		Parent Company	
MSEK	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Opening balance, tax loss carryforwards	**227**	**206**	**0**	**0**
Recognition of previously unrecognised tax losses	46	97	—	0
Acquisitions	—	—	—	—
Additional tax loss carryforwards	7	22	—	—
Utilised loss carryforwards	–36	–95	—	—
Reclassification	—	—	—	—
Change in tax rate	—	—	—	—
Translation difference on loss carryforwards outside Sweden	3	–3	—	—
Closing balance	**247**	**227**	**0**	**0**
Opening balance, interest rate derivatives	**0**	**0**	**54**	**7**
Adjusted opening balance	—	—	—	—
Change for the year	—	—	–25	47
Reclassified as liabilities	—	—	—	—
Change in tax rate	—	—	—	—
Translation difference	—	—	—	—
Closing balance	**0**	**0**	**29**	**54**
Opening balance, other temporary differences	**113**	**99**	**6**	**7**
Adjusted opening balance	–2	0	—	—
Change for the year	–13	16	3	–1
Change in tax rate	—	—	—	—
Translation difference	2	–2	—	—
Closing balance	**100**	**113**	**9**	**6**
Closing balance, tax assets	**347**	**340**	**38**	**60**

The Group's accumulated tax losses are estimated at MSEK 3,365 (4,822) as of 31 December 2024. Deferred tax assets have been estimated at MSEK 1,288 (2,001) of the tax loss. Deferred tax assets have not been reported on tax losses of MSEK 2,077 (2,820) where settlement against future taxable profits is assessed to be uncertain.

The change in deferred tax assets for the year has been reported over the income statement, except for translation differences on foreign deficits.

GROUP DEFERRED TAX LIABILITIES

MSEK	Investment properties	Operating properties	Untaxed reserves	Other temporary differences	Interest rate derivatives	Total
Opening balance, 1 Jan 2023	**4,507**	**350**	**197**	**18**	**466**	**5,538**
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**
Closing balance, 31 Dec 2023	**4,433**	**312**	**212**	**96**	**217**	**5,270**
Opening balance, 1 Jan 2024	**4,433**	**312**	**212**	**96**	**217**	**5,270**
Adjusted opening balance	—	—	—	1	0	**1**
Change recognised in the income statement	315	40	16	–18	–20	**333**
Sales	—	—	—	—	—	**0**
Reclassification	—	—	—	—	—	**0**
Acquisitions	78	—	—	—	—	**78**
Translation difference	68	14	2	10	0	**94**
Closing balance, 31 December 2024	**4,894**	**366**	**230**	**89**	**197**	**5,776**

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 632 (572) and deferred tax liabilities associated with lease liabilities amount to MSEK 634 (573).

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 determined at each reporting date 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 serves as the basis for the market value at the subsequent reporting date.

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 Sales Comparison Approach.

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 2024 a total of 100 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 hotel's 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 Sales Comparison Approach, 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 2024 the valuation yields remained largely unchanged.

▶▶ Note E1, cont.

The tables below show the change for each geographical market:

BY GEOGRAPHICAL MARKET 31 DECEMBER 2024

MSEK	Sweden	Denmark	Norway	Finland	Germany	Belgium	UK/ Ireland	Other	Total
Opening balance	**15,470**	**4,063**	**3,303**	**4,430**	**12,600**	**1,415**	**12,185**	**3,760**	**57,226**
Acquisitions	0	—	—	—	—	—	—	—	0
Investments in existing portfolio	322	47	85	39	124	74	38	3	732
Disposals/divestments	—	—	—	—	–69	—	—	—	–69
Reclassifications	—	—	—	—	—	—	—	—	—
Change in value	227	169	124	–144	–22	2	331	–79	608
Change in exchange rates	—	139	–58	156	443	50	949	114	1,793
Closing balance	**16,019**	**4,418**	**3,454**	**4,481**	**13,076**	**1,541**	**13,503**	**3,798**	**60,290**

BY GEOGRAPHICAL MARKET 31 DECEMBER 2023

MSEK	Sweden	Denmark	Norway	Finland	Germany	Belgium	UK/ Ireland	Other	Total
Opening balance	**15,436**	**3,548**	**3,575**	**4,511**	**13,124**	**1,380**	**12,283**	**3,706**	**57,563**
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
Closing balance	**15,470**	**4,063**	**3,303**	**4,430**	**12,600**	**1,415**	**12,185**	**3,760**	**57,226**

CALCULATION ASSUMPTIONS BY GEOGRAPHICAL AREA IN 2024

		Valuation yield		Discount rate	
	Fair value, MSEK	Range, %	Average, %	Range, %	Average, %
Sweden	16,019	4.5–7.3	5.5	6.5–9.3	7.5
– of which Stockholm	*5,892*	*4.5–6.2*	*5.1*	*6.5–8.2*	*7.1*
– of which Gothenburg	*2,806*	*4.6–7.3*	*5.1*	*6.6–9.3*	*7.1*
– of which Malmö	*1,454*	*5.5–6.4*	*5.5*	*7.5–8.4*	*7.5*
– of which Other Sweden	*5,867*	*5.6–6.6*	*6.0*	*7.6–8.6*	*8.0*
Denmark	4,418	5.2–6.8	5.7	7.2–8.8	7.7
Norway	3,454	5.5–8.4	6.6	7.5–10.4	8.6
Finland	4,481	5.5–10.0	6.2	7.5–12.0	8.2
Germany	13,076	5.7–6.8	6.3	7.7–8.8	8.3
Belgium	1,541	6.6–7.4	7.0	8.6–9.4	9.0
UK and Ireland	13,503	5.8–7.7	6.6	7.8–9.7	8.6
Other	3,798	5.3–7.2	6.2	7.3–9.2	8.0
Total	**60,290**	**4.5–10.0**	**6.1**	**6.5–12.0**	**8.1**

CALCULATION ASSUMPTIONS BY GEOGRAPHICAL AREA IN 2023

		Valuation yield		Discount rate	
	Fair value, MSEK	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 and 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
Total	**57,226**	**4.5–10.0**	**6.1**	**6.7–12.0**	**8.2**

►► Note E1, cont.

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 2024, MSEK	Effect on value 2023, MSEK
Valuation yield	+/–0.5 pp	–4,548 / +5,357	–4,345 / +5,123
Change in exchange rates	+/–1%	+/–443	+/–418
Rental income	+/–1%	+/–608	+/–583
Discount rate [1]	+/–0.5 pp	–3,500 / +3,960	–3,273 / +3,696
Net operating income [1]	+/–1%	+/–569	+/–547

1) The value relates to the level at the end of 2024 based on 31 revenue-based leases without a contractual minimum rent level and 90 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 index-linked 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 2024:

Investment properties, effect on revenues	Change	Revenue effect, MSEK
RevPAR (assuming a 50/50 split between occupancy and rate)	+/–1%	+/–29

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 1.3 percent of the total property space in 2024 and had a void rate of around 12 percent. Overall, therefore, the total void rate for Pandox's property portfolio was around 0.2 percent in 2024.

Significant commitments for investments in hotel properties

At the end of the fourth quarter of 2024, approved investments for ongoing and future projects amounted to around MSEK 569, of which around MSEK 517 is expected to be completed during 2025. In 2024 total investments and maintenance amounted to around MSEK 732 and MSEK 71 respectively.

Major ongoing and future projects include Leonardo Christchurch, Quality Hotel Luleå and the investment programme being implemented jointly with Scandic.

SPECIFICATION OF PROPERTY REVENUE AND RELATED COSTS

MSEK	2024	2023	2022
Hotel rents			
Fixed rent	216	226	193
Revenue-based rent in leases without a contractual minimum level	528	615	636
Minimum rent in leases with a contractual minimum level	2,178	1,989	1,786
Revenue-based rent in leases with a contractual minimum level	747	661	383
Total hotel rents	**3,669**	**3,492**	**2,999**
Other property revenue			
Other rent (commercial premises, shops, mobile phone masts etc.)	59	57	53
Other revenue (supplements, assistance/relief etc.)	136	141	255
Total other property revenue	**195**	**198**	**308**
Total property revenue	**3,864**	**3,690**	**3,307**
Direct costs for investment properties that generated rental income during the period (operating and maintenance costs, property tax and site leasehold rent) [1]	–298	–291	–245

1) 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	2024	2023
Investment properties, opening balance (1 January)	57,226	57,563
+ Acquisitions	0	330
+ Investments in existing portfolio	732	493
– Disposals/divestments	–69	–228
+/– Reclassifications	—	467
+/– Change in value	608	–1,294
+/– Change in exchange rates	1,793	–105
Investment properties, closing balance (31 December)	**60,290**	**57,226**

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

MSEK	31 Dec 2024	31 Dec 2023
Buildings		
Cost, opening balance	8,353	7,553
Reclassification	–6	–48
Acquisitions	3,292	1,246
Divestments	–634	–392
Investments	33	89
Impairment	–25	–84
Reclassification from construction/reconstruction work in progress	17	26
Translation difference	489	–37
Accumulated cost, closing balance	**11,519**	**8,353**
Depreciation, opening balance	–1,337	–1,400
Reclassification	0	216
Divestments	163	—
Sales/disposals	—	—
Depreciation for the year	–176	–159
Translation difference	–51	6
Accumulated depreciation, closing balance	**–1,401**	**–1,337**
Residual value according to plan, buildings	**10,118**	**7,016**
Land		
Cost, opening balance	836	933
Reclassification	—	–55
Acquisitions/divestments	495	–41
Translation difference	45	–1
Accumulated cost, land, closing balance	**1,376**	**836**
Total residual value according to plan, closing balance	**11,494**	**7,852**
Work in progress, operating properties		
Cost, opening balance	421	220
Reclassification	—	–49
Investments	213	293
Sales/disposals	—	—
Reclassification from construction/reconstruction work in progress	–29	–35
Translation difference	25	–8
Cost, work in progress, closing balance	**630**	**421**
Total, operating properties	**12,124**	**8,273**

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 2024	31 Dec 2023
Market value, operating properties (incl. furniture, fixtures and equipment)	16,044	11,813

EFFECT OF REVPAR CHANGE AS OF 31 DECEMBER 2024:

Operating properties, effect on revenues	Change	Revenue effect, MSEK
RevPAR (assuming a 50/50 split between occupancy and rate)	+/–1%	+/–28 (27)

CHANGE IN VALUE – OPERATING PROPERTIES, REPORTED FOR INFORMATION PURPOSES ONLY

	MSEK
Operating properties, opening balance (1 January 2024)	11,813
+ Acquisitions	3,884
+ Investments in existing portfolio	292
– Divestments	–637
+/– Change in value	67
+/– Change in exchange rates	625
Operating properties, closing balance (31 December 2024)	**16,044**

Significant commitments for investments in hotel properties

At the end of the fourth quarter of 2024, approved investments for ongoing and future projects amounted to around MSEK 1,120, of which around MSEK 583 is expected to be completed during 2025. In 2024 total investments and maintenance amounted to around MSEK 292 and MSEK 147 respectively.

Major ongoing and future projects include DoubleTree by Hilton Brussels City, Radisson Blu Glasgow and the green investment programme.

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.

	Group		Parent Company	
MSEK	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Cost, opening balance	1,419	1,577	23	23
Acquisitions	—	—	—	—
Divestments	–200	–41	—	—
Investments	47	47	0	0
Reclassification from work in progress	12	9	—	—
Sales/disposals	—	–1	—	—
Reclassifications	6	–174	—	—
Translation differences	58	2	—	—
Accumulated cost, closing balance	**1,342**	**1,419**	**23**	**23**
Depreciation, opening balance	–839	–894	–12	–9
Depreciation for the year	–100	–115	–2	–3
Sales/disposals	150	1	—	—
Reclassifications	0	167	—	—
Translation differences	–31	2	—	—
Accumulated depreciation, closing balance	**–820**	**–839**	**–14**	**–12**
Residual value according to plan	**522**	**580**	**9**	**11**

E4 TRADE ACCOUNTS RECEIVABLE

Consists of rent receivables within Leases and trade accounts receivable within Own Operations. As of 31 December 2024 total rent receivables and trade accounts receivable amounted to MSEK 419 (445).

E5 OTHER NON-CURRENT RECEIVABLES

	Group		Parent Company	
MSEK	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Endowment policies	29	28	29	28
Prepaid compensation for land use	5	5	—	—
Other non-current receivables	59	44	—	—
Total	**93**	**77**	**29**	**28**

E6 PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent Company	
MSEK	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Prepaid expenses	189	195	67	90
Accrued rental income	470	453	—	—
Total	**659**	**648**	**67**	**90**

E7 ASSETS HELD FOR SALE

GROUP

MSEK	31 Dec 2024	31 Dec 2023
Assets		
The land by Dorint Parkhotel Bad Neuenahr	20	—
Transfer of assets and liabilities Hotel Pomander	—	71
Assets classified as held for sale	**20**	**71**

F Operating liabilities

F1 ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Parent Company	
MSEK	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Prepaid rent	251	231	—	—
Accrued interest expense	169	184	16	33
Accrued property tax	5	6	—	—
Accrued employee costs	137	111	65	31
Other prepaid income	117	77	—	—
Accrued property costs	123	34	—	—
Other accrued costs	130	278	—	—
Other	27	29	25	21
Total	**959**	**950**	**106**	**85**

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.

	Group		Parent Company	
MSEK	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Carrying amount at beginning of period	75	77	69	73
Provisions made during the period	11	35	14	30
Amounts used during the period	–31	–37	–35	–34
Carrying amount at end of period	**55**	**75**	**48**	**69**
– of which the long-term portion of the provisions	43	40	36	34
– of which the short-term portion of the provisions	12	35	12	35

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 34 (33) for pensions, MSEK 35 (40) for incentive schemes and MSEK 6 (4) for other provisions.

The change for the year was MSEK 1 for pensions, MSEK –23 for incentive schemes and MSEK 2 for other provisions.

The closing balance of provisions was MSEK 35 (34) for pensions, MSEK 12 (35) for incentive schemes and MSEK 8 (6) for equipment in buildings and other provisions.

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.

	Group		Parent Company	
MSEK	2024	2023	2024	2023
Assets pledged to credit institutions				
Assets pledged for own liabilities, properties	34,539	32,143	—	—
Bank deposits	9	9	—	—
Guarantees for employees	29	28	28	28
Total pledged assets	**34,577**	**32,180**	**28**	**28**
Contingent liabilities				
Security commitments for subsidiaries	—	—	29,793	24,325
Total contingent liabilities	**—**	**—**	**29,793**	**24,325**

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.

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.

	Group		Parent Company	
MSEK	2024	2023	2024	2023
Financial income				
Interest income	27	31	7	5
Interest income, subsidiaries	—	—	946	1,095
Dividend	—	—	122	1,016
Capital gains on divestment of subsidiaries	2	—	1	–45
Currency effects	—	—	478	361
Other financial items	9	—	—	—
Total financial income	**38**	**31**	**1,554**	**2,432**
Financial expense				
Interest expense, loans measured at amortised cost	–2,208	–1,974	–408	–412
Net interest income/expense, interest rate derivatives measured at fair value	739	608	714	595
Interest expense, subsidiaries	—	—	–580	–422
Financial expense for right-of-use assets	–119	–108	—	—
Currency effects	—	—	–72	—
Other financial items	–121	–132	–21	6
Total financial expense	**–1,709**	**–1,606**	**–367**	**–233**
Net financial expense	**–1,671**	**–1,575**	**1,187**	**2,199**

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 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's debt financing consists exclusively of credit facilities from 15 Nordic and international banks as well as AMF Tjänstepension AB, secured mainly by mortgage collateral. Short-term credit facilities maturing in less than one year amount to MSEK 2,477. At the Group level, Pandox's financial covenants consist of loan-to-value ratio and interest coverage ratio. In addition, several of the Group's bank loans have covenants at the portfolio level. Among other things, these measure loan-to-value ratio, interest coverage ratio and profitability in relation to debt, isolated for the underlying secured property portfolio. All of the Group's covenants were fulfilled throughout 2024 and there are no concrete indications of future covenant breaches.

Pandox's sustainability-linked loan volume as of 31 December 2024 was MSEK 15,458. The margin on the bank loans is linked to the annual outcome of three well-defined environmental, social and governance (ESG) sustainability targets. Fulfilled targets result in a margin discount and unfulfilled targets result in a margin premium. Pandox also has a green loan which, as of 31 December 2024, is for MSEK 1,588, for which the underlying assets qualify as green. As long as this green classification remains in place, this entitles Pandox to a reduced margin on the loan.

Interest-bearing liabilities and loans

As of 31 December 2024 loans amounted to MSEK 38,554. Unutilised long-term credit facilities amounted to MSEK 2,783 (2,378) and the volume issued under the commercial paper programme amounted to MSEK1,232 (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 2024

MSEK	Maturing	Interest basis	Total credit limit	Utilised amount	Unutilised amount
Bank loans	0–5 years	Variable	33,784	33,784	0
Revolving credit facilities	0–3 years	Variable	4,770	755	4,015
Commercial paper	0–1 year	Variable	—	1,232	–1,232
Total credit facilities			**38,554**	**35,771**	**2,783**

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 INTEREST/REPAYMENT PERIOD

	Average fixed interest period, years	Average interest rate, %	Repayment period, years
2024	2.7	4.0	2.6
2023	3.9	4.2	2.3

FIXED RATE MATURITY PROFILE 31 DECEMBER 2024

	Total fixed rate		Fixed rate, derivatives		
Maturity (MSEK)	Amount [1]	Share, %	Volume	Share, %	Average interest rate, derivatives %
0–2 years	17,102	48%	7,271	28%	0.7
2–4 years	9,596	27%	9,596	37%	1.2
4–6 years	3,563	10%	3,563	14%	0.6
6–8 years	3,642	10%	3,642	14%	2.2
8–10 years	1,868	5%	1,868	7%	3.2
>10 years	—	—	—	—	—
Total	**35,771**	**100%**	**25,940**	**100%**	**1.3**

1) Share of loans with an interest rate reset during the period.

FIXED RATE MATURITY PROFILE 31 DECEMBER 2023

	Total fixed rate		Fixed rate, derivatives		
Maturity (MSEK)	Amount [1]	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	—	—	—	—	—
Total	**32,960**	**100%**	**24,504**	**100%**	**1.2**

1) Share of loans with an interest rate reset during the period.

SENSITIVITY ANALYSIS OF CHANGES IN INTEREST RATES FOR 2024 AND 2023 RESPECTIVELY

The table below shows the change in various scenarios.

	2024		2023	
	Change	Profit before changes in value, MSEK	Change	Profit before changes in value, MSEK
Current fixed interest, change in interest rates, with derivatives	+/–1%	+/–86	+/–1%	–/+75
Current fixed interest, change in interest rates, without derivatives	+/–1%	+/–345	+/–1%	–/+320
Remeasurement of interest rate derivatives following shift in yield curves	+/–1%	+/–800	+/–1%	+/–1,067

Shown above is the effect on earnings of specific changes in interest rates which, adjusted for tax, have the same 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.

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. Average interest rate including marginal loans.

►► Note G2, cont.

LOAN-TO-VALUE RATIO AND LOANS BY CURRENCY 31 DECEMBER 2024

MSEK [1]	SEK	DKK	EUR	CHF	CAD	NOK	GBP	Total	Share, %	Interest rate, % [2]
Total interest-bearing liabilities	**7,484**	**2,388**	**15,900**	**548**	**0**	**923**	**8,528**	**35,771**	**100%**	**4.0%**
Maturing in foreign currency, %	20.9	6.7	44.4	1.5	0.0	2.6	23.8	100		
Average interest rate, %	3.1	3.2	3.3	3.8	0.0	4.8	6.2	4.0		
Average fixed interest period, years	2.8	0.8	2.9	0.2	0.0	3.4	3.0	2.7		
Fair value, properties	16,019	4,418	32,648	912	0	3,455	18,883	76,334		

LOAN-TO-VALUE RATIO AND LOANS BY CURRENCY 31 DECEMBER 2023

MSEK [1]	SEK	DKK	EUR	CHF	CAD	NOK	GBP	Total	Share, %	Interest rate, % [2]
Total interest-bearing liabilities	**6,781**	**2,049**	**15,712**	**547**	**0**	**1,109**	**6,762**	**32,960**	**100%**	**4.2%**
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	—	—

1) The values in the tables have been converted to MSEK.
2) Average interest rate including bank margin; the interest is calculated on the total credit utilised.

FINANCIAL ASSETS AND LIABILITIES BY CURRENCY AT 31 DECEMBER 2024, MILLIONS IN LOCAL CURRENCY

	SEK	DKK	EUR	CHF	CAD	NOK	GBP	Total SEK
Assets	**18,309**	**3,877**	**2,770**	**77**	**6**	**3,599**	**1,619**	**80,689**
of which Financial assets	*1,178*	*976*	*165*	*1*	*1*	*3*	*46*	*2,937*
Liabilities	**12,380**	**1,961**	**1,633**	**51**	**1**	**3,210**	**823**	**46,994**
of which Financial liabilities	*8,015*	*1,550*	*1,306*	*45*	*0*	*947*	*666*	*36,086*
Effect on earnings +/–10% exchange rate	—	+/–30	+/–42	+/–3	+/–5	+/–9	+/–20	+/–93
Effect on financial assets and liabilities (MSEK) +/–10% exchange rate	—	+/–88	–/+1,310	–/+54	+/–0	+/–92	+/–858	+/–2,401

FINANCIAL ASSETS AND LIABILITIES BY CURRENCY AT 31 DECEMBER 2023, MILLIONS IN LOCAL CURRENCY

	SEK	DKK	EUR	CHF	CAD	NOK	GBP	Total SEK
Assets	**18,005**	**3,687**	**2,711**	**82**	**100**	**3,362**	**1,294**	**73,208**
of which Financial assets	*1,557*	*929*	*121*	*1*	*8*	*4*	*32*	*2,826*
Liabilities	**17,388**	**939**	**1,386**	**52**	**12**	**2,999**	**593**	**43,483**
of which Financial liabilities	*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

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. Pandox's liquidity reserve at year-end amounted to MSEK 4,069 (3,146) 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 2024	31 Dec 2023
Cash and cash equivalents	1,286	769
Unutilised credit facilities	2,783	2,378
Total liquidity reserve	**4,069**	**3,146**

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 2024, MSEK

Year due	Other liabilities [1]	Loan amount [2]	Interest, loans and derivates [3]
2025	—	2,477	96
Due 0–1 month	*369*	—	—
Due 1–3 months	—	—	—
Due 3–12 months	—	*2,477*	—
2026	—	4,610	148
2027	—	20,860	666
2028	—	9,306	460
2029	—	1,301	68
Total	**369**	**38,554**	**1,341**

MATURITY PROFILE OF FINANCIAL LIABILITIES ON 31 DECEMBER 2023, MSEK

Year due	Other liabilities [1]	Loan amount [2]	Interest, loans and derivates [3]
2024	—	8,760	350
Due 0–1 month	*333*	—	—
Due 1–3 months	—	*744*	—
Due 3–12 months	—	*8,016*	—
2025	—	12,577	414
2026	—	4,885	185
2027	—	285	14
2028	—	8,831	423
Total	**333**	**35,337**	**1,386**

1) 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.
2) Excluding contractual repayments. Including unutilised amount. Contractual repayments amounted to MSEK 349 (395).
3) 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.

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 characterised by well-established, stable and sound tenants, which reduces the credit risk in trade accounts receivable. A further factor that reduces the potential credit risk is Pandox's operational readiness, which means it is able to take over the operation of a property quickly if necessary and thereby secure the cash flow. The occupancy rate of Pandox's wholly owned property portfolio was close to 100 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 policy range of 45–60 percent. Internal monitoring of financial position does not focus on equity. At year-end 2024 the loan-to-value ratio was 45.2 (46.6) percent.

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 though 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.

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

31 DECEMBER 2024, 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		93	—	—
Rent receivables and trade accounts receivable		419	—	—
Derivatives	Level 2	—	1,139	—
Cash and cash equivalents		1,286	—	—
Total financial assets		**1,798**	**1,139**	—
Non-current interest-bearing liabilities		33,175 [1]	—	—
Derivatives	Level 2	—	183	—
Current interest-bearing liabilities		2,359 [1]	—	—
Trade accounts payable		369	—	—
Total financial assets		**35,903**	**183**	—

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	—	—
Total financial assets		**1,291**	**1,535**	—
Non-current interest-bearing liabilities		24,190[1]	—	—
Derivatives	Level 2	—	479	—
Current interest-bearing liabilities		8,580[1]	—	—
Trade accounts payable		333	—	—
Total financial assets		**33,103**	**479**	—

[1] Arrangement fees of MSEK 237 (189) have reduced interest-bearing liabilities in the balance sheet.

▶▶ Note G3, cont.

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.

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 119,603,000 class B shares, totalling 194,603,000 (183,849,999) shares with a par value of SEK 2.50 per share, making a total value of MSEK 487. See also the information on page 49 in the section "The share 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 4.25 (4.00) per share, totalling around MSEK 827 (735).

Per share data

The average number of shares used to calculate earnings per share is 186,866,813. Earnings per share for the year after tax amount to SEK 9.04 (1,689,000,000/186,866,813).

SHARE CAPITAL HISTORY

		Change in number of shares		Number of shares after the transaction			Share capital, SEK	
Year	Event	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
2024	New share issue	10,753,001	—	119,603,000	75,000,000	194,603,000	26,882,502	486,507,500

Source: Euroclear, Pandox.

G5 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

§ ACCOUNTING PRINCIPLES

Pandox applies the relief rule 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 1.67 to 6.65 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
Opening balance, 1 January 2023	**3,014**	**199**	**3**	**2**	**3,218**
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
Closing balance, 31 December 2023	**2,672**	**172**	**3**	**1**	**2,848**

MSEK	Site leaseholds	Premises	Vehicles	Other	Total
Opening balance, 1 January 2024	**2,672**	**172**	**3**	**1**	**2,848**
New leases/investments	—	—	3	—	3
Changed lease payment, term or interest rate	219	—	0	1	220
Divestments and disposals	—	—	0	0	0
Depreciation/amortisation	—	–27	–2	–1	–30
Exchange rate differences	110	6	0	0	116
Closing balance, 31 December 2024	**3,000**	**151**	**4**	**1**	**3,156**

Total cash flow during the year attributable to right-of-use assets was around MSEK 148 (139).

LEASE LIABILITIES

MSEK	31 Dec 2024	31 Dec 2023
Current	31	30
Non-current	3,134	2,826
Total lease liabilities	**3,165**	**2,856**

RECOGNISED IN THE INCOME STATEMENT

MSEK	2024	2023
Financial expense for right-of-use assets [1]	–119	–108
Depreciation of right-of-use assets – within costs of Own Operations and central administration	–30	–31

[1] Of which site leasehold rents paid amount to MSEK 112 (100).

MATURITY ANALYSIS FOR LEASE LIABILITIES 2024

	Expected to be settled in								
	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	Total contractual cash flows	Carrying amount of lease liability
Lease liabilities	13	18	29	23	22	22	3,039	3,165	3,165

MATURITY ANALYSIS FOR LEASE LIABILITIES 2023

	Expected to be settled in								
	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	Total contractual cash flows	Carrying amount of lease liability
Lease liabilities	13	17	28	26	21	21	2,729	2,856	2,856

H Group structure

H1 PARTICIPATIONS IN SUBSIDIARIES

PARENT COMPANY

MSEK	31 Dec 2024	31 Dec 2023
Cost, opening balance	13,773	8,925
Acquisitions	4,149	2,113
Shareholder contributions provided	85	2,736
Divested subsidiaries	—	–1
Total accumulated cost	**18,007**	**13,773**
Impairment losses, opening balance	–1,546	–1,494
Impairment losses	—	–51
Accumulated impairment losses, closing balance	**–1,546**	**–1,546**
Closing balance	**16,461**	**12,227**

The Parent Company recognises shares in subsidiaries according to the cost method. Pandox AB has 33 directly owned companies as shown in the table below and through these owns a further 192 companies. A full list of all participations in subsidiaries is available from Pandox AB. In total the Group owns 73 companies in Sweden, 38 in Germany, 23 in the UK, 19 in Norway, 18 in the Netherlands, 17 in Finland, 13 in Belgium, 12 in Denmark, four in Canada, four in Austria, three in Ireland 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
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[1)]
Immo Hotel BCC NV	0535.679.926	Belgium	68,070	100
Pandox Royale SA	0476.704.322	Belgium	68,808	99.99[2)]
Pandox Belgium NV	0890.427.732	Belgium	100,000	99.99[3)]
Pandox RMC BVBA	0552.929.692	Belgium	1,000	99.00[4)]
Convention Hotel International AG	CHE-101.458.856	Switzerland	14,000	100
Pandox Peak Ltd	14593162	UK	1,001	100

1) Le Nouveau Palace SA is 0.03 percent owned by Hotellus International AB, which is wholly owned by Pandox AB (publ).
2) Pandox Royale SA is 0.01 percent owned by Hotellus International AB, which is wholly owned by Pandox AB (publ).
3) Pandox Belgium NV is 0.01 percent owned by Hotellus International AB, which is wholly owned by Pandox AB (publ).
4) Pandox RMC BVBA is 1 percent owned by Hotellus International AB, which is wholly owned by Pandox AB (publ).

I Cash flow statement

I1 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

MSEK	2024	2023
Acquisition of hotel properties and other business entities		
Acquired assets and liabilities		
Investment properties	—	312
Operating properties	3,790	1,153
Current receivables	65	23
Cash and cash equivalents	32	62
Total assets	**3,887**	**1,550**
Deferred tax	73	—
Current liabilities	96	105
Total liabilities	**169**	**105**
Purchase consideration:		
Purchase consideration paid	3,794	1,527
Less: Cash and cash equivalents in the acquired operations	–32	–62
Effect on cash and cash equivalents	**3,762**	**1,465**
Divestment of subsidiaries and other business entities		
Divested assets and liabilities		
Investment properties	69	228
Current receivables	617	474
	686	**702**
Current liabilities	9	—
Total liabilities	**9**	—
Selling price:		
Purchase consideration received	674	894
Less: Cash and cash equivalents in the divested operation	6	—
Effect on cash and cash equivalents	**680**	**894**

Reconciliation of liabilities arising from financing activities:

LIABILITIES TO CREDIT INSTITUTIONS

MSEK	31 Dec 2024	31 Dec 2023
Opening balance	32,770	33,871
Cash flow	1,477	–1,224
Exchange rate differences	1,287	123
Liabilities, closing balance	**35,534**	**32,770**

Other items not included in cash flow

MSEK	2024	2023
Accrual accounting of loan arrangement fees	80	90
Provisions	–20	–2
Capitalised interest	–23	123
Translation differences	–155	–162
Other	–9	–9
Total other items not included in cash flow	**–127**	**40**

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	2024	2023
Liabilities to credit institutions due within 12 months	1,288	1,994
Liabilities to credit institutions due in 1–4 years	3,458	5,720
Liabilities to credit institutions due in 5 years or later	—	—
Total current and non-current liabilities[1)]	**4,746**	**7,714**

1) Arrangement fees of MSEK –15 (–18) have reduced interest-bearing liabilities in the balance sheet.

J3 APPROPRIATION OF PROFIT

At the disposal of the Annual General Meeting:	
Retained earnings	9,140,295,142
Profit for the year	1,138,766,300
SEK	**10,279,061,442**
The Board proposes that the earnings be allocated as follows:	
Dividend to shareholders, SEK 4.25 per share	827,062,750
Carried forward	9,451,998,692
SEK	**10,279,061,442**

J4 YEAR-END APPROPRIATIONS PARENT COMPANY

PARENT COMPANY

MSEK	2024	2023
Group contributions	135	354
Change in untaxed reserves	0	–2
Total year-end appropriations	**135**	**352**

K Events after the closing day

K1 EVENTS AFTER THE CLOSING DAY

There have been no events or transactions of significance since 31 December 2024 that affect the issued financial statements for the Pandox Group for the 2024 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 2024, revenue from Pelican Bay Lucaya amounted to MSEK 1.4 (0.2).

Parent Company

The Parent Company's fees for central administrative services from Group companies during the year amounted to MSEK 105 (112). 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 2024	31 Dec 2023
Central administration costs	105	112
Interest income from subsidiaries	946	1,095
Dividends from subsidiaries	112	1,016
Interest paid to subsidiaries	–580	–422
Receivables from related parties	9,192	12,456
Liabilities to related parties	5,285	3,215
Group contributions received	425	458
Group contributions provided	–290	–104

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 2024.

Stockholm, 9 March 2025

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 9 March 2025.

Öhrlings PricewaterhouseCoopers AB

Sofia Götmar-Blomstedt
Authorised Public Accountant
Auditor-in-charge

Linda Andersson
Authorised Public Accountant

Auditors' report

Unofficial translation

To the general meeting of the shareholders of Pandox AB (publ), corporate identity number 556030-7885

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Pandox AB (publ), for the year 2024 with the exception of the sustainability report on the pages 92–147. The annual accounts and consolidated accounts of the company are included on pages 90–181 in this document. Our audit does not include the pages not included in those listed here, to which reference is made in the management 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 parent company and the group as of 31 December 2024 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 2024 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU, and the Annual Accounts Act. Our statements do not cover the sustainability report on pages 92–147. The statutory 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 determining materiality and assessing the risks of material misstatement in the consolidated 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 scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Pandox is a real estate company specializing in hotels with operations in several European countries and a portfolio with a market value of MSEK 76,334. The Group's business is to own and lease hotel properties to well-known hotel operators under long-term turnover-based leases with shared investments. Our primary focus in the audit, and also our Key audit matters, has been the valuation of hotel properties, which are reported at fair value (investment properties), and the valuation of turnover-based rents. We have also had a particular focus on, among other things, financing, investments, acquisitions and assessment of risk for disputes related to tenants.

Our audit includes a review of all significant companies within the Group. The audit covers operations in 14 countries and we have carried out the following activities, among others:

- Joint review of the valuation of the Group's hotel properties with the associated process for determining the carrying amount;
- Review of internal control over financial reporting, routines and processes based on assessed risks;
- Reviewed and discussed the financial statements as of June 30, 2024 with management and the audit committee;
- Reviewed the financial statements as of September 30, 2024 in order to issue a review report; and
- Audited the annual financial statements and final audit work to issue this audit report on the annual accounts of the parent company and the group and, where applicable, other legal entities. In connection with this, review work is also performed to issue our opinion on compliance with guidelines for senior executives.

The audit is performed either by the group audit team or by local audit teams. When another audit team participates in the audit, specific instructions are issued relating to the group audit and the work performed is also in accordance with local audit requirements in each country regarding the statutory audit. In addition, the auditor in charge and co-auditor have conducted visits and meetings with operations in the United Kingdom and Germany during the year. This was done with the aim of creating an understanding of the operations in the units visited and understanding routines and controls to evaluate compliance with Pandox's internal control framework and to conduct a general review of the financial reporting based on the Group's accounting principles.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance 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 influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole. These, together with qualitative considerations, helped us to determine the 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 of the audit 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, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matter	How our audit considered the Key audit matter
Valuation of hotel properties We refer to the Administration Report and the description of the Pandox Group's summary of overall accounting and valuation principles, note B1 and note E1 Investment properties. The value of the hotel properties as of December 31, 2024 amounts to SEK 76,334 million (of which investment properties SEK 60,290 million). The hotel properties constitute a significant part of the balance sheet and the valuation of the hotel properties is by nature subjective and subject to management's assessments of and based on, for example, the location, condition, future rental income and yield requirements of the specific property. As of December 31, 2024, Pandox has valued the hotel properties according to the same method and model as used in previous years. The valuation model is a cash flow model, where the future cash flows that the hotel properties are expected to generate according to business plans are discounted with yield requirements based on market transactions and other assessments, applicable agreements and other market conditions and are compared with external valuers' applied yield requirements for the corresponding property. Properties that undergo major renovations are usually reported at value before renovations have begun with an addition for capitalized investments. External valuations are used as an important reference point and Pandox has an internal process for following up on the external valuations when they are carried out. This internal quality assurance process includes, among other things, analysis and control of input data to the valuation models, for example regarding rental levels, areas and an overall analysis of the value development per property. There is inherent uncertainty in the development of the hotel market and the economy in general, which makes it difficult to assess future cash flows and yield requirements for Pandox hotel properties. The importance of the estimates and judgments involved in determining fair value, together with the fact that only a small percentage difference in individual property parameters can lead to material misstatements, makes the valuation of investment properties a Key audit matter in the audit.	Our audit has focused, among other things, on the company's internal control and quality assurance regarding valuations of hotel properties as of the 2024 annual accounts, and we have performed the following review efforts, among other things: • The Group Audit team, including our valuation specialists, has obtained and reviewed a selection of the valuation reports and reviewed that the valuations comply with the valuation guidelines and correct valuation methodology decided by the Board; • We have evaluated the competence and experience of the internal and external valuers to assess whether there were any circumstances that could have affected their objectivity and limitations of their work; • Furthermore, we have reviewed management's input to the valuation models on a sample basis to evaluate whether the information that forms the basis for the property valuations is correct and accurate; • We have had meetings with valuation managers where important assumptions and assessments have been discussed. Our work has focused on assessing and evaluating the assumptions used, including yield requirements and estimated cash flows. We have included the largest investment properties in the portfolio in terms of value, the most significant assumptions and the properties where there have been the largest variations in value compared to previous quarters in our review sample. We have assessed the assumptions made regarding yield requirements. We have also assessed the reasonableness of other assumptions that do not have directly comparable available public data. In cases where assumptions and parameters have been outside our initial expectations, these deviations have been discussed with representatives of the company and additional audit evidence has been obtained to support the assumptions used; and • compared the disclosures included in the annual report against the requirements of IFRS 13. The valuations are based on judgments and are subject to inherent uncertainty. Based on our review, our assessment is that the assumptions used by Pandox are within a reasonable range. As a result of our review, we have not reported any significant observations to the Audit Committee.

Key audit matter	How our audit considered the Key audit matter
Turnover-based rental income See Note C2 on rental income and accounting principles for information and description of the area. Pandox's rental income consists largely of turnover-based rents. The rental charge is based on the tenants' reporting of turnover. Pandox has routines and controls to ensure that this reported turnover is correct. The lease agreements extend over a number of years and the business model in hotel operations can be affected over time by the development of new sales channels, the addition of different services to the hotels' respective offerings, etc. The area is covered partly by assessments regarding contract interpretation in certain cases, and partly by assessments of the control the Group exercises with regard to the tenants' reporting. Given the high proportion of turnover-based rents of total rental income and the element of dependence on external information obtained when determining this income, this constitutes a key audit matter in our audit.	Our audit is based on both an evaluation of internal control and substantive testing and other analytical procedures, including data-based transaction analyses of certain balance sheet and income statement items and on a sample basis of significant subsidiaries. We have performed, among other things, the following audit procedures: • We have evaluated Pandox's procedures for handling significant revenue streams; • We have reviewed lease agreements and examined how Pandox, as lessor, interprets the various parts of the agreements as a basis for invoicing and accounting; • We have gained an understanding and have gained an understanding of the controls Pandox exercises with respect to the tenants' reporting. We have also learned about and become familiar with the results of the control measures through external audits that Pandox, in accordance with the lease agreements, carries out annually through random sampling of a number of lease agreements to ensure that invoicing and revenue recognition are correct; • On a random sampling basis, reviewed invoicing against supporting documents and ensured through control calculations that correct turnover-based rent is reported and gained an understanding of the procedures for invoicing; • We have also carried out an analytical review to assess the reporting of revenue and obtained Pandox's own analyses of the rental income to gain an understanding of their controls regarding revenue recognition; and • We have reviewed the disclosures in the annual report . Based on our review, we have not reported any significant observations to the audit committee.

Other information than the annual accounts and consolidated accounts
This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–71, 80–89 and 188–193 as well as the sustainability report on pages 92–147. The information in "Pandox remuneration report" published on the companies web page at the same time as this report and which we obtained before the date of this audit report is also 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 other 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 Accounting Standards as adopted by the EU. 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.

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 has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility
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 auditor's 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 on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The auditor's examination of the administration of the company and the proposed appropriations of the company's profit or loss

Opinions
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Pandox AB(publ) for the year 2024 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 Director's 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' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization 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 organization 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 fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

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 or 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 reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

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 on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

The auditor's examination of the ESEF report

Opinion

In addition my our audit of the annual accounts and consolidated accounts, we have also examined that 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 2024 .

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for Opinion

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 Auditors' responsibility 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 for the preparation of Esef report in accordance with the 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 responsibility

Our responsibility is to obtain reasonable assurance 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 it 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable 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 accounts 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 audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report 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 examination 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 that the Esef report has been prepared in a valid XHMTL 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 consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

The auditor's report on the statutory sustainability report

It is the board of directors who is responsible for the statutory sustainability report for the year 2024 on pages 93–145 and that it has been prepared in accordance with the Annual Accounts Act in accordance with the older wording that applied before 1 July 2024. Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

Öhrlings PricewaterhouseCoopers AB, 113 97 Stockholm, was appointed auditor of Pandox AB(publ9 by the general meeting of the shareholders on the 10 april 2024 and has been the company's auditor since the 29 March 2017.

Stockholm, 9 March 2025
Öhrlings PricewaterhouseCoopers AB

Sofia Götmar-Blomstedt Authorised Public Accountant Auditor-in-charge	Linda Andersson Authorised Public Accountant

This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.

Auditor's limited assurance report of Pandox AB (publ)s voluntary sustainability statement

Unofficial translation

To Pandox AB (publ), corporate identity number 556030-7885

Conclusion

We have been appointed by the Board of Directors to conduct a limited assurance engagement of the sustainability statement for Pandox AB (publ), for the financial year 2024. The sustainability statement is included on pages 93–145 in this document.

Based on our limited assurance engagement as described in the section Auditor's responsibility, nothing has come to our attention that causes us to believe that the sustainability statement does not, in all material respects, meet the requirements of the Swedish Annual Accounts Act which includes,

- whether the sustainability statement meets the requirements of ESRS,
- whether the process the company has carried out to identify reported sustainability information has been conducted as described on page 99 (IRO-1) of the sustainability statement,
- compliance with the reporting requirements of the EU's Green Taxonomy Regulation Article 8.

Basis for conclusion

We have conducted the limited assurance engagement in accordance with FAR's recommendation RevR 19 *Revisorns översiktliga granskning av den lagstadgade hållbarhetsrapporten*. Our responsibility according to this recommendation is further described in the section Auditor's responsibility.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other information

The sustainability report for the previous financial year has not been subject to a review in accordance with RevR19 and no review of the comparative figures in the sustainability report for the year 2024 (financial year) has therefore been performed.

Other information than the sustainability statement

This document also contains other information than the sustainability statement and is found on pages 1–92, 146–181 and 188–192. The Board of Directors and the Managing Director are responsible for this other information.

Our conclusion on the sustainability statement does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our limited assurance engagement on the sustainability statement, my (our) responsibility is to read the information identified above and consider whether the information is materially inconsistent with the sustainability statement. In this procedure we also take into account our knowledge otherwise obtained in the limited assurance engagement 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 sustainability statement in accordance with Chapter 6, Sections 12–12f of the Swedish Annual Accounts Act, and for such internal control as they determine is necessary to enable the preparation of the sustainability statement that is free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on whether the sustainability report has been prepared in accordance with the Swedish Annual Accounts Act based on my (our) review. Our responsibility is obtain limited assurance whether the sustainability statement is free from material misstatement based on our review. The limited assurance engagement has been conducted in accordance with FAR's recommendation RevR 19 *Revisorns översiktliga granskning av den lagstadgade hållbarhetsrapporten*. This recommendation requires that we plan and perform our procedures to obtain limited assurance that the sustainability statement is prepared in accordance with these requirements.

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. This means that it is not possible for us to obtain such assurance that we become aware of all significant matters that could have been identified if a reasonable assurance engagement had been performed.

Our firm applies ISQM 1 (International Standard on Quality Management), which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We are independent Pandox AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled my (our) ethical responsibilities in accordance with these requirements.

A limited assurance engagement involves performing procedures to obtain evidence to support the sustainability information. The auditor selects the procedures to be performed, including assessing the risks of material misstatements in the sustainability statement, whether due to fraud or error. In this risk assessment, the auditor considers the parts of the internal control that are relevant to how the Board of Directors and the Managing Director prepares the sustainability statement, in order to design procedures that are appropriate under the circumstances, but not for the purpose of providing a conclusion on the effectiveness of the company's internal control. The review consists of making inquiries, primarily of persons responsible for the preparation of the sustainability statement, performing analytical review, and conducting other limited review procedures.

The review procedures primarily include:

Our audit procedures regarding the process the company has implemented to identify sustainability information to report included, but were not limited to, the following:

- Obtained an understanding of the process by:

  - Conducting inquiries to understand the sources of information used by management (e.g. stakeholder dialogues, business plans and strategy documents), and

  - Reviewing the company's internal documentation of its process; and

- Evaluated whether the information obtained from our actions on the process implemented by the company is consistent with the description of the process in IRO-1 "Materiality Analysis" in the sustainability report.

Our audit procedures regarding the sustainability report included, but were not limited to, the following:

- Obtained through inquiries a general understanding of the internal control environment, reporting processes, and information systems relevant to the preparation of the information in the sustainability report.
- Evaluated whether information identified as material through the process the company has implemented to identify the content of the sustainability report is also included.
- Evaluated whether the structure and presentation of the sustainability report is consistent with the requirements of the ESRS;
- Performed inquiries of relevant personnel and analytical procedures regarding selected information in the sustainability report;
- Performed limited substantive procedures based on a sample of selected information in the sustainability report;
- Obtained through inquiries and analytical procedures evidence on the methods used to produce significant estimates and forward-looking information and how these methods were applied;
- Obtained an understanding of the process for identifying economic activities that are covered by and compliant with the EU Green Taxonomy and the corresponding disclosures in the sustainability report.
- The review of the taxonomy disclosures included, but was not limited to, substantive procedures based on a sample of selected disclosures in the sustainability report relating to the EU Green Taxonomy.

Inherent limitations in preparing the sustainability report

When reporting forward-looking information in accordance with ESRS, the Board of Directors and the CEO of Pandox AB (publ) must prepare forward-looking information based on stated assumptions about events that may occur in the future and possible future activities of Pandox AB (publ). Actual outcomes are likely to differ because anticipated events often do not occur as anticipated.

Stockholm, 9 March 2025
Öhrlings PricewaterhouseCoopers AB

Sofia Götmar-Blomstedt
Authorised Public Accountant
Appointed by the Board

Linda Andersson
Authorised Public Accountant

This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.

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	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Revenue Leases										
Rental income	3,728	3,548	3,052	2,279	2,228	3,017	2,809	2,121	1,717	1,431
Other property revenue	137	142	255	143	171	112	162	81	70	112
Revenue Own Operations	3,271	3,159	2,347	851	779	2,424	2,153	2,067	2,158	2,046
Net sales	**7,136**	**6,849**	**5,654**	**3,273**	**3,178**	**5,553**	**5,124**	**4,269**	**3,945**	**3,589**
Costs Leases	–568	–533	–439	–395	–381	–365	–454	–321	–292	–263
Costs Own Operations	–2,713	–2,729	–2,111	–1,151	–1,182	–1,993	–1,776	–1,743	–1,866	–1,767
Gross profit	**3,855**	**3,587**	**3,104**	**1,727**	**1,615**	**3,195**	**2,894**	**2,206**	**1,787**	**1,559**
Central administration	–200	–197	–153	–157	–171	–175	–148	–124	–117	–94
Net financial expense	–1,552	–1,467	–1,003	–940	–900	–865	–803	–519	–456	–438
Financial expense for right-of-use assets	–119	–108	–95	–88	–86	–81	—	—	—	—
Profit before changes in value	**1,984**	**1,815**	**1,853**	**542**	**458**	**2,074**	**1,943**	**1,563**	**1,214**	**1,027**
Changes in value										
Change in property value	475	–1,107	1,180	–396	–1,779	1,459	1,495	1,914	1,460	1,399
Change in value of derivatives	–100	–1,205	2,318	740	–221	–39	25	173	–39	203
Profit before tax	**2,359**	**–497**	**5,351**	**886**	**–1,542**	**3,494**	**3,463**	**3,650**	**2,635**	**2,629**
Current tax	–318	–375	–164	–128	–57	–122	–216	–73	–72	–35
Deferred tax	–335	292	–983	–149	191	–672	–424	–429	–349	–463
Profit for the year	**1,706**	**–580**	**4,204**	**609**	**–1,408**	**2,700**	**2,823**	**3,148**	**2,214**	**2,131**
Other comprehensive income for the year	1,035	–112	1,323	740	–1,010	46	465	–185	359	–291
Comprehensive income for the year	**2,741**	**–692**	**5,527**	**1,349**	**–2,418**	**2,746**	**3,288**	**2,963**	**2,573**	**1,840**

KEY RATIOS

Figures in MSEK	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Net operating income Leases	3,297	3,157	2,868	2,027	2,018	2,764	2,517	1,882	1,495	1,280
Net operating income Own Operations	842	713	566	–22	–168	625	540	494	439	416
EBITDA	3,961	3,696	3,304	1,868	1,699	3,215	2,909	2,252	1,817	1,603
Interest coverage ratio, times	2.7	2.7	3.7	2.1	2.0	4.1	3.8	4.4	4.0	3.6
Earnings per share, SEK	9.04	–3.18	22.94	3.32	–7.61	15.91	16.83	19.89	14.65	14.21
Cash earnings	1,955	1,742	2,056	713	669	2,167	1,890	1,652	1,284	1,122
Cash earnings per share, before and after dilution, SEK	10.46	9.48	11.18	3.88	3.59	12.71	11.30	10.52	8.18	7.53
RevPAR (operating properties) for comparable units and comparable exchange rates	1,075	1,036	839	295	222	904	873	806	657	684

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Figures in MSEK	31 Dec 2024	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
Assets										
Properties including FF&E	72,915	66,079	65,552	60,246	57,555	60,558	52,949	48,217	36,578	29,463
Right-of-use assets	3,156	2,848	3,218	3,039	2,926	3,064	—	—	—	—
Other non-current assets	1,232	1,612	2,462	522	268	151	43	37	23	25
Deferred tax assets	347	340	305	249	631	383	465	613	748	800
Current assets	1,752	1,560	2,050	1,152	813	1,025	885	1,871	563	1,162
Cash and cash equivalents	1,286	769	1,630	1,593	2,622	632	674	999	517	170
Total assets	**80,688**	**73,208**	**75,217**	**66,801**	**64,815**	**65,813**	**55,016**	**51,737**	**38,429**	**31,620**
Equity and liabilities										
Equity	33,695	29,725	30,933	25,422	24,088	26,506	21,538	19,027	15,258	12,215
Deferred tax liabilities	5,776	5,270	5,538	4,281	4,307	4,552	3,430	3,026	2,582	2,281
Interest-bearing liabilities	35,534	32,770	33,871	32,623	31,452	29,621	27,917	26,298	18,841	15,546
Lease liabilities	3,165	2,856	3,223	3,042	2,928	3,064	—	—	—	—
Non-interest-bearing liabilities	2,518	2,587	1,652	1,433	2,040	2,070	2,131	3,386	1,748	1,578
Total equity and liabilities	**80,688**	**73,208**	**75,217**	**66,801**	**64,815**	**65,813**	**55,016**	**51,737**	**38,429**	**31,620**

KEY RATIOS

Figures in MSEK	31 Dec 2024	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
Net interest-bearing debt, MSEK	34,485	32,190	32,334	31,159	29,007	29,191	27,421	25,474	18,324	15,376
Loan-to-value ratio, properties, %	45.2	46.6	46.7	49.8	48.7	46	49.7	50.8	47.9	49.5
Market value properties, MSEK	76,334	69,039	69,231	62,596	59,542	63,469	55,197	50,121	38,233	31,437
EPRA NRV per share, SEK	215.58	201.12	205.03	173.54	167.60	186.40	164.04	144.54	126.24	107.71
WAULT (investment properties), years	14.4	15.0	15.0	14.0	14.6	15.6	15.7	15.6	13.9	11.2

Quarterly data

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Figures in MSEK	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Revenue Leases								
Rental income	903	1,033	980	812	895	1,002	908	743
Other property revenue	39	36	29	33	33	38	34	37
Revenue Own Operations	954	804	857	656	910	844	832	573
Net sales	**1,896**	**1,873**	**1,866**	**1,501**	**1,838**	**1,884**	**1,774**	**1,353**
Costs Leases	–141	–136	–140	–151	–159	–120	–136	–118
Costs Own Operations	–764	–647	–667	–635	–762	–694	–685	–588
Gross profit	**991**	**1,090**	**1,059**	**715**	**917**	**1,070**	**953**	**647**
Central administration	–59	–42	–48	–51	–53	–46	–53	–45
Net financial expense	–387	–394	–385	–386	–376	–420	–361	–310
Financial expense for right-of-use assets	–32	–30	–29	–28	–28	–28	–26	–26
Profit before changes in value	**513**	**624**	**597**	**250**	**460**	**576**	**513**	**266**
Changes in value								
Change in property value	38	–10	413	34	–339	–90	–466	–212
Change in value of derivatives	99	–489	–8	298	–1,236	43	332	–344
Profit before tax	**650**	**125**	**1,002**	**582**	**–1,115**	**529**	**379**	**–290**
Current tax	–54	–115	–104	–45	–137	–95	–78	–65
Deferred tax	–15	–49	–188	–83	127	26	–13	152
Profit for the period	**581**	**–39**	**710**	**454**	**–1,125**	**460**	**288**	**–203**
Other comprehensive income	480	–87	–227	869	–845	–583	1,146	170
Comprehensive income for the period	**1,061**	**–126**	**483**	**1,323**	**–1,970**	**–123**	**1,434**	**–33**

KEY RATIOS

Figures in MSEK	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Net operating income Leases	801	933	869	694	769	920	806	662
Net operating income Own Operations	269	226	256	91	220	222	219	52
EBITDA	1,016	1,123	1,082	740	942	1,102	977	675
Interest coverage ratio, times	2.7	2.6	2.5	2.0	2.6	2.8	2.9	2.3
Earnings per share, SEK	2.98	–0.20	3.86	2.47	–6.05	2.50	1.57	–1.10
Cash earnings	541	582	560	272	415	558	510	259
Cash earnings per share, before and after dilution, SEK	2.78	3.14	3.05	1.48	2.26	3.04	2.77	1.41
RevPAR growth (Own Operations) for comparable units and comparable exchange rates, %	3	8	8	6	7	8	26	112

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Figures in MSEK	31 Dec 2024	30 Sep 2024	30 Jun 2024	31 Mar 2024	31 Dec 2023	30 Sep 2023	30 Jun 2023	31 Mar 2023
Assets								
Properties including FF&E	72,915	70,981	67,799	67,651	66,079	68,210	68,927	66,550
Right-of-use assets	3,156	3,062	2,977	2,971	2,848	2,975	3,345	3,250
Other non-current assets	1,232	1,235	1,654	1,723	1,612	2,600	2,708	2,274
Deferred tax assets	347	319	342	394	340	335	269	268
Current assets	1,752	1,775	1,544	2,350	1,560	1,454	1,333	1,287
Cash and cash equivalents	1,286	1,476	848	703	769	749	1,008	2,004
Total assets	**80,688**	**78,848**	**75,164**	**75,792**	**73,208**	**76,323**	**77,590**	**75,633**
Equity and liabilities								
Equity	33,695	32,643	30,796	31,048	29,275	31,751	31,874	30,900
Deferred tax liabilities	5,776	5,686	5,601	5,487	5,270	5,470	5,476	5,359
Interest-bearing liabilities	35,534	34,782	33,356	33,761	32,770	33,891	34,526	34,054
Lease liabilities	3,165	3,071	2,987	2,980	2,856	2,983	3,352	3,256
Non-interest-bearing liabilities	2,518	2,666	2,424	2,516	2,587	2,228	2,362	2,064
Total equity and liabilities	**80,688**	**78,848**	**75,164**	**75,792**	**73,208**	**76,323**	**77,590**	**75,633**

KEY RATIOS

Figures in MSEK	31 Dec 2024	30 Sep 2024	30 Jun 2024	31 Mar 2024	31 Dec 2023	30 Sep 2023	30 Jun 2023	31 Mar 2023
Net interest-bearing debt, MSEK	34,485	33,515	32,705	33,256	32,190	33,333	33,718	32,188
Loan-to-value ratio, properties, %	45.2	45.1	46.2	46.6	46.6	46.8	46.7	46.2
Market value properties, MSEK	76,334	74,234	70,815	71,317	69,039	71,177	72,164	69,695
EPRA NRV per share, SEK	215.58	209.36	207.70	208.55	201.12	207.53	209.86	204.93
WAULT (investment properties), years	14.4	14.4	14.6	14.9	15.0	14.4	14.6	14.7

Financial definitions

FINANCIAL INFORMATION

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

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.

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.

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.

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.

EBITDA, MSEK
Total gross profit less central administration (excluding depreciation).

EBITDA margin, %
EBITDA in relation to total revenue.

EPRA Earnings, MSEK
Earnings in Leases and Own Operations before tax. Reversal of change in value of properties, change in value of derivatives and non-controlling interests. Company-specific reversal of depreciation within Own Operations, depreciation of central administrative expenses, unrealised translation effects on bank balances less current tax.

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.

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 NYI, %
Net operating income in Leases, before property administration, last 12 months, divided by market value of investment properties.

Average interest on debt, %
Weighted average interest rate, including interest-rate derivatives, for interest-bearing liabilities at the end of the period.

Investments, MSEK
Investments in non-current assets excluding acquisitions.

Interest-bearing net debt/EBITDA Interest-bearing net debt at the end of the period in relation to EBITDA.

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.

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.

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

PER SHARE

Cash earnings per share, SEK
Cash earnings divided by the weighted average number of shares outstanding.

EPRA Earnings (EPS), per share
EPRA Earnings divided by the weighted average number of shares outstanding during the period.

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.

Earnings per share, SEK
Profit for the period attributable to the Parent Company's shareholders 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.

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

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.

Market value properties, MSEK
Market value of investment properties plus market value of operating properties.

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.

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.

Find out more about the dogs on pandox.se.

Production: Pandox in partnership with Addira.
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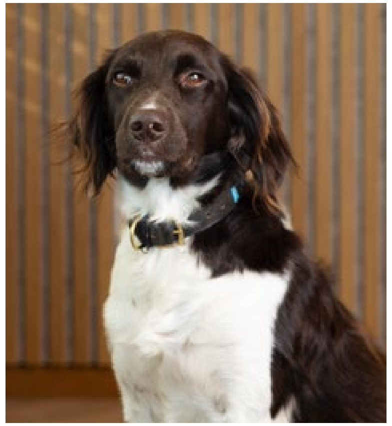
Knut
Golden retriever

Sally
Gordon setter

Stella
Yorkshire terrier

Juni
Golden/Labrador retriever

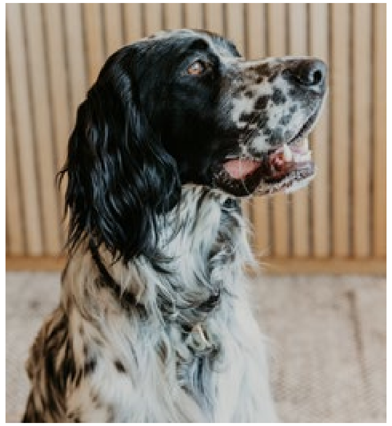


Fauna
Small Münsterländer

Caesar
Cavapoo

Dexter
Norfolk terrier

Blum
Mixed breed



Laban
English setter

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