

SUNBORN LONDON



HALF YEAR FINANCIAL REPORT
1 July – 31 Decemeber 2021
24/2/2022

sunborn

HALF YEAR REPORT 1 July - 31 December 2021
Key Figures

EUR thousand	1 Jul - 31 Dec 2021	1 Jul – 31 Dec 2020	1 Jan - 31 Dec 2021	1 Jan - 31 Dec 2020
Rental income	1 371	1 208	2 712	2 675
Settlement fee	-	4 757	-	4 757
Operating profit	752	5 080	1 226	5 718
Investment property (Yacht hotel)			34 898	36 402
Total Equity			28 072	28 441
Borrowings			24 380	29 307

CEO Hans Niemi

“During the period, Sunborn London received 1.37 MEUR (1.21 MEUR in 2020) in lease income from the Operator, Sunborn International (UK) Ltd. Sunborn London Oyj’s financial performance and debt service capacity is expected to remain stable and the current and future bookings for the Operator are at forecasted levels.

During the second half of 2021 hotel operations under Sunborn International (UK) Ltd exceeded performance expectations, achieving close to 80 % occupancy with operating revenue £4.8 million, EBITDA at 39.5%. Considering the still ongoing pandemic circumstances and absent major events at Excel, these are strong results.

As of 22 September 2021 the Company issued senior secured bonds with nominal amount of EUR 25.5 million to certain qualified institutional investors and on 17th December 2021, the bonds were successfully listed on Nasdaq Helsinki with ISIN N00011099772.”

Financial summary 1 July - 31 December 2021

Sunborn London Oyj (“The Company”) continued to be a SPV with no other purpose than owning and leasing out the Sunborn London yacht hotel. The yacht hotel is leased out to Sunborn International (UK) Ltd, a sister company to the Company, through a bareboat charter agreement with a fixed sum of GBP 195,000 per month in lease.

Rental Income for the reporting period was in line with the renewed bareboat charter agreement 1.37 MEUR (1.21 MEUR).

Book value of the yacht hotel as of 31 December 2021 approximates the fair value of the yacht hotel based on income approach using discounted cash flow analyses. The management has considered the influence of Covid-19 in the fair value and continues to carefully monitor any further consequences of the Covid-19.

As at 22 September 2021 the Company issued senior secured bonds with nominal amount of EUR 25.5 million to certain qualified institutional investors mainly to finance the existing bond with equivalent conditions and covenants in the amount of EUR 24.088 million and to provide additional financing to issuer discount and transaction costs.

Operator Financial summary 1 July – 31 December 2021

Hotel operations under Sunborn International (UK) Ltd performed very well during the second half of 2021, achieving a 78 % occupancy with overall revenue of £ 4.8 million and EBITDA of 39.5% and profit of 12.3%. Considering the ongoing pandemic circumstances and lack of major events in H2 2021 at Excel, these are very strong results.

Highest occupancy was achieved in the month of August with 89% with a Rev-Par for the month at more than double our competition, the best month was September when the only big exhibition of the year was held in Excel Exhibition Center (ADNEC) and turnover was £0.9 million and 40.2% EBITDA with an overall profit of 16.2 %.

Overall performance was consistent month on month until the middle of December with the surge of omicron variant impacting bookings. During the end of the month the business pick up was flat, reducing our forecast by £100K for December. Comparing performance to other competitive set hotels in our area according to STR market reporting, Sunborn outperformed competition in all categories of ADR, Occupancy and RevPar.

The hotel maintains high levels of Guest satisfaction ratings reflected by Trip Advisor ranking 4.5 out of 5, Booking.com rating of 8.3/10, Hotels.com rating of 8.4/10 and Expedia.com of 4.4/5 during the period.

Notable events during and after the end of the reporting period

As at 22 September 2021 the Company issued senior secured bonds with nominal amount of EUR 25.5 million to certain qualified institutional investors mainly to finance the existing bond with equivalent conditions and covenants in the amount of EUR 24.088 million and to provide additional financing to issuer discount and transaction costs. On 17th December, the bonds were successfully listed on Nasdaq Helsinki with ISIN N00011099772.

Looking at operations in 2022, events booked in Excel center for January and February have since been moved further in the year. Pick up looks very healthy from March onwards and we are expecting many new dates to be released for events at Excel during quarter two and three, in the meantime we are continuing our focus on the UK leisure market.

Estimated future development

Despite the obvious challenges of the pandemic, management believes the property will continue successful operations under the current management and Sunborn London Oyj's financial performance and debt service capacity to remain stable.

Positive developments are taking place in the hotel's surrounding area with the imminent opening in June 2022 of the new Elizabeth line cross rail link and the recent relocation of the London Mayor's office to the vicinity of the hotel. Particularly the Cross rail link - Elizabeth Line is expected to increase hotel room demand and ADR development positively.

Short-term risks and uncertainties

The Company's financial risks related to business are market risk including interest rate risk and foreign currency risk, credit risk, liquidity risk and refinancing risk.

The Covid -19 outbreak has severely and negatively affecting the tourism market globally. Prolonged Covid -19 restrictions could further impact the Company's business through continued negative impact on the operator. Prolonged crisis could also in the long-term impact the fair value of the yacht hotel the Company holds as investment property.

The Company is exposed to foreign currency risk through rental receivables and future cash flows arising from the lease contract of the Yacht hotel that is denominated in GBP. The management of the company closely monitors the development of the GBP/EUR exchange rate and aims to protect the Company against unfavorable developments at the group level.

Financial risk management carried out by the management of the Company aims to protect the Company against unfavorable developments in the financial markets and ensure the performance. The management review financial risks on regular basis to manage financial risk position and decide on necessary actions.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)

EUR thousand	Note	1 Jul - 31 Dec 2021	1 Jul - 31 Dec 2020	1 Jan -31 Dec 2021	1 Jan -31 Dec 2020
Rental income from group companies	3, 7	1 371	1 208	2 712	2 675
Other operating income		321	4 822	385	4 886
Depreciation	4	-752	-752	-1 505	-1 505
Other operating expenses		-188	-197	-367	-339
Operating profit		752	5 080	1 226	5 718
Finance income	7	752	799	1 616	1 579
Finance costs		-863	-847	-1 958	-2 082
Finance income and costs, net		-111	-48	-342	-503
Profit before taxes		641	5 032	884	5 214
Income tax expense		115	103	(0)	(0)
Change in deferred tax		-243	-1 109	-177	-1 043
Profit for the period		512	4 025	707	4 171
Total comprehensive income for the period		512	4 025	707	4 171

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET (IFRS)

EUR thousand	Note	31 Dec 2021	31 Dec 2020
Assets			
Non-current assets			
Investment property	4	34 898	36 402
Receivables from group companies	7	21 063	19 777
Cash collateral	6	-	880
Total non-current assets		55 960	57 060
Current assets			
Trade receivables from group companies	7	3 301	3 191
Trade and other receivables		32	21
Cash and cash equivalents		1 405	5 501
Total current assets		4 738	8 713
Total assets		60 699	65 773
Equity and liabilities			
Share capital	5	80	80
Reserve for invested unrestricted equity		600	600
Retained earnings		27 392	27 761
Total equity		28 072	28 441
Liabilities			
Non-current liabilities			
Borrowings	6	23 880	-
Deferred income		-	257
Deferred income tax liabilities		6 826	6 918
Total non-current liabilities		30 705	7 175
Current liabilities			
Trade and other payables		41	10
Payables to group companies	7	1 346	50
Borrowings	6	500	29 307
Deferred income		-	128
Accrued expenses		35	663
Total current liabilities		1 921	30 158
Total liabilities		32 627	37 333
Total equity and liabilities		60 699	65 773

The above balance sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS)

EUR thousand	Share capital	Reserve for invested unrestricted equity	Retained earnings	Total equity
Equity at 1.1.2020	80	600	28 448	29 128
Profit for the period			145	145
Total comprehensive income	0	0	145	145
Equity at 30.6.2020	80	600	28 594	29 274
Equity at 1.7.2020	80	600	28 594	29 274
Profit for the period			4 026	4 026
Total comprehensive income	0	0	4 026	4 026
Transactions with owner:				
Group contribution			-4 858	-4 858
Total contributions by and distributions to owners of the parent, recognised directly in equity	0	0	-4 858	-4 858
Equity at 31.12.2020	80	600	27 761	28 441
Equity at 1.1.2021	80	600	27 761	28 441
Profit for the period			195	195
Total comprehensive income	0	0	195	195
Equity at 30.6.2021	80	600	27 955	28 635
Equity at 1.7.2021	80	600	27 955	28 635
Profit for the period	0	0	512	512
Total comprehensive income	0	0	512	512
Transactions with owner:				
Group contribution			-1 076	-1 076
Total contributions by and distributions to owners of the parent, recognised directly in equity	0	0	-1 076	-1 076
Equity at 31.12.2021	80	600	27 392	28 072

The above statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS (IFRS)

EUR thousand	Note	1 Jan – 31 Dec 2021	1 Jan – 31 Dec 2020
Cash flows from operating activities			
Profit before tax		884	5 214
Adjustments for			
Amortisation of deferred income	4	-385	-128
Depreciation	4	1 505	1 505
Finance income and costs, net		342	503
Change of working capital			
Change in trade and other receivables		-121	86
Change in trade and other payables		-646	674
Net cash flows from operating activities		1 578	7 854
Cash used in investing activities			
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Proceeds from borrowings		25 500	-
Repayment of borrowings		-29 456	-704
Issuer discount		-778	-
Cash deposited on escrow account		880	-
Contribution from/to Sunborn group companies	7	-	-130
Transaction / loan agent costs		-566	-9
Interest and finance costs paid		-1 553	-1 681
Net cash flows from financing activities		-5 973	-2 525
Cash and cash equivalents at the beginning of period		5 501	348
Effects of exchange rate changes on cash and cash equivalents		299	-176
Change in cash and cash equivalents		-4 096	5 153
Cash and cash equivalents at the end of period		1 405	5 501

The above statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

1. General information

Sunborn London Oyj is a public limited liability company (“the Company”) incorporated in Finland. The registered address of Sunborn London Oyj is Juhana Herttuan puistokatu 23, Turku, Finland. Sunborn London Oyj was established on April 30, 2016. Sunborn London Oyj owns a luxury yacht hotel “Sunborn London” docked at Royal Victoria Dock in London (“Yacht hotel”), which it has leased to its sister company Sunborn International (UK) Limited (“Sunborn UK”). In the beginning of the year Sunborn UK took over the operations after the transition from ISS management.

The Yacht hotel is equipped with 138 cabins, including 5 suites, conference and auditorium facilities for up to 100 delegates, restaurant and two bars. The Company had no employees in 2021 and 2020. Sunborn London Oyj’s ultimate parent company Sunborn Oy provides management and administrative services to the Company. Since 2021 Sunborn UK’s sole operations consist of acting as the lessee and operator of the Yacht hotel.

Sunborn International Holding Oy is the parent company of Sunborn London Oyj owning 100 % of the shares of the Company, as well as Sunborn International UK. Sunborn International Holding Oy is a family-owned company based in Finland. Sunborn Group focuses on the development of luxury spa and yacht hotels, restaurants and other high-quality property, and has more than 40 years of experience in the hospitality sector.

2. Summary of significant accounting policies

Basis of preparation

This half year financial report for six months ended 31 December 2021 have been prepared in accordance with International Financial Reporting Standards (IFRS), *IAS 34 interim Financial Reporting*, as adopted by the European Union. The half year financial report is based on the same accounting policies and calculation methods as used in the financial statements for the year 2020, as well as on the new and updated IFRS standards described in the financial statements for the year 2020. However, the half year financial report does not include all the information and notes that are presented in the annual financial statements. As such the half year financial report should be read in conjunction with the financial statements for the year ended 31 December 2020.

The preparation of the half year financial report in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The actual outcomes may differ from these estimates and judgments. The most significant estimates made by the management relating to the accounting policies and uncertainties are the same as applied in the financial statements for the year 2020.

The financial statements are presented in thousands of euros unless otherwise stated. All figures presented have been rounded and consequently the sum of individual figures may deviate from the presented sum figure.

The half year financial report is unaudited.

Going concern

Since March 2020, the spread of the Covid-19 has led to unprecedented and gradually worsening business situation in the hospitality sector all over the world including UK. Covid-19 impacts Sunborn London Oyj's operations through the operator's ability to business operations in a restricted and unpredictable business environment and pay agreed lease payments. Operator Sunborn UK is the sole lessee and the main source of the Group's cash inflows.

Despite of the Covid-19 situation the management is confident the property is well placed to continue operations regardless of the changes in the operating environment. During these difficult times, the Operator has succeeded in managing variable costs. The Operator cash position remains good to continue to meet its commitments under the Bareboat Charter agreement and Sunborn London Oyj to pay the interest and other payments related to bond.

3. Rental income from related parties and other income

The Group's rental income consists of rental income from Sunborn UK with a fixed sum of GBP 195,000 per month in lease. Bareboat charter agreement is in force until terminated by either party subject to six months' prior notice.

Future minimum lease payments are translated at exchange rate prevailing on each balance sheet date as follows:

EUR thousand	31 Dec 2021	31 Dec 2020
Within 1 year	-	651
Between 1 and 2 years	-	-
Between 2 and 3 years	-	-
Between 3 and 4 years	-	-
Between 4 and 5 years	-	-
Later than 5 years	-	-
Total	-	651

Sunborn UK has paid in December 2020 in advance the 3 months' lease payments, so the 2020 table above only reflects the lease payments for 3 months' period. Other operating income in 2020 relates mostly to the one-time settlement exit fee from Sunborn UK due to the termination of contract with ISS.

In 2020 other income relates mostly to the one-time settlement exit fee from Sunborn UK due to the termination of contract with ISS. Other income also relates to payments received from ISS to renovate the yacht hotel and recognized as other income to over the time of the depreciation of the improvements.

4. Investment property

The Group presents as investment property its investment in a Yacht Hotel that is leased out under operating lease and it is operated as Yacht hotel Sunborn London Sunborn International (UK) Ltd. The investment property is carried at cost less any accumulated depreciation and any accumulated losses. Fair value of the yacht hotel as at 31 December 2021 has been estimated to be EUR 35 million (31.12.2020: EUR 37 million). The fair value has been determined based on income approach using discounted cash flow analyses. The fair value measurement is based on unobservable inputs and accordingly, is classified in Level 3 in the fair value hierarchy. The volatility in the fair value is due to the impact of the takeover of the operations from ISS to estimated cash flows and from the fluctuation of the GBP/EUR exchange rate. Fair value of the yacht hotel as at 31, December 2021 approximates the book value of the yacht hotel. The management has considered the impact of Covid-19 in the fair value and continue to carefully monitor any further impact of the Covid-crisis on the fair value and thus possible impairment of the Yacht Hotel.

The Yacht hotel is registered in Finland but located in London, United Kingdom, where it is leased under a Bareboat Charter agreement to Sunborn UK. Sunborn International (UK) Ltd is responsible for the management.

Investment property

EUR thousand	Yacht hotel
Cost at January 1, 2020	45 432
Cost at December 31, 2020	45 432
Accumulated depreciation at January 1, 2020	7 525
Depreciation	1 505
Accumulated depreciation and impairment at December 31, 2020	9 030
Net book value at January 1, 2020	37 907
Net book value at December 31, 2020	36 402
EUR thousand	Yacht hotel
Cost at January 1, 2021	45 432
Cost at December 31, 2021	45 432
Accumulated depreciation at January 1, 2021	9 030
Depreciation	1 505
Accumulated depreciation and impairment at December 31, 2021	10 535
Net book value at January 1, 2021	36 402
Net book value at December 31, 2021	34 898

Rental income and direct operating expenses related to Yacht hotel recognised in the comprehensive income statement are as follows:

EUR thousand	1 Jul – 31 Dec 2021	1 Jul – 31 Dec 2020	1 Jan - 31 Dec 2021	1 Jan - 31 Dec 2020
Rental income	1 371	1 208	2 712	2 675
Direct operating expenses from property that generated rental income	59	57	123	121

5. Equity

Number of the shares has been 200 shares since the establishment of the parent Company. Shares have no nominal value.

6. Borrowings

EUR thousand	31 Dec 2021	31 Dec 2020
Non-current:		
Senior secured bond	23 880	-
Current:		
Senior secured bond	500	29 307
Total	24 380	29 307

As at 22 September 2021 the Company issued senior secured bonds with nominal amount of EUR 25.5 million to certain qualified institutional investors mainly to finance the existing bond with equivalent conditions and covenants in the amount of EUR 24.088 million and to provide additional financing to issuer discount and transaction costs. The existing bond.

The bonds are denominated in euros and mature by 22 September 2024. The bonds are repaid by the Company in 2 small instalments and the remaining amount will be fully redeemed on maturity date at nominal amount. The contractual interest is 5.5% plus 3-month Euribor. The effective interest rate is 7.27 %.

The management estimates that the fair value of the bond payable approximates the carrying amount as it was withdrawn during the year at market terms.

A summary table with maturity of all financial liabilities is presented below. The amounts disclosed in the tables below are the contractual undiscounted cash flows including the interest payments. The interest payments are calculated based on the interest rate level on the balance sheet dates presented.

31 Dec 2021

EUR thousand	< 1 year	1 to 2 years	2 to 3 years	3 to 5 years	Total
Payables to group companies	1 346	-	-	-	1 346
Trade and other payable	41	-	-	-	41
Senior secured bond	500	500	24 500	-	25 500
Senior secured bond, interest payments	1 414	1 386	996	-	3 796
Total	3 301	1 886	25 496	-	30 683

31 Dec 2020

EUR thousand	< 1 year	1 to 2 years	2 to 3 years	3 to 5 years	Total
Payables to group companies	50	-	-	-	50
Trade and other payable	10	-	-	-	10
Senior secured bond	29 307	-	-	-	29 307
Senior secured bond, interest payments	1 030	-	-	-	1 030
Total	30 397	-	-	-	30 397

The bond terms include an asset cover ratio covenant to maintain the market value, an interest cover ratio covenant to maintain profitability and covenant for maintain liquidity for interest payments.

Collaterals and guarantees given

The bonds are secured by a 1st lien mortgage in the Yacht hotel. In addition the security package includes a pledge over shares of Sunborn London Oyj and Sunborn International (UK) Ltd, a pledge granted on Subordinated Loans, Parent loan, intra-group loans, pledged Accounts and other bank accounts held by the Issuer, a floating charge over relevant assets, rights and revenues of the Issuer, an assignment by the Issuer of all rights, titles and interests, under the Bareboat Agreement, including step-in rights for the Trustee, a floating charge granted by the Guarantor creating security over all relevant assets, rights and revenues of the Guarantor and a pledge granted by the Guarantor of the Guarantor's Receivable and any Intra-Group Loans from time to time, an assignment by the Guarantor of any relevant insurances related to the Barge and an on demand guarantee (In Norwegian: "påkravsgaranti").

7. Related parties

Transactions with related parties

Sunborn Oy has transferred as a contribution in kind its business operations relating to the yacht hotel business to Sunborn International Holding Oy, which became the direct owner of the Group on 30 April 2020.

Related parties are the ultimate parent company Sunborn Oy, the direct parent company Sunborn International Holding Oy, other Sunborn Group entities, the board of directors and key management of the Group and the Board of Directors and management of the parent company, together with their close family members, and companies controlled by these individuals.

The following table summarises the Group's transactions and outstanding balances with related parties during or at the end of the years presented:

EUR thousand	1 Jul – 31 Dec 2021			1 Jul – 31 Dec 2020		
	Rental income from the operating lease	Management fee	Interest income	Rental income from the operating lease	Management fee	Interest income
Ultimate parent - Sunborn Oy	-	-45	-	-	-25	-
Parent - Sunborn International Holding Oy	-	-60	682	-	-40	779
Sunborn International Oy	-	-12	-	-	-12	-
Sunborn UK	1 371	-	-	5 966	-	-
Total	1 371	-117	682	5 966	-77	779

EUR thousand	1 Jan – 31 Dec 2021			1 Jan – 31 Dec 2020		
	Rental income from the operating lease	Management fee	Interest income	Rental income from the operating lease	Management fee	Interest income
Ultimate parent - Sunborn Oy	-	-70	-	-	-50	518
Parent - Sunborn International Holding Oy	-	-60	1 286	-	-40	1 041
Sunborn International Oy	-	-24	-	-	-24	-
Sunborn UK	2 712	-	-	7 433	-	-
Total	2 712	-154	1 286	7 433	-114	1 559

EUR thousand	31 Dec 2021		31 Dec 2020	
	Receivables	Liabilities	Receivables	Liabilities
Ultimate parent - Sunborn Oy	-	1 346	-	-
Parent - Sunborn International Holding Oy	21 063	-	19 777	50
Sunborn UK	3 301	-	3 191	-
Total	24 364	1 346	22 968	50

The rental income arises from the Bareboat Charter agreement related to the Yacht hotel with Sunborn UK. This agreement is in force until terminated by either party subject to six months' prior notice. The Group has paid management fee to Sunborn Oy and Sunborn International Oy and received interest income from Sunborn International Holding Oy. The interest income arises from the loan granted to the parent as described below.

The intercompany receivable from the parent company Sunborn International Holding Oy accumulates interest income at 7.3 % p.a. and is recognised as receivable from the parent company. Fair value of the loan receivable approximates its carrying amount, as interest rates have not changed much, and the management estimates that the credit standing of the debtor has not changed significantly from the issue date.

The lease receivables from Sunborn UK amounted to approximately EUR 3.3 million on 31.12.2021 (EUR 3.2 million on 31.12.2020).

Sunborn UK and Sunborn International Holding Oy have guaranteed the senior secured bonds of the Company. Detailed information on the guarantee is described in note 6 Borrowings.

8. Events after the reporting date

2022 Q1 operations have been somewhat impacted by continued Omicron variant related event rescheduling and cancelations, however most events are taking place later in the year or next year. Certain precautions in budgeting have been factored in the H1 budget 2022 and with the current performance to date, overall impact of Omicron is in line with management expectations.

Appendix 1 Sunborn International (UK) Ltd

Sunborn International (UK) Ltd
HALF-YEAR UNAUDITED REPORT 1 July – 31 December 2021

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STATEMENT OF COMPREHENSIVE INCOME (IFRS)

GBP thousand	Note	1 Jul – 31 Dec 2021	1 Jul – 31 Dec 2020	1 Jan -31 Dec 2021	1 Jan -31 Dec 2020
Revenue	3	4,802	5,730	6,559	5,730
Interest Revenue	3	-	524	-	1,072
Other Income		-	57	-	114
Cost of sales		(1,171)	-	(1,457)	-
Depreciation	5	(122)	(114)	(237)	(229)
Bare Boat Charter	4	(1,170)	(4,745)	(2,340)	(4,745)
Administrative expenses		(1,728)	(76)	(2,558)	(99)
Operating profit/(loss)		612	1,376	(32)	1,843
Finance costs		9	(525)	(1)	(1,073)
Profit before taxes		621	851	(33)	770
Income tax expense		-	-	-	-
Change in deferred tax		0	75	-	79
Profit for the period		621	926	(33)	849
Total comprehensive income for the period		621	926	(33)	849

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

BALANCE SHEET

GBP thousand	Note	31 Dec 2021	31 Dec 2020
Assets			
Non-current assets			
Property, plant and equipment	4	344	525
Right-of-use assets	4	488	366
Total non-current assets		832	891
Current assets			
Inventories		89	-
Amounts due from group companies	6	1,230	1,126
Trade and other receivables		119	618
Cash and cash equivalents		2,328	2,787
Total current assets		3,765	4,531
Total assets		4,597	5,422
Equity and liabilities			
Share capital		150	150
Retained earnings		(104)	(71)
Total equity		46	79
Non-current liabilities			
Lease liability	5	398	291
Total non-current liabilities		398	291
Current liabilities			
Trade and other payables		1,037	1,387
Payables to group companies	6	2,770	2,905
Lease liability	5	95	95
Deferred revenue		-	660
Accrued expenses		253	5
Total current liabilities		4,154	5,052
Total liabilities		4,552	5,343
Total equity and liabilities		4,597	5,422

The above balance sheet should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

GBP thousand	Share Capital	Retained Earnings	Total
Equity at 1.1.2020	150	(922)	(772)
Profit for the period		(77)	(77)
Total comprehensive income		(77)	(77)
Equity at 30.6.2020	150	(999)	(849)
Equity at 1.7.2020	150	(999)	(849)
Profit for the period		928	928
Total comprehensive income		928	928
Equity at 31.12.2020	150	(71)	79
Equity at 1.1.2021	150	(71)	79
Profit for the period		(654)	(654)
Total comprehensive income		(654)	(654)
Equity at 30.6.2021	150	(725)	(575)
Equity at 1.7.2021	150	(725)	(575)
Profit for the period		621	621
Total comprehensive income		621	621
Equity at 31.12.2021	150	(104)	46

The above statement of changes in equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOW

	1 Jan to 31 Dec 2021	1 Jan to 31 Dec 2020
Cash flows from operating activities		
(Loss)/Profit	(32)	770
Finance cost	(1)	1,073
Depreciation	237	230
Non-cash item – other income	-	(114)
Non-cash item – lease termination losses	-	394
(Increase)/decrease in inventories	(89)	
(Increase)/decrease in receivables	396	(583)
(Decrease)/increase in payables	(814)	2,022
Interest paid in cash	-	(1,048)
Tax paid in cash	-	-
Net cash utilised in operating activities	<u>(303)</u>	<u>2,744</u>
Cash flows from investing activities		
Acquisition	(40)	-
Disposal	-	-
Net cash from investing activities	<u>(40)</u>	<u>-</u>
Cash flows from financing activities		
Lease receivables	-	1,567
Repayment of lease liabilities	(116)	(1,532)
Net cash utilised in financing activities	<u>(116)</u>	<u>35</u>
Net increase in cash and cash equivalents	(459)	2,779
Cash and cash equivalents at beginning of period	2,787	8
Cash and cash equivalents at end of period	<u>2,328</u>	<u>2,787</u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

1. General information

Sunborn International (UK) Limited ('the company') is a private company limited by share capital incorporated in England under the Companies Act. Its ultimate parent is Sunborn Oy, an undertaking incorporated in Finland. The registered address of Sunborn International (UK) Limited is 24 Old Queen Street, London, United Kingdom.

Sunborn International (UK) Limited ("Sunborn UK") is acting as a charterer for a luxury yacht hotel "Sunborn London" docked at 'at Royal Victoria Dock in London, the UK ("Yacht hotel"), which it is own by its sister company Sunborn London Oyj. The Yacht hotel is equipped with 138 cabins, including 5 suites, conference and auditorium facilities for up to 100 delegates, restaurant and two bars. Since 2021 operations consist of acting as the charterer and operator of the Yacht hotel.

Sunborn International Holding Oy owns 100% of Sunborn UK and Sunborn London Oyj. Sunborn International Holding Oy is a family-owned company based in Finland. Sunborn Group focuses on the development of luxury spa and yacht hotels, restaurants and other high-quality property, and has more than 40 years of experience in the hospitality sector.

2. Summary of significant accounting policies

Basis of preparation

This half year financial report for six months ended 31 December 2021 have been prepared in accordance with International Financial Reporting Standards (IFRS), IAS 34 interim Financial Reporting, as adopted by the European Union. The half year financial report is based on the same accounting policies and calculation methods as used in the financial statements for the year 2020, except for as presented below. The half year financial report does not include all the information and notes that are presented in the annual financial statements. As such the half year financial report should be read in conjunction with the financial statements for the year ended 31 December 2020.

The preparation of the half year financial report in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The actual outcomes may differ from these estimates and judgments. The most significant estimates made by the management relating to the accounting policies and uncertainties are the same as applied in the financial statements for the year 2020.

The financial statements are presented in thousands of pounds sterling unless otherwise stated. All figures presented have been rounded and consequently the sum of individual figures may deviate from the presented sum figure.

The half year financial report is unaudited.

3. Revenue

During the reporting period the company generates revenue from hotel operations.

In 2020 the Company generated interest revenue from the 15 years lease contract with the hotel operator ISS Facility Services Ltd. Before adoption of IFRS 16, the company's revenue consisted of rental income. Revenue during the year 2020 relates mostly to the one-time settlement exit rental fee (5.73 MGBP) due to the termination of contract with ISS.

4. Property, plant and equipment

Property, plant and equipment are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

- Improvements to property 10 years straight line
- Equipment 3 years straight line

GBP thousand	Improvements to property	Right to use asset	Equipment	Total
Cost at January 1, 2020	1,314	561		1,875
Cost at December 31, 2020	1,314	561		1,875
Accumulated depreciation at January 1, 2020	656	98	-	754
Depreciation	133	97	-	230
Accumulated depreciation and impairment at December 31, 2020	789	195	-	984
Net book value at January 1, 2020	658	463	-	1,121
Net book value at December 31, 2020	525	366	-	891
Cost at January 1, 2021	1,314	561	-	1,875
Addition	(52)	222	7	178
Cost at December 31, 2021	1,262	783	7	2,053
Accumulated depreciation at January 1, 2021	789	195	-	984
Depreciation	136	100	2	237
Accumulated depreciation and impairment at December 31, 2021	925	295	2	1,221
Net book value at January 1, 2021	525	366	-	891
Net book value at December 31, 2021	338	489	5	832

5. Lease liabilities

At 31st December 21 the company is committed to £493K in future lease payments which relate to long-term. The carrying amount of the lease liabilities approximate the fair value.

	31 Dec 2021	31 Dec 2020
GBP thousand		
Within 1 year	120	115
Between 1 and 2 years	120	115
Between 2 and 3 years	120	115
Between 3 and 4 years	120	85
Between 4 and 5 years	80	-
Later than 5 years	-	-
Total	560	430
Less unearned interest cost	-67	-44
Lease liabilities	493	386

From 1st January 2021 onwards the Bareboat charter agreement between the hotel operator, Sunborn International (UK) Ltd and the yacht hotel owner, Sunborn London Oyj was on 29th December 2020 renewed with a fixed sum of GBP 195,000 per month. Bareboat Charter agreement is in force until terminated by either party subject to six months' prior notice.

6. Transactions with related parties

The Company's related parties are its parent company Sunborn International Holding Oy, ultimate parent company Sunborn Oy, other Sunborn Group entities, the board of directors and key management of the Company and the Board of Directors and management of the parent company, together with their close family members, and companies controlled by these individuals.

The following table summarises the Company's transactions and outstanding balances with related parties during or at the end of the years presented:

GBP thousand	1 Jul - 31 Dec 2021 Interest cost related to lease liability	1 Jul - 31 Dec 2020 Interest cost related to lease liability	1 Jan -31 Dec 2021 Interest cost related to lease liability	1 Jan -31 Dec 2020 Interest cost related to lease liability
Sunborn London Oyj	-	513	-	1,048
Total	-	513	-	1,048

The lease expenses of the Company arise from a lease contract related to the Yacht hotel with its sister Company, Sunborn London Oyj. The Lease contract ("Bareboat charter agreement") is in force until terminated by either party subject to six months' prior notice. The lease expense charged to the income statement was as follows:

GBP thousand	1 Jul - 31 Dec 2021 Bareboat Charter	1 Jul - 31 Dec 2020 Bareboat Charter	1 Jan -31 Dec 2021 Bareboat Charter	1 Jan -31 Dec 2020 Bareboat Charter
Sunborn London Oyj	1,170	4,745	2,340	4,745
Total	1,170	4,745	2,340	4,745

GBP thousand	31 Dec 2021		31 Dec 2020	
	Receivables	Liabilities	Receivables	Liabilities
Sunborn London Oyj	-	2,770	-	2,869
Sunborn International Oy	1,126	-	1,126	-
Sunborn International Holding Oy	100	-	-	36
Sunborn Gibraltar Limited	3	-	-	-
Total	1,229	2,770	1,126	2,905

7. Events after the reporting date

Nothing to report.