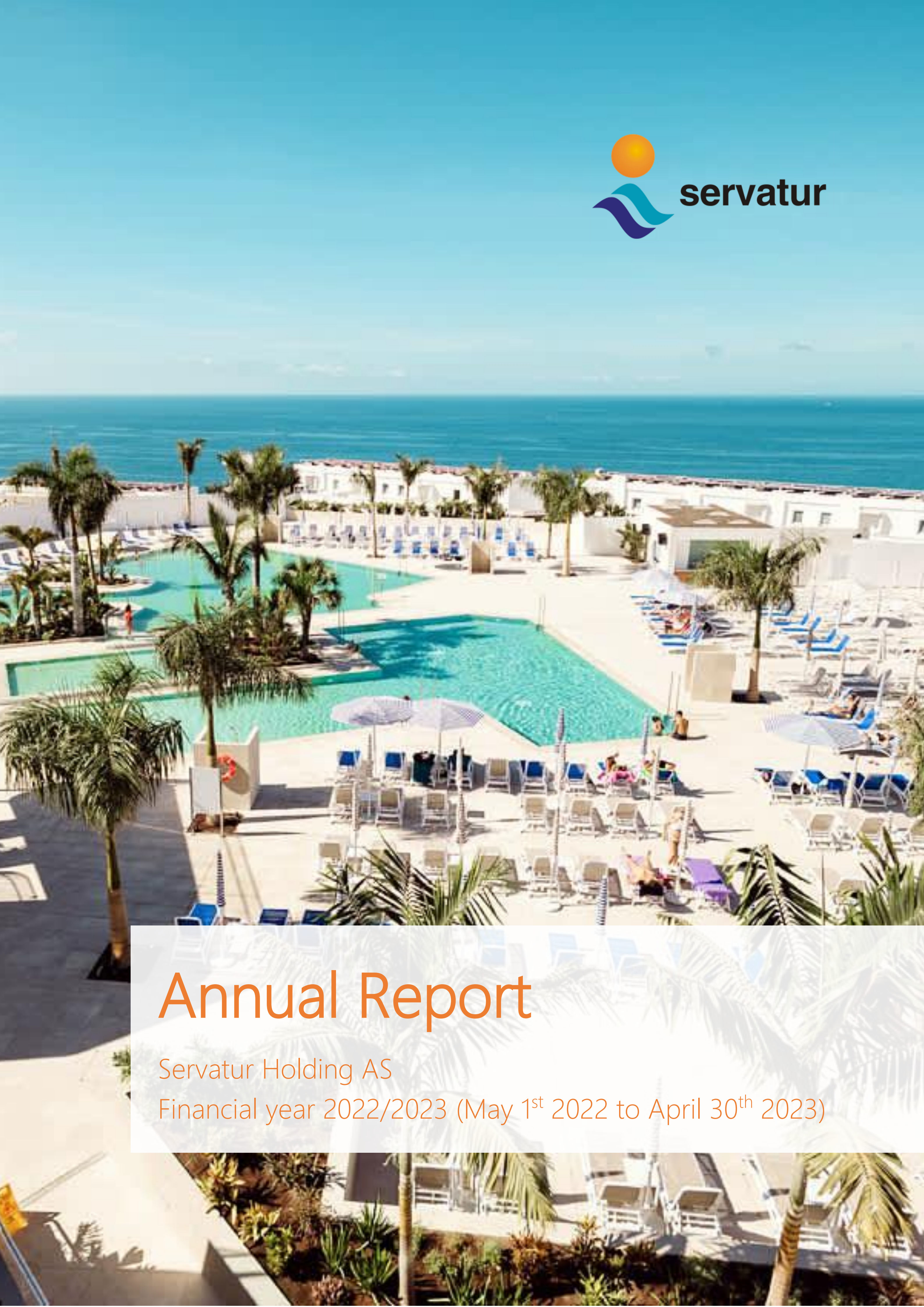

Annual Report

Servatur Holding AS

Financial year 2022/2023 (May 1st 2022 to April 30th 2023)

Table of contents

Board of Directors' report

The financial year 2022/23 marks the return to normal operation after 3 years with Covid-19. Dealing with delays and inflation on renovation projects has been a top priority during the year. Servatur is soon entering the harvest-phase following the EUR 100m investment-program that was launched in 2022.

We are pleased to see that the financial year 2022/23 marked the recovery in the market. The recovery is evident by the company's occupancy ratio that ended at 91%, up from 72% last year. There has been high uncertainty on the "new normal" in the Canary Island hotel market after three extraordinary years of hotel-operation. Observations made this year confirm that the attractiveness of the Canary Islands market is intact and stronger than ever.

During 2022/23, Servatur has made significant progress on the EUR 100m 3-year investment-program that was introduced in 2022. Investments during the year ended at EUR 32m, which comes on top of the EUR 52m investments made last year. Investments this year primarily comprised two renovation projects (hotel Puerto Azul and Hartaguna) acquisition of one new hotel (Castilo del Sol), acquisition of single rooms at existing hotels, and general maintenance-investments in the existing portfolio. Inflation is evident in construction costs, and the company's renovation projects are becoming more expensive and take longer time than initially planned. However, the majority of the EUR 100m investment program is now completed or in the final phase, and there is limited exposure for additional capex inflation and risk.

Servatur will, during the next few years, enter the harvest-phase where earnings on the EUR 100m investment program will start to materialize. Servatur is forecasting a doubling in the company's EBITDA. Servatur will shift focus from growth-investment to operational efficiency to fine-tuning and make the most out of the company's assets. However, growth a component in Servatur's strategic plan, and investment will be pursued.

The nature and location of the business

Servatur Holding AS is a holding company for investments in the Spanish hospitality industry. The company primarily holds the following assets:

- 100% of the equity in Servatur SA – a Spanish hotel company (the main entity in the group)
- 100% of the equity in Servatur Properties SL – a holding company of a single hotel-SPV that is rented to Servatur SA
- Two loans to Servatur SA and Servatur Properties with total principal outstanding amount of EUR 15.5m

The main investment in the group is the Spanish hotel company Servatur SA. Servatur SA is a fully integrated hotel company with focus on operating hotels. As of April 2023, the group operated a total of 2,617 rooms of which 1,540 were owned by the Group and 1,077 rented from various other owners. Average number of employees were 720.

The group's operations take place in the Canary Islands (Spain). 86% of the rooms that the company operates are located in the island of Gran Canaria as of April 2023. The headquarters of Servatur Holding AS is located in Gjøvik, Norway.

Statement of the annual accounts

Turnover in the Group was EUR 56.5m for the financial year 2022/23 (12 months ending April 30th 2023), compared to EUR 39.8m m the prior year. The profit for the year was EUR 9.5m compared to EUR 4.5m in 2021/22. The strong growth is primarily explained by stronger operating performance on the hotel (unit economics) and negatively influenced by government grants received in 2021/22. A large portion of the group's hotels have been closed for operation due to renovation or not yet commenced rental agreements. In total 859 rooms (representing 33% of the portfolio) was closed for operation during 2022/23 and did not generate income.

Total cash flow from operations in the Group was EUR 14.5m (EUR 19.3m in 2021/22), cash flow from investment was EUR 24.3m (EUR 52.4m in 2021/22) and cash flow from financing was EUR 5.9m (EUR 36.9m in 2021/22). The high cash flow to investment primarily relates to renovation-projects of EUR 26.5m (hotel Puerto Azul and Hartaguna). as well as acquisition of one small hotel, acquisition of single rooms, and general maintenance capex. The cash flow from financing was related to issuance of debt for financing of the investments and ordinary repayment of existing loans.

Total assets for the Group at the end of the year was EUR 169.2m, compared to EUR 148.5m in 2021/22. The equity ratio as of 30.04.2023 was 31%, compared to 27% as of 30.04.2022.

The Group's current liabilities amounted to 24% of total liabilities in the Group as of 30.04.23, compared to 20% per 30.04.22. The Group's cash position was EUR 2.0m compared to EUR 9.8m in 2021/22. The Group issued EUR 43m new debt (and simultaneously repaid EUR 19m existing debt) after closing of the financial year 2022/23 meaning the Group's liquidity and financial position is satisfactory (see notes for further details).

Parent company accounts

There has been limited activity in the parent company during the year. Profit is significantly influenced by FX-gain on the NOK-denominated shareholder loan.

The Parent company's revenues were EUR 0, compared to EUR 0 last year. The profit for the year was EUR 1.8m, compared to EUR -1.0m last year. Total assets for the company at the end of the year was EUR 22.2m compared to EUR 21.3m last year. The equity ratio as of 30.04.2023 was 30% compared to 20% last year.

Future development

Servatur is expecting a strong growth and doubling of EBITDA over the next 1-2 years driven by i) phasing-in all hotels in operation and ii) continued market improvement. Servatur will phase in 859 rooms in operation over the next years representing a growth of rooms in operation of 49% compared to 2022/23. Furthermore, the hotel market in the Canary Islands has recovered to pre-covid-19 levels and booking-numbers and market outlook indicate strong growth for the next few years. However, general softer consumer-sentiment, as a consequence of higher inflation and interest rates, might reduce demand to some extent. Servatur will continue to invest in the portfolio to complete ongoing renovation projects. On the medium term, Servatur will pursuing growth through acquisition of rooms at existing hotels, entering into new rental agreements, and acquisition of new hotels. However, Servatur forecast lower investments over the next few years compared to the past few years.

Financial risk

Servatur Holding AS is exposed to financial risk through its NOK-denominated shareholder loan and underlying EUR-denominated assets and cash flows. The risk exposure is not material to the overall financial risk in the Group. The Group has an adequate financial position and generally good access to new credit through Spanish banks and other sources of capital (evident by new €43m bank debt issuance in June 2023, subsequent event).

Credit risk

The company is exposed to changes in interest rates and effect on interest costs and property values. Interest cost is partially hedged through interest rate swaps and fixed-rate loans. In future financings the swap hedging will be the main mitigant. Property values have a natural hedge on interest rates through inflation-adjusted cash flows.

The risk of losses on receivables is considered low and has proven to be so historically despite challenging market conditions.

Liquidity risk

The Group held EUR 2.0m cash as of April 2023. Cash and available undrawn credit facilities and credit-lines per August 2023 was EUR 17.0m.

Continued operations

In accordance with section 3-3a of the Norwegian Accounting Act, it is confirmed that the preconditions for continued operation are present. The assumption is based on a profitable operation, strong growth forecast, and the liquidity position per August 2023 that was improved by the €43m loan issuance in June 2023 (subsequent event). The Group is in a healthy economic position with an adequate financial position.

Performance allocation

The Board of Directors proposes the following allocation of Servatur Holding AS's annual profit:

	Group	Parent
Annual profit	9 528 246	1 767 544
Minority interest	0	0
Majority share	9 528 246	1 767 544
Transfer to other equity (uncovered losses)	9 528 246	1 767 544

Organization and work environment

Servatur acknowledges that the human team is fundamental for the development of the business and is committed to promote equal opportunities, personal development, and good work-life balance. One of Servatur's fundamental principle is to provide all employees with the same opportunities in terms of access to work and professional promotion. Any form of discrimination based on gender, sexual orientation, race, religion, origin, marital or social status is categorically rejected. Personnel whose function involve recruitment or promotion of staff will be guided on their decision-making by objective criteria. To ensure equal treatment the remuneration follows a standard table based on position and hotel-classification, thus no discrimination on gender or cultural equality. Servatur has adopted an Equality Plan with the objective to ensure real and actual equality of opportunities and prevent any type of discrimination between men and women.

Gender balance for the group's total workforce is 53% female, 47% male. Gender balance for executive management positions is 20% female and 80% male. Foreign employees represent 12% of the total workforce. Sick leave was 6%.

On average, an accident occurs every 6th day (64 accidents last year) - lost time accident occur every 10th day (38 accidents last year), and accident without sick leave every 14th day (26 accidents last year).

The parent company does not have any employees.

Environmental impact

Sustainability is embedded in everything we do, ensuring a fair trustworthy and transparent company that strives to help preserve the planet for future generations and improve society and people's well-being.

Scope 1 CO2 emission for the period was 1,015,330 KG (643,820 KG last year). Scope 2 emission is zero because Servatur purchased 100% renewable energy (electricity purchased with Guarantee of Origin, an accreditation issued by the National Commission of Markets and Competition with a guarantee stating that the electricity has been obtained from renewable sources and high-efficiency cogeneration. Scope 3 emission in not measured. Scope 1 and 2 emission is calculated in accordance with the procedure described by the Spanish Ministry for Ecological Transition. The increase in Scope 1 CO2 emission is solely due to increase of guests (CO2 intensity, measured as CO2 equivalent per guest-night, decreased with 20% (from 0,783 Kg Co2 / guest-night to 0,627Kg Co2 / guest-night) from 2021/22 to 2022/23.

The two primary means of making a positive environmental impact are i) continue to purchase electricity with Guarantee of Renewable Origin and ii) invest in solar PVs.

Insurance for the Board of Directors and CEO

The parent company do not insure members of the Board of Directors nor the CEO.

Oslo, Norway
October 9th, 2023

Kai Robert Mikaelsen Chairman	Ivar Erik Tollefsen Director	Erik Gullestad Glæsel Director	Melvin Teigen Director

Financial statements

Income Statement

Parent 2022/2023 Euro	Parent 2021/2022 Euro		Note	Group 2022/2023 Euro	Group 2021/2022 Euro
-	-	Sales revenue	2	56 023 307	35 901 425
-	-	Other income	2	450 820	3 897 693
-	-	**Total income**		**56 474 127**	**39 799 118**
-	-	Raw materials and consumables used		9 016 309	4 390 025
-	-	Employee benefits expense	3	18 999 992	13 342 887
-	-	Depreciation of tangible and intanglible fixed asset	4, 5	2 924 566	3 205 539
120 796	24 742	Other expenses	6	13 864 954	11 946 468
120 796	24 742	Total expenses		44 805 821	32 884 919
(120 796)	**(24 742)**	**Operating profit/loss**		**11 668 306**	**6 914 199**
928 916	625 381	Interest income from group companies		-	-
393	1 028	Other interest income		393	2 660 118
2 607 699	-	Other financial income		2 719 494	-
1 648 550	1 461 261	Other Interest expenses		1 648 550	2 153 544
118	176 966	Other financial expenses		2 621 422	1 644 736
1 888 340	(1 011 818)	Net financial items	7, 14	(1 550 085)	(1 138 162)
1 767 544	**(1 036 560)**	**Result before tax**		**10 118 221**	**5 776 037**
-	-	Tax expense	8	589 975	1 250 142
1 767 544	**(1 036 560)**	**Result of the year**		**9 528 246**	**4 525 895**
-	-	Minority share		-	233 155
1 767 544	(1 036 560)	Majority share		9 528 246	4 292 740
1 767 544	-	Losses prior years		1 767 544	-
-	-	Other equity		7 760 702	4 292 740
-	1 036 560	Loss brought forward		-	-
1 767 544	**(1 036 560)**	**Total brought forward**		**9 528 246**	**4 292 740**

Balance Sheet

Parent 2022/2023 Euro	Parent 2021/2022 Euro	Balance Sheet	Note	Group 2022/2023 Euro	Group 2021/2022 Euro
-	-	Licences, patents etc.	4	23 929	16 255
-	-	Deferred tax asset	8	-	365 729
-	-	Total intangible assets		23 929	381 984
-	-	Land, buildings and other real estate		113 898 805	113 427 722
-	-	Construction in progress		40 143 940	13 344 033
-	-	Total property, plant and equipment	5	154 042 745	126 771 755
5 513 541	5 315 719	Investments in subsidiaries	9	-	-
15 487 114	-	Loans to group companies	10	-	-
-	-	Investments in associated companies		3 000	-
-	-	Investments in shares and other securities		-	3 000
989 968	-	Other receivables	16	6 148 429	4 524 746
21 990 623	5 315 719	Total financial fixed assets		6 151 429	4 527 746
21 990 623	5 315 719	Total non-current assets		160 218 104	131 681 485
-	-	Inventories	11	268 912	221 175
-	-	Total inventories		268 912	221 175
6 400	7 030	Accounts receivables		4 521 665	5 265 004
-	-	Other short-term receivables		2 147 229	902 886
-	-	Tax receivable	8	10 067	606 580
-	15 712 547	Receivables from group companies		-	-
6 400	15 719 577	Total debtors		6 678 961	6 774 470
240 085	224 832	Bank deposits, cash and cash equivalents	12	2 020 735	9 775 752
240 085	224 832	Total Bank deposits, cash and cash equivalents		2 020 735	9 775 752
246 485	15 944 409	Total current assets		8 968 608	16 771 397
22 237 108	21 260 128	Total assets		169 186 712	148 452 882
3 642 096	4 306 588	Share capital	13, 15	3 642 095	4 306 588
4 292 401	3 347 541	Share premium reserve		4 292 401	3 347 541
7 934 497	7 654 129	Total paid-up equity		7 934 497	7 654 129
-	-	Other equity	15	44 074 777	31 871 972
(1 220 021)	(3 382 331)	Uncovered loss		-	-
(1 220 021)	(3 382 331)	Total retained earnings		44 074 777	31 871 972
-	-	Minoritetsinteresser		-	668 986
6 714 476	4 271 798	Total equity		52 009 274	40 195 087
-	-	Deffered tax		407 326	-
-	-	Other provisions		6 480	-
-	-	Total provisions		413 806	-
-	-	Liabilities to financial institutions	16	61 183 916	57 365 968
15 522 633	16 988 330	Other non-current liabilities	16	27 020 449	29 054 309
15 522 633	16 988 330	Total non-current liabilities		88 204 365	86 420 277
-	-	Liabilities to financial institutions	16	9 560 942	6 100 725
-	-	Trade payables		10 098 725	1 299 550
-	-	Public duties payable		772 007	691 972
-	-	Liabilities to group companies		-	24 658
-	-	Other current liabilities		8 127 591	13 720 613
-	-	Total current liabilities		28 559 266	21 837 518
15 522 633	16 988 330	Total liabilities		117 177 437	108 257 795
22 237 108	21 260 128	Total equity and liabilities		169 186 712	148 452 882

Cash flow statement

Parent 2022 / 2023 Euro	Parent 2021 / 2022 Euro		Group 2022 / 2023 Euro	Group 2021 / 2022 Euro
1 767 544	(1 036 560)	Profit/loss before tax	10 118 221	5 776 037
		Tax paid for the period	10 067	
		Ordinary depreciations	2 924 566	3 205 539
(2 607 699)		Other financial income		
		Loss/gain on sale of fixed assets		
		Change in inventory	(47 737)	(149 302)
630	(141)	Change in accounts receivable	943 339	(4 969 184)
		Change in accounts payable	8 799 175	1 192 715
(1 159 814)	(144 021)	Change in other accrual items	(8 193 847)	14 239 382
(1 999 339)	(1 180 722)	Net cash flow from operating activities	14 553 784	19 295 187
		Changes in intangible assets	(7 674)	(1 449)
		Changes in fixed assets	(24 346 424)	(52 388 431)
		Payments from the sales of shares in other companies		
	110 314	Changes in other investments		3 000
-	110 314	Net cash flow from investment activities	(24 354 098)	(52 386 880)
(1 465 697)	16 988 330	Changes in long term liabilities	1 784 088	36 721 273
		Changes in short term liabilities	3 460 217	216 585
2 833 132	(15 712 547)	Changes in intergroup balances		
1 763 993		Changes in share capital	1 763 993	
(1 116 836)		Payments for purchase of minority shares	(1 116 836)	
		Dividend payments		
2 014 592	1 275 783	Net cash flow from financing activities	5 891 462	36 937 858
15 253	205 375	Net change in cash and cash equivalents	(3 908 852)	3 846 165
224 832	19 457	Cash and cash equivalents (bop)	5 929 587	5 929 587
240 085	224 832	Cash and cash equivalents	2 020 735	9 775 752

Notes to the financial statements

Note 1: accounting principles

The financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

Presentation currency and foreign currency translation

The parent company use NOK as the operating currency. The subsidiaries use euro as operating currency. The parent company and the Group's consolidated financial statement are presented in euro. Since the most of the business takes place in the subsidiaries which are using euro as the operating currency, the consolidated financial statement is presented in euro.

Monetary items in NOK are translated into EUR using the exchange rate applicable on the balance sheet date at 11,791. Non-monetary items that are measured at their historical price expressed in a foreign currency are translated into EUR using the average exchange rate per year at 10,5235. Currency differences are shown in the equity.

Basis for consolidation

The Group's consolidated financial statements comprise Servatur Holding AS and companies in which Servatur Holding AS has a controlling interest. A controlling interest is normally obtained when the Group owns more than 50% of the shares in the company and can exercise control over the company. Minority interests are included in the Group's equity. Transactions between group companies have been eliminated in the consolidated financial statement. The consolidated financial statement has been prepared in accordance with the same accounting principles for both parent and subsidiary.

The purchase method is applied when accounting for business combinations. Companies which have been bought or sold during the year are included in the consolidated financial statements from the date when control is achieved and until the date when control ceases.

An associate is an entity in which the Group has a significant influence but does not exercise control the management of its finances and operations (normally when the Group owns 20%-50% of the company). The consolidated financial statements include the Group's share of the profits/losses from associates, accounted for using the equity method, from the date when a significant influence is achieved and until the date when such influence ceases.

When the Group's share of a loss exceeds the Group's investment in an associate, the amount carried in the Group's balance sheet is reduced to zero and further losses are not recognised unless the Group has an obligation to cover any such loss. The cash flow statement is prepared according to the indirect method.

Use of estimates

Preparation of accounts in accordance with the Accounting Principles requires the use of estimates. The management has used estimates and assumptions that have affected assets, liabilities, incomes, expenses and information on potential liabilities in accordance with generally accepted accounting principles in Norway, as described in the notes.

Revenue recognition

The company recognises revenue in the ordinary course of business when control of the goods or services promised to customers is transferred. Services are recognized as income in line with the performance. Income from the sale of services is valued at the fair value of the consideration.

Hedge accounting

The company hedges the interest rate risk of its floating financial liabilities in euros by means of financial interest rate options. Hedging derivates are recognized at fair value, and hedge accounting applies. The gain and loss on the hedging instruments, to the extent that it is an effective hedge, is recognized directly in equity.

Income tax

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on all differences between the book value and tax value of assets and liabilities. Deferred tax is calculated as 25 percent of temporary differences and the tax effect of tax losses carried forward. Deferred tax assets are recorded in the balance sheet when it is more likely than not that the tax assets will be utilized. Taxes payable and deferred taxes are recognized directly in equity to the extent that they relate to equity transactions.

Balance sheet classification

Current assets and short term liabilities consist of receivables and payables due within one year, and items related to the inventory cycle. Other balance sheet items are classified as fixed assets / long term liabilities.

Current assets are valued at the lower of cost and fair value. Short term liabilities are recognized at nominal value.

Fixed assets are valued at cost, less depreciation and impairment losses. Long term liabilities are recognized at nominal value.

Property, plant and equipment

Property, plant and equipment is capitalized and depreciated linearly over the estimated useful life. Significant fixed assets which consist of substantial components with dissimilar economic life have been unbundled; depreciation of each component is based on the economic life of the component. Costs for maintenance are expensed as incurred, whereas costs for improving and upgrading property plant and equipment are added to the acquisition cost and depreciated with the related asset. If carrying value of a non-current asset exceeds the estimated recoverable amount, the asset is written down to the recoverable amount. The recoverable amount is the greater of the net realisable value and value in use. In assessing value in use, the discounted estimated future cash flows from the asset are discounted are used.

The company is renting hotel rooms. The rental agreements are classified as operating leases. Annual rent from operating leases is expendes on an ongoing basis.

Subsidiaries and investment in associates

Subsidiaries and investments in associates are valued at cost in the company accounts. The investment is valued as cost of the shares in the subsidiary, less any impairment losses An impairment loss is recognised if the impairment is not considered temporary, in accordance with generally accepted accounting principles. Impairment losses are reversed if the reason for the impairment loss disappears in a lather period.

Dividends, group contributions and other distributions from subsidiaries are recognised in the same year as they are recognised in the financial statement of the provider. If dividends / group contribution exceed withheld profits after the acquisition date, the excess amount represents repayment of invested capital, and the distribution will be deducted from the recorded value of the acquisition in the balance sheet for the parent company.

Inventories

Inventories are recognised at the lowest of cost and net selling price. The net selling price is the estimated selling price in the case of ordinary operations minus the estimated completion, marketing and distribution costs. The cost is arrived at using the FIFO method and includes the costs incurred in acquiring the goods and the costs of bringing the goods to their current state and location.

Accounts receivable and other receivables

Accounts receivable and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful accounts. Provisions for doubtful accounts are based on an individual assessment of the different receivables. For the remaining receivables, a general provision is estimated based on expected loss.

Cash flow statement

The cash flow statement is presented using the indirect method. Cash and cash equivalents includes cash, bank deposits and other short term, highly liquid investments with maturities of three months or less.

Note 2: Revenues

Per business line	Parent 2022/2023	Parent 2021/2022	Group 2022/2023	Group 2021/2022
Operation of hotels	0	0	53 786 591	35 093 123
Management fee, lease income on owned-not-operated real estate, and other	0	0	808,302	2 236 716
Total	0	0	56 023 307	35 901 425
Geographical distribution				
Gran Canaria	0	0	52 238 633	34 330 384
Tenerife	0	0	2 277 845	1 571 041
Fuerteventura	0	0	1 506 830	0
Total	0	0	56 023 307	35 901 425

Note 3: Personnel expenses, number of employees, remuneration

Payroll expenses	Parent 2022/2023	Parent 2021/2022	Group 2022/2023	Group 2021/2022
Salaries/wages	0	0	14 055 226	8 984 961
Social security fees	0	0	4 719 706	4 202 877
Pension expenses	0	0	0	0
Other social charges	0	0	225 060	155 049
Total	0	0	18 999 992	13 342 887

Benefits to senior executives or members of the board:	CEO	Board	Group - CEO	Group - Board
Salaries/wages	0	0	300 000	0
Other remuneration	0	0	2 000	10 000
Total	0	0	302 000	10 000

Expensed audit fee	2022/2023	2021/2022	2022/2023	2021/2022
Statutory audit fee	44 802	8 088	82 802	30 000
Other assistance	10 328		7 000	4 500
Total	55 130	8 088	89 802	34 500

Number of employees	0	0	720	443

The parent company has no employees and is not obliged to have mandatory occupational. The subsidiaries are foreign and are not covered by the law of mandatory occupational.

Note 4: Intangible fixed assets

	2021/2022	2020/2021
Acquisition cost 01.05	617 914	598 152
Additions	18 059	19 762
Disposals	0	0
Acquisition cost 30.04	635 973	617 914
Acc. Depreciation	617 914	598 152
Acc. impairment	0	0
Reversed impairment	0	0
Book value 30.04	23 929	16 256
Depreciation in the year	10 386	18 311
Impairment in the year	0	0
Reversed impairment this year	0	0
Economic useful life	3 years	
Depreciation plan	Linear	

The group's intangible fixed assets consists of computer applications costs. The future economical advantages related to the assets will benefit the group and the acquisition cost can be measured reliably. The criteria to post these costs in the balance sheet is therefore met.

Note 5: Tangible fixed assets

Servatur Holding AS parent and Group Tangible fixed assets	Land and buildings	Technical installations and other property, plant and equipment	Advances and fixed assets under constructions	Total
Acquisition cost 01.05	113 194 234	22 787 580	13 344 033	149 325 847
Additions	1 972 152	1 869 000	26 799 907	30 641 059
Disposals	0	-541 655	0	-541 655
Acquisition cost 30.04	115 166 386	24 114 925	40 143 940	179 425 251
Acc. Depreciation	-8 857 972	-16 610 301	0	-25 468 273
Acc. impairment	0	85 767	0	85 767
Reversed impairment	0	0	0	
Book value 30.04	106 308 414	7 590 391	40 143 940	154 042 745
Depreciation in the year	1 325 960	1 588 220	0	2 914 180
Impairment in the year	0	0	0	0
Reversed impairment this year	0	0	0	0
Economic useful life	4-50 years	4-10 years	n.a.	n.a.
Depreciation plan	Linear	Linear	n.a.	n.a.

The largest investment-projects during the year were:

- Hotel Puerto Azul renovation and expansion project: EUR 21.9m
- Hotel Hartaguna renovation project: EUR 4.6m
- Acquisition of rooms: EUR 1.9m
- Other investments & acquisitions: EUR 1.8m

Note 6: Other expenses

The Company is renting about 1,077 (1,033 last year) hotel rooms out of the 2,617 (2,109) rooms it operates. The rental agreements are classified as operating leases. Annual rent from operating leases is expensed on an ongoing basis. Expenditure (rent) on these contracts amounted to €4,270,013 in the financial year 2022/23 (€4,080,831 in 2021/22). The weighted-average remaining duration of the rental contracts is 6.5 years.

	Number	Rent 2022/23	Weighted-average remaining duration
Leased hotel rooms	1 077	4,270,013	6.5 years
Owned hotel rooms	11 540	n.a.	n.a.

Note 7: Financial Income and expenses

Financial Income	Parent 2022/2023	Parent 2021/2022	Group 2022/2023	Group 2021/2022
Interest income from group companies	928 916	625 381	0	0
Other interest income	393	1 028	393	2 660 118
Other financial income	2 607 699	0	2 719 494	0
Total financial income	3 537 008	626 409	2 719 887	2 660 118

Other financial income primarily comprise FX gain on the NOK-denominated loan in Servatur Holding AS.

Financial Expenses	Parent 2022/2023	Parent 2021/2022	Group 2022/2023	Group 2021/2022
Interest income from group companies	0	0	0	0
Other interest income	1 648 550	1 461 261	1 648 550	2 153 544
Other financial income	118	176 966	2 621 422	1 644 736
Total financial income	1 648 668	1 638 227	4 269 972	3 798 280

Other interest expenses primarily comprise interest expenses on debt to external lenders.

Note 8: Tax

This year's tax expense	Parent 2022/2023	Parent 2021/2022	Group 2022/2023	Group 2021/2022
Current tax assets	0	0	0	0
Payable tax	0	0	315 302	-606 580
Currency change	0	0	0	10 835
Changes in deffered taxes	0	0	274 672	1 845 887
Total tax expense	0	0	589 975	1 250 142
Payable tax in the balance:	0	0	0	0
Payable tax on this years result	0	0	-315 302	0
Tax receivable from government	0	0	325 369	606 580
Tax receivable in the balance	0	0	10 067	606 580
Taxable income				
Ordinary profit/loss before tax	1 767 544	-1 036 560	10 118 221	5 776 037
Permanent differances	0	0	-5 751 449	-1 284 617
Given/received intra-group contribution	0	0		
Changes temporary differences	-2 863 131	0	5 441 666	-7 244 823
Taxable income	0	-1 036 560	9 808 438	-2 753 403
Temporary differences	2022/2023	2021/2022	2022/2023	2021/2022
Loss carried forward	-3 083 002	-2 671 601	-4 217 686	-3 354 651
Other temporary differences	2 447 751	-3 980	6 482 241	177 540
Foundation deferred tax	-635 251	-2 675 581	2 264 555	-3 177 111
Foundation deferred tax asset, not booked	635 251	2 675 581	635 251	1 714 195
Deferred tax asset	0	0	407 326	-365 729

The deferred tax asset indicated above for the group have been recognised in the balance sheet beause the subsidiaries directors considered that, based on the best estimate of the subsidiaries future result, including certain tax planning measures, it is probable that these assets will be recovered.

Note 9: Investments in subsidiaries and other companies

	Business office	Country	Stake	Voting share
Servatur SA	Calle Doramas 4, 35129 Mogán, Las Palmas	Spain	100%	100%
Hotel Don Miguel SL	Calle Doramas 4, 35129 Mogán, Las Palmas	Spain	100%	100.00%
Servatur Properties SL	Calle Doramas 4, 35129 Mogán, Las Palmas	Spain	100%	100.00%
Taurito Tropical Hotel S.L	Calle Doramas 4, 35129 Mogán, Las Palmas	Spain	100%	100.00%

Shares in subsidiaries are listed for historical cost.

Investments posted by historical cost

Name of the subsidiary	Share-capital	Number of shares	Book value	Equity pr. 30.04.	Annual net profit
Taurito Torpical Hotel S.L	3,000	30	3,000	3,000	0
Servatur SA	100,679	330,094	5,312,583	39,867,509	5,432,730
Hotel Don Miguel SL	3,000	30	3,000	997,099	69,877
Servatur Properties SL	3,000	30	3,137	3,132	-1,276

Taurito Tropical Hotel S.L is not consolidated because the company is not considerd as significantly. The investment is classified as investments in shares and other securities.

Note 10: Intra-group balances

Servatur Holding AS

Receivables	2022/2023	2021/2022
Receivables from group companies	15 487 114	15 712 547
Other receivables	0	7 030
Total	15 487 114	15 719 577

Liabilities	2022/2023	2021/2022
This year's given intra-group contribution	0	0
Other short term liabilities	0	0
Total	0	0

The most significant transactions within the Group are interest on intra company balances and lease of Hotel Don Miguel.

Transactions with related parties correspond to transactions in the normal course of business of the Company and are carried out at market prices, which are similar to those applied to non-related parties.

Note 11: Inventories

	Parent 2022/2023	Parent 2021/2022	Group 2022/2023	Group 2021/2022
Trade goods	0	0	268 912	221 175
Total	0	0	268 912	221 175
Inventories valued at purchased cost	0	0	268 912	221 175
Inventories valued at net realizable value	0	0	0	0
Total	0	0	268 912	221 175

Note 12: Restricted bank deposits, cash in hands, etc.

	Parent 2021/2022	Parent 2020/2021	Group 2021/2022	Group 2020/2021
Restricted funds deposited int the tax deduction account	0	0	0	0
Other bank deposits and cash in hand	240 085	224 832	2 020 735	9 775 752
Total	240 085	224 832	2 020 735	9 775 752

There are no restrictions on the availability of the subsidiaries' cash balance.

Note 13: Share capital and shareholder information

The share capital consists of:

Share class	Number	Nominal value	Book value
Common shares	6 000 000	7,00	42 000 000
B-shares	134 850	7,00	943 950
Total	6 134 850	7,00	42 943 950

Owner	Org.nr	Number of shares	Share class	Ownership
Fredensborg Horeca AS	925 173 851	3 000 000	Common shares	48,90 %
Kai Canari Holding AS	913 025 695	2 400 000	Common shares	39,12 %
Simto AS	984 384 254	600 000	Common shares	9,78 %
Lind Forvaltning AS	989 207 881	92 601	B shares	1,51 %
Raquel Suarez Bernal		11 228	B shares	0,18 %
Michael Lund		11 228	B shares	0,18 %
Carlos Sotelo		11 228	B shares	0,18 %
Carlos Gonzales		8 565	B shares	0,14 %
Total		6 134 850		100,00 %

Common shares carry full economic rights and voting rights.

B-shares carry full economic rights and no voting rights.

Note 14: Financial instruments

The company hedges the interest rate risk of its floating financial liabilities in euros by means of financial interest rate options. Financial instruments has been assessed at fair value. The fair value has been set in accordance with the value observable in the market at the balance sheet date. The last swaps matures in 2034.

	Nominal amount		Fair Value	
Interest rate swap	2022/23	2021/22	2022/23	2021/22
Servatur SA	17 824 259	19 188 332	1 671 969	371 517
Servatur Properties SA	13 365 000	13 500 000	2 002 799	1 232 297
Consolidated	31 189 259	32 688 332	3 674 768	1 603 814

Details of and movements in value adjustments are as follows:

	Opening balance in equity	Income/ (expenses)	Tax effect of income /(expenditures)	Closing balance in equity
Interest rate swap	1 202 860	2 070 954	-517 738	2 756 076

Note 15: Equity and treasury share

Servatur Holding AS	Share capital	Share premium reserve	Other equity	Minority Interest	Total
Equity 30.04.2022	4 306 588	3 347 541	-3 382 331	0	4 271 798
Changes in paid in capital	88 061	1 675 932	0	0	1 763 993
Given intra-group contribution	0	0	0	0	0
Annual net profit	0	0	1 767 544	0	1 767 544
Currency difference	-752 554	-731 072	394 767	0	-1 088 859
Equity 30.04.2023	3 642 095	4 292 401	-1 220 020	0	6 714 476

Servatur Holding AS Group					Total
Equity 30.04.2022	4 306 588	3 347 541	31 871 972	668 986	40 195 087
Currency difference	88 061	1 675 932	0	0	1 763 993
Other equity changes	0	0	1 495 149	0	1 495 149
Reduction minority interest	0	0	784 644	-784 644	0
Sale/pruchase of own shares	0	0	9 528 246	0	9 528 246
Annual net profit	-752 554	-731 072	394 767	115 658	-973 201
Equity 30.04.2023	3 642 095	4 292 401	44 074 778	0	52 009 274

Servatur has a Management Investment Program (MIP) in which the executive management team is invited to acquire B-shares in Servatur Holding AS once per year.

In August 2022, Servatur Holding AS acquired 1.65% of the shares in Servatur SA from the management and thus increased the shareholding to 100%. Simultaneously, Servatur Holding AS issued new class-B shares to finance the acquisition. As of April 30 2023, 5 members of the executive management team held a total of 134,850 shares in Servatur Holding AS.

There are no treasury shares in Servatur Holding AS

Note 16: Receivables, debtors, liabilities, pledged assets and guarantees, etc.

Long term receivables	2022/2023	2021/2022
Other receivables	6 148 429	4 524 746

Breakdown other non-current liabilities

Facility	Type	Outstanding	Interest	Final maturity	Amortization	Mortgage
Fredensborg Horeca AS loan	Shareholder loan	15 522 633	10,0%	2025	Bullet, PIK	No
Seller's credit - Carlota	Seller's credit	2 666 668	6,9%	2030	Yearly (linear)	No
RIC PE	Participative loan	4 970 018	2,0%	2027	Bullet	No
Seller's credit - RIU (hotel Don Miguel)	Seller's credit	2 000 000	2,0%	2024	Yearly (linear)	No
Caballero loan	Share buyback loan	1 521 796	6,0%	2027	Bullet	No
Seller's credit - Puerto Rico	Seller's credit	170 071	2,7%	2024	Yearly (linear)	No
Other		169 263				No
Sum		27 020 449				

- The Fredensborg Horeca AS loan is NOK-denominated.
- The seller’s credit relates to the group’s acquisition of hotels and portfolio of hotel-rooms where part of the acquisition has been financed by a credit to the seller.
- The Caballero loan relates to Servatur SA’s acquisition of own shares from an entity controlled by Mr. Caballero.
- The RIC PE loan is a credit facility established by RIC Private Equity to finance the renovation of Puerto Azul. The loan is a pooled facility from multiple individual investors managed by RIC PE. The interest is minimum of 2% and 15% of the hotel’s EBITDA.
- The Fredensborg Horeca AS loan is a shareholders loan provided by a subsidiary of Fredensborg. The loan carries a 10% interest rate (PIK). The shareholders have guaranteed for this loan.
- "Other" comprise liabilities to employees.

Breakdown liabilities to finance institutions	2022/23	2021/22
Breakdown short/long-term		
Of which long-term	61 183 916	57 365 968
Of which short-term	9 560 942	6 100 725
Total liabilities to finance institutions	70 744 858	63 466 693
Breakdown on maturity date		
2021/22	-	-
2022/23	-	6 100 725
2023/24	9 560 942	6 747 751
2024/25	6 970 745	6 804 675
2025/26	6 754 441	6 011 753
2026/27	6 869 920	-
Subsequent years	40 588 810	37 801 789
Sum	70 744 859	63 466 693
Mortgage coverage		
Liabilities to finance institution with mortgage security	59 542 674	36 460 643
Applicable mortgaged assets' carrying value	115 964 475	62 824 811
Interest rate		
Average cost of debt during the year (including interest rate swaps)	2,7%	2,1%

Liabilities to finance institution comprise a total of 27 facilities from 7 Spanish banks. The facilities comprise mortgage loans, unsecured loans, and RCFs. Interest rates on the loans is a combination of fixed and floating. The company hedges part of the floating interest rate exposure through swaps.

Servatur SA has one loan facility with covenants - the "€18m Don Miguel mortgage facility" with Santander. Covenants are tested on pro-forma consolidated financials of “Don Miguel SL” and “Servatur SA” (except LTV covenant that is only tested based on the legal entity “Don Miguel SL”). See covenants and respective metrics below.

Covenants:	Metric 2022/23	Covenant 2022/23
1: Consolidated debt service coverage ratio	1,67x	1,20x
2: Consolidated net financial expenses coverage ratio	6,04x	4,25x
3: Hotel Don Miguel gross LTV	52,2%	65,0%
4: Consolidated net debt of total assets	43,3%	65,0%

Servatur SA has issued a guarantee to the entity “Don Miguel SL” in related to the "€18m Don Miguel mortgage facility".

Note 17: Conditional outcomes and events after the balance date

In August, Servatur Holding AS acquired 1.65% of the shares in Servatur SA and thus increased the shareholding to 100%. Simultaneously, Servatur Holding AS issued new class-B shares to finance the acquisition.

In June, Servatur signed a EUR 43m mortgage debt facility for hotel Puerto Azul with a Spanish bank to finance €19m refinancing on the asset and the remaining renovation capex. As of August 2023, the group had EUR 17m cash and available credit lines. The liquidity position is adequate.

Note 18: Going concern / continued operations

In accordance with section 3-3a of the Norwegian Accounting Act, it is confirmed that the preconditions for continued operation are present. The assumption is based on a profitable operation, strong growth forecast, and the liquidity position per August 2023 that was improved by the €43m loan issuance in June 2023 (subsequent event). The Group is in a healthy economic position with adequate financial position.

Auditors report

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Servatur Holding AS

Opinion

We have audited the financial statements of Servatur Holding AS (the Company), which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company and the Group comprise balance sheet as at 30 April 2023, income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company and the Group as at 30 April 2023 and their financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other 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 opinion.

Other matters

The financial statements for the year ended 30 April 2023, were approved by the board after the statutory deadlines for approval of the financial statements.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and CEO) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report contains the information required by legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information or that the information required by legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report is consistent with the financial statements and contains the information required by applicable legal requirements.

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Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Oslo, 10 November 2023
ERNST & YOUNG AS

The auditor's report is signed electronically

Kristian Dalby
State Authorised Public Accountant (Norway)

Signaturene i dette dokumentet er juridisk bindende. Dokument signert med "Penneo™ - sikker digital signatur". De signerende parter sin identitet er registrert, og er listet nedenfor.

"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Kristian Dalby
Statsautorisert revisor
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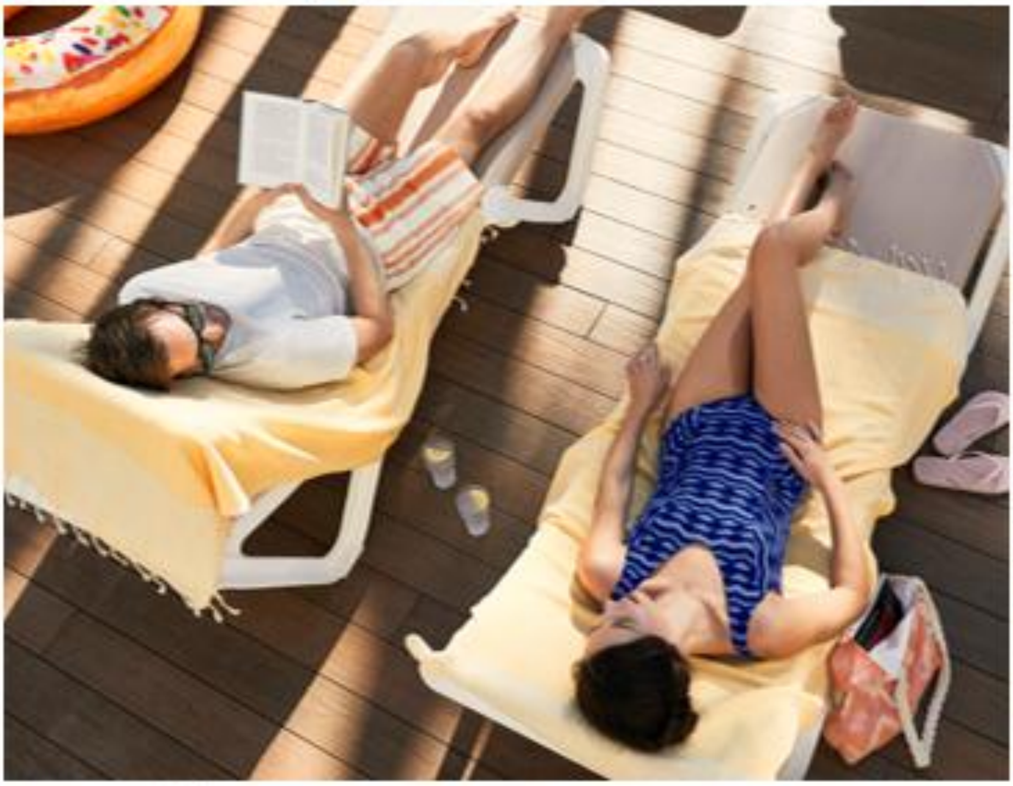

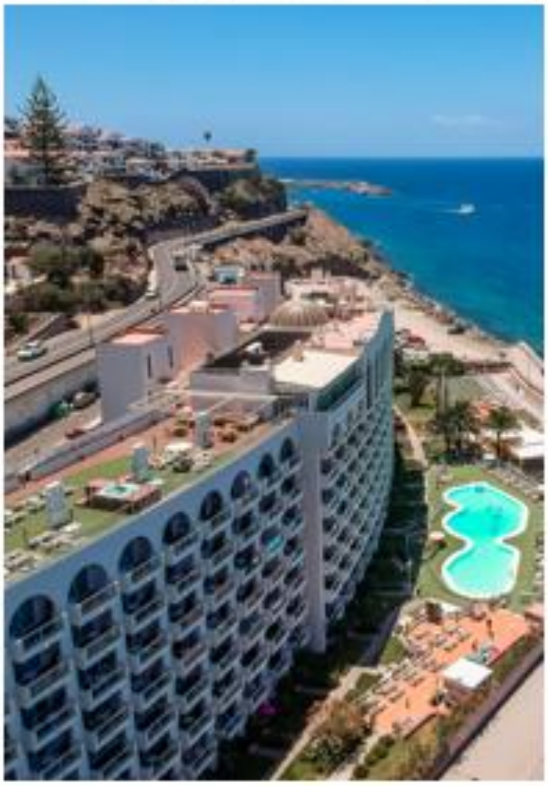

Servatur
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