

# SUNBORN LONDON



**HALF YEAR FINANCIAL REPORT**  
**1 January – 30 June 2022**  
**22/8/2022**

**sunborn**

**HALF YEAR REPORT 1 January - 30 June 2022**

**Key Figures – Sunborn London Oyj**

	H1/2022 1 Jan - 30 Jun 2022	H1/2021 1 Jan - 30 Jun 2021	1 Jan - 31 Dec 2021
EUR thousand			
Rental income	1 405	1 341	2 712
Operating profit	466	474	1 226
Investment property (Yacht hotel)	34 145	35 650	34 898
Total Equity	28 212	28 635	28 072
Borrowings	24 572	24 038	24 380

**Key Figures – Operator Sunborn International (UK) Ltd**

	H1/2022 1 Jan - 30 Jun 2022	H1/2021 1 Jan - 30 Jun 2021	1 Jan - 31 Dec 2021
EUR thousand			
Revenue	4 764	1 757	6 559
EBITDAR	1 816	641	2 545

**CEO Hans Niemi**

“Solid performance in H1 despite some impacts from pandemic. During H1, Sunborn London lease income from the Operator, Sunborn International (UK) Ltd, was according to budget 1.4 MEUR (1.3 MEUR) and financial performance and debt service capacity of the Issuer continue at robust levels.

Hotel operations under Sunborn International (UK) Ltd exceeded management performance expectations with operating revenue increasing 171 % to £4.76 million (£1.76M) with strong growth in occupancy and EBITDAR to £1.82M (£0.64). Overall, H1 demonstrated outstanding performance and direction under Sunborn management.”

**Financial summary 1 January - 30 June 2021 – Sunborn London Oyj**

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 currently.

Rental Income for the reporting period was in line with the bareboat charter agreement 1.40 MEUR (1.34 MEUR). Operating costs were in line with previous year despite the additional costs related to listing of new bonds.

Book value of the yacht hotel as of 30 June 2022 approximates the fair value of the yacht hotel based on income approach using discounted cash flow analyses.

### Operator Financial summary 1 January – 30 June 2022

The year started with threat of the Omicron variant remaining from Q4 2021. Among other impacts, London Excel’s well booked events were cancelled for January & February causing hotel room cancellations. Despite the closure of one of our largest business sources, H1 finished with good results. H1 occupancy boasted +182 % YoY growth. Overall H1 ADR increased 41 % over 2021 figures.

Good H1 results were achieved through proactive revenue management combined with marketing strategies relying on our depth of client relationship. Careful analysis of our Pick-up and Pace reports in Q3/4 2021 helped take action to build business on the books successfully mitigating what became a slow start for many other London hotels. We were able to keep our commission payments steady through a direct book marketing strategy.

### KPI's for H1 2022 vs. H1 2021

	Overall H1 2022	Overall H1 2021	Diff
Total Revenue M€	£4.764	£1.757	+171%
EBITDAR M€	£1.816	£0.641	+183%
<i>Revenue split</i>			
Rooms Revenue	59%	41%	18%
Food and Beverage	31%	21%	10%
Other	10%	38%	-28%
<b>YoY change %</b>			
	<b>Overall H1 2022</b>		
ADR	+41%		
Occupancy %	+182%		
RevPar	+170%		

**Commentary:**

Overall H1 performance exceeded expectations with operating revenue increasing to £4.8 million (£1.8M) with strong YoY growth in occupancy and EBITDAR to £1.8M (£0.6). The YoY growth is explained predominantly by Covid impact on last year and strong demand this year.

Bookings in Jan and Feb were impacted negatively due to Omicron related cancellations. The market disruption dissipated in mid-February and period from March to May was outstanding, in line with expectations. June achieved all time highest revenue for both – rooms, and food and beverage - totaling £1,16M. F&B split was higher than normal, impacted by the still below average occupancy in January and February, however exceeding expectations from March to June.

ADR, Occupancy and RevPar are extraordinarily high compared to YoY as H1 2021 was practically closed for business due to COVID.

Q2 occupancy remained consistently high notwithstanding the usual January trough, but with a higher growth in ADR. We yielded rooms over this period and pushed ADR up over key dates. By identifying the high demands in advance and applying high-rate strategies, we were able to deliver record figures in May and June buoyed by specific events taking place in London over this period, including the festivities around the Queen’s jubilee in June and our own internal initiatives to grow F&B spend per guest.

The industry faces further challenges with supply chains, a cost-of-living crisis, increased cost across all suppliers and chronic staff shortages being experienced throughout hospitality, especially in London. The commencement of the war in Ukraine in February had a significant impact on supply cost due to an immediate and dramatic impact on fuel cost.

As with all hospitality business, our ability to recruit and retain staff is under pressure with higher salary expectations being sought from existing personnel. As a result, we increased our staff salaries to compensate for the rise in inflation and to provide an added incentive to retain key staff. Despite these challenges we kept our wages consistent at 28% in H1.

When compared to our immediate competitive set that includes the global brands: Marriot, IHG, Hilton and Accor, we posted favourable trading figures resulting in a +16.2 % higher occupancy and +£ 2.05 higher ADR. This returned an impressive RevPar increase against our neighbors' of +£ 26.47.

In summary H1 EBITDAR increased to 38 % and net profit was a healthy 11 %. Overall, H1 demonstrated outstanding performance and direction under Sunborn management.

### **Notable events during and after the end of the reporting period**

Hotel operations in January and February were somewhat impacted by continued Omicron variant related event rescheduling and cancellations, however most events have been moved and are taking place later in the year or next year. H2 period has started out positively with anticipated major events taking place in Excel and continuation of our good leisure segment performance, particularly in weekend business and related strong F&B.

### **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. Transfer of management from ISS group to Sunborn has proven to be a success even more so considering the challenging market conditions around Covid-19.

The new Elizabeth line cross rail link opened in May 2022 offering a major improvement in public transport connections for the hotel. Management expects the Elizabeth Line to increase hotel room demand and ADR development. The London Mayor's office moved to the vicinity of the hotel and is positively raising awareness of the destination.

### **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 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.

Continued UK inflationary pressure may cause significant increases in cost of materials and labour, consequently requiring faster than expected price development for our sales and short-term fluctuations in profit margins as the business adapts to volatile market conditions.

The war in Ukraine is not estimated to have a direct impact on the company's operations.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)**

EUR thousand	Note	1 Jan - 30 Jun 2022	1 Jan – 30 Jun 2021	1 Jan -31 Dec 2021
Rental income from group companies	3, 7	1 405	1 341	2 712
Other operating income		0	64	385
Depreciation	4	-752	-752	-1 505
Other operating expenses		-187	-179	-367
<b>Operating profit</b>		<b>466</b>	<b>474</b>	<b>1 226</b>
Finance income	7	722	864	1 616
Finance costs		-1 012	-1 094	-1 958
Finance income and costs, net		-290	-231	-342
<b>Profit before taxes</b>		<b>175</b>	<b>243</b>	<b>884</b>
Income tax expense		-107	-115	(0)
Change in deferred tax		72	67	-177
<b>Profit for the period</b>		<b>140</b>	<b>195</b>	<b>707</b>
<b>Total comprehensive income for the period</b>		<b>140</b>	<b>195</b>	<b>707</b>

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

CONSOLIDATED BALANCE SHEET (IFRS)

EUR thousand	Note	30 Jun 2022	31 Dec 2021	30 Jun 2021
<b>Assets</b>				
<b>Non-current assets</b>				
Investment property	4	34 145	34 898	35 650
Receivables from group companies	7	21 785	21 063	20 381
<b>Total non-current assets</b>		<b>55 930</b>	<b>55 960</b>	<b>56 031</b>
<b>Current assets</b>				
Trade receivables from group companies	7	3 232	3 301	3 227
Other receivables	6	13	32	897
Cash and cash equivalents		1 259	1 405	98
<b>Total current assets</b>		<b>4 504</b>	<b>4 738</b>	<b>4 222</b>
<b>Total assets</b>		<b>60 433</b>	<b>60 699</b>	<b>60 253</b>
<b>Equity and liabilities</b>				
Share capital	5	80	80	80
Reserve for invested unrestricted equity		600	600	600
Retained earnings		27 532	27 392	27 955
<b>Total equity</b>		<b>28 212</b>	<b>28 072</b>	<b>28 635</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Borrowings	6	24 072	23 880	-
Deferred income		-	-	257
Deferred income tax liabilities		6 753	6 826	6 851
<b>Total non-current liabilities</b>		<b>30 826</b>	<b>30 705</b>	<b>7 108</b>
<b>Current liabilities</b>				
Borrowings	6	500	500	24 038
Trade and other payables		1	41	269
Payables to group companies	7	756	1 346	15
Deferred income		-	-	64
Accrued expenses		139	35	123
<b>Total current liabilities</b>		<b>1 396</b>	<b>1 921</b>	<b>24 509</b>
<b>Total liabilities</b>		<b>32 221</b>	<b>32 627</b>	<b>31 618</b>
<b>Total equity and liabilities</b>		<b>60 433</b>	<b>60 699</b>	<b>60 253</b>

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
<b>Equity at 1.1.2021</b>	80	600	27 761	<b>28 441</b>
Profit for the period			195	195
<b>Total comprehensive income</b>	0	0	195	195
<b>Equity at 30.6.2021</b>	80	600	27 955	<b>28 635</b>
<b>Equity at 1.7.2021</b>	80	600	27 955	<b>28 635</b>
Profit for the period			512	512
<b>Total comprehensive income</b>	0	0	512	512
Transactions with owner:				
Group contribution net of tax			-1 076	-1 076
<b>Total contributions by and distributions to owners of the parent, recognised directly in equity</b>	0	0	-1 076	-1 076
<b>Equity at 31.12.2021</b>	80	600	27 392	<b>28 072</b>
<b>Equity at 1.1.2022</b>	80	600	27 392	<b>28 072</b>
Profit for the period			140	140
<b>Total comprehensive income</b>	0	0	140	140
<b>Equity at 30.6.2022</b>	80	600	27 532	<b>28 212</b>

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 – 30 Jun 2022	1 Jan – 30 Jun 2021	1 Jan – 31 Dec 2021
<b>Cash flows from operating activities</b>				
Profit before tax		175	243	884
Adjustments for				
Amortisation of deferred income	4	0	-64	-385
Depreciation	4	752	752	1 505
Finance income and costs, net		290	231	342
Change of working capital				
Change in trade and other receivables		88	-636	-121
Change in trade and other payables		-39	160	-646
<b>Net cash flows from operating activities</b>		<b>1 267</b>	<b>686</b>	<b>1 578</b>
<b>Cash used in investing activities</b>				
<b>Net cash flows used in investing activities</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flows used in financing activities</b>				
Proceeds from borrowings		-	-	24 723
Repayment of borrowings		-	-5 368	-29 456
Cash deposited on escrow account		-	-	880
Contribution from/to Sunborn group companies	7	-590	-	-
Transaction / loan agent costs		0	-7	-566
Interest and finance costs paid		-711	-714	-1 553
<b>Net cash flows used in financing activities</b>		<b>-1 301</b>	<b>-6 089</b>	<b>-5 973</b>
Cash and cash equivalents at the beginning of period		1 405	5 501	5 501
Effects of exchange rate changes on cash and cash equivalents		-112	0	299
<b>Change in cash and cash equivalents</b>		<b>-146</b>	<b>-5 403</b>	<b>-4 096</b>
<b>Cash and cash equivalents at the end of period</b>		<b>1 259</b>	<b>98</b>	<b>1 405</b>

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



## NOTES TO THE FINANCIAL STATEMENTS (IFRS)

### 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 2021 Sunborn UK took over the operations after the transition from ISS management.

The Yacht hotel is equipped with 138 cabins, including five suites, conference and auditorium facilities for up to 200 delegates, restaurant and two bars. The Company had no employees in 2022 and 2021. 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 30 June 2022 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 2021, as well as on the new and updated IFRS standards described in the financial statements for the year 2021. 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 2021.

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 2021.

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.

### 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. Rental income relates to investment property, see note 4 for detail.

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

EUR thousand	30 Jun 2022	30 Jun 2021	31 Dec 2021
Within 1 year	1 363	1 364	1 392
Between 1 and 2 years	-	-	-
Between 2 and 3 years	-	-	-
Between 3 and 4 years	-	-	-
Between 4 and 5 years	-	-	-
Later than 5 years	-	-	-
<b>Total</b>	<b>1 363</b>	<b>1 364</b>	<b>1 392</b>

Other income in 2021 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 30 June 2022 has been estimated to be EUR 35 million (31.12.2021: EUR 35 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 estimated cash flows and from the fluctuation of the GBP/EUR exchange rate. Fair value of the yacht hotel as at 30, June 2022 approximates the book value 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, 2021	45 432
<b>Cost at June 30, 2021</b>	<b>45 432</b>
Accumulated depreciation at January 1, 2021	9 030
Depreciation	752
<b>Accumulated depreciation and impairment at June 30, 2021</b>	<b>9 781</b>
Net book value at January 1, 2021	36 402
Net book value at June 30, 2021	35 650

EUR thousand	Yacht hotel
Cost at July 1, 2021	45 432
<b>Cost at December 31, 2021</b>	<b>45 432</b>

Accumulated depreciation at July 1, 2021	9 781
Depreciation	752
<b>Accumulated depreciation and impairment at December 31, 2021</b>	<b>10 535</b>
Net book value at July 1, 2021	35 650
Net book value at December 31, 2021	34 898

EUR thousand	Yacht hotel
Cost at January 1, 2022	45 432
<b>Cost at June 30, 2022</b>	<b>45 432</b>
Accumulated depreciation at January 1, 2022	10 535
Depreciation	752
<b>Accumulated depreciation and impairment at June 30, 2022</b>	<b>11 287</b>
Net book value at January 1, 2022	34 898
Net book value at June 30, 2022	34 145

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

EUR thousand	1 Jan – 30 Jun 2022	1 Jan – 30 Jun 2021	1 Jan – 31 Dec 2021
Rental income	1 405	1 341	2 712
Direct operating expenses from property that generated rental income	54	64	123

## 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	30 Jun 2022	31 Dec 2021	30 Jun 2021
Non-current:			
Senior secured bond	24 072	23 880	-
Current:			
Senior secured bond	500	500	24 038
<b>Total</b>	<b>24 572</b>	<b>24 380</b>	<b>24 038</b>

At 22 September 2021 the Company repaid maturing senior secured bonds with nominal amount of EUR 24.088 million and issued senior secured bonds with nominal amount of EUR 25.5 million to certain qualified institutional investors mainly to refinance the maturing bonds with equivalent terms and conditions.

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 within a 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.

30 Jun 2022					
EUR thousand	< 1 year	1 to 2 years	2 to 3 years	3 to 5 years	Total
Payables to group companies	756	-	-	-	756
Trade and other payable	1	-	-	-	1
Senior secured bond	500	500	24 500	-	25 500
Senior secured bond, interest payments	1 401	1 384	337	-	3 122
<b>Total</b>	<b>2 658</b>	<b>1 884</b>	<b>24 837</b>	<b>-</b>	<b>29 379</b>

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
<b>Total</b>	<b>3 301</b>	<b>1 886</b>	<b>25 496</b>	<b>-</b>	<b>30 683</b>

30 Jun 2021					
EUR thousand	< 1 year	1 to 2 years	2 to 3 years	3 to 5 years	Total
Payables to group companies	15	-	-	-	15
Trade and other payable	269	-	-	-	269
Senior secured bond	24 088	-	-	-	24 088
Senior secured bond, interest payments	328	-	-	-	328
<b>Total</b>	<b>24 700</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24 700</b>

*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").

The bond terms include an asset cover ratio of minimum 120.0 % to maintain the market value to adjusted financial indebtedness, an interest cover ratio covenant of EBITDA to net finance charges of no less than 1.10:1.00 to maintain profitability and the covenant for maintain liquidity in an amount exceeding the aggregate amount of six months of interests. The financial covenants are measured semi-annually, and the Company has not breached the covenant.

**7. Related parties**

**Transactions with related parties**

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 Jan – 30 Jun 2022			1 Jan – 30 Jun 2021		
	Rental income from the operating lease	Management fee	Interest income	Rental income from the operating lease	Management fee	Interest income
Ultimate parent - Sunborn Oy	-	-26	-	-	-25	-
Parent - Sunborn International Holding Oy	-	-	722	-	-	603
Sunborn International Oy	-	-12	-	-	-12	-
Sunborn UK	1 405	-	-	1 341	-	-
<b>Total</b>	<b>1 405</b>	<b>-38</b>	<b>722</b>	<b>1 341</b>	<b>-37</b>	<b>603</b>

EUR thousand	1 Jan – 31 Dec 2021		
	Rental income from the operating lease	Management fee	Interest income
Ultimate parent - Sunborn Oy	-	-70	-
Parent - Sunborn International Holding Oy	-	-60	1 286
Sunborn International Oy	-	-24	-
Sunborn UK	2 712	-	-
<b>Total</b>	<b>2 712</b>	<b>-154</b>	<b>1 286</b>

EUR thousand	30 Jun 2022		31 Dec 2021		30 Jun 2021	
	Receivables	Liabilities	Receivables	Liabilities	Receivables	Liabilities
Ultimate parent - Sunborn Oy	-	756	-	1 346	-	15
Parent - Sunborn International Holding Oy	21 785	-	21 063	-	20 381	-
Sunborn International Oy	-	-	-	-	-	15
Sunborn UK	3 232	-	3 301	-	3 227	-
<b>Total</b>	<b>25 017</b>	<b>756</b>	<b>24 364</b>	<b>1 346</b>	<b>23 608</b>	<b>30</b>

The rental income arises from a lease contract related to the Yacht hotel with Sunborn UK. The Bareboat charter agreement is in force until terminated by either party subject to six months' prior notice.

The Group has paid management fee to Sunborn Oy, Sunborn International Holding 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 matures in September 2026, however subject to the occurrence of certain events in the bond terms receivable mature and become immediately due. The loan receivable 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 it was given to the parent in September 2021 and carries interest rate based on market rate. The management estimates that the credit standing of the debtor has not changed significantly from the issue date.

Payable to Sunborn Oy relates to group contribution 2021 and will be paid/offset during financial year 2022.

The lease receivables from Sunborn UK amounted to approximately EUR 3.2 million on 30.6.2022 (EUR 3.3 million on 31.12.2021).

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**

Continued inflationary pressure may continue to effect energy expenditure and to increase cost of materials and labour.

Appendix 1 Sunborn International (UK) Ltd

Sunborn International (UK) Ltd  
HALF-YEAR UNAUDITED REPORT 1 January – 30 June 2022

## STATEMENT OF COMPREHENSIVE INCOME (IFRS)

GBP thousand	Note	1 Jan – 30 Jun 2022	1 Jan - 30 Jun 2021	1 Jan – 31 Dec 2021
Revenue	3	4,764	1,757	6,559
Cost of sales		(1,033)	(236)	(1,475)
Depreciation	5	(118)	(115)	(237)
Bare Boat Charter	4	(1,170)	(1,170)	(2,340)
Administrative expenses		(1,915)	(879)	(2,539)
<b>Operating profit/(loss)</b>		<b>528</b>	<b>(644)</b>	<b>(32)</b>
Finance costs		(14)	(10)	(1)
<b>Profit before taxes</b>		<b>514</b>	<b>(654)</b>	<b>(33)</b>
<b>Profit for the period</b>		<b>514</b>	<b>(654)</b>	<b>(33)</b>
<b>Total comprehensive income for the period</b>		<b>514</b>	<b>(654)</b>	<b>(33)</b>

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



**BALANCE SHEET**

GBP thousand	Note	30-Jun-22	30-Jun-21	31-Dec-21
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	4	277	390	344
Right-of-use assets	4	438	317	488
<b>Total non-current assets</b>		<b>715</b>	<b>707</b>	<b>832</b>
<b>Current assets</b>				
Inventories		90	89	89
Amounts due from group companies	6	1,226	1,126	1,230
Trade and other receivables		404	283	119
Cash and cash equivalents		3,163	1,147	2,328
<b>Total current assets</b>		<b>4,883</b>	<b>2,645</b>	<b>3,765</b>
<b>Total assets</b>		<b>5,598</b>	<b>3,352</b>	<b>4,597</b>
<b>Equity and liabilities</b>				
Share capital		150	150	150
Retained earnings		410	(725)	(104)
<b>Total equity</b>		<b>560</b>	<b>(575)</b>	<b>46</b>
<b>Non-current liabilities</b>				
Lease liability	5	348	241	398
<b>Total non-current liabilities</b>		<b>348</b>	<b>241</b>	<b>398</b>
<b>Current liabilities</b>				
Trade and other payables		1,499	787	1,037
Payables to group companies	6	2,692	2,734	2,770
Lease liability	5	98	97	95
Accrued expenses		401	68	253
<b>Total current liabilities</b>		<b>4,690</b>	<b>3,686</b>	<b>4,154</b>
<b>Total liabilities</b>		<b>5,038</b>	<b>3,927</b>	<b>4,552</b>
<b>Total equity and liabilities</b>		<b>5,598</b>	<b>3,352</b>	<b>4,597</b>

STATEMENT OF CHANGES IN EQUITY

GBP thousand	Share Capital	Retained Earnings	Total
Equity at 1.1.2022	150	(104)	46
Profit for the period	-	514	514
<b>Total comprehensive income</b>	<b>-</b>	<b>514</b>	<b>514</b>
<b>Equity at 30.6.2022</b>	<b>150</b>	<b>410</b>	<b>560</b>
Equity at 1.1.2021	150	(71)	79
Loss for the period	-	(654)	(654)
<b>Total comprehensive income</b>	<b>-</b>	<b>(654)</b>	<b>(654)</b>
<b>Equity at 30.6.2021</b>	<b>150</b>	<b>(725)</b>	<b>(575)</b>
Equity at 1.1.2021	150	(71)	79
Profit for the period	-	(33)	(33)
<b>Total comprehensive income</b>	<b>-</b>	<b>(33)</b>	<b>(33)</b>
<b>Equity at 31.12.2021</b>	<b>150</b>	<b>(104)</b>	<b>46</b>

**STATEMENT OF CASH FLOW**

GBP thousand	1 Jan to 30 Jun 2022	1 Jan to 30 Jun 2021	1 Jan to 31 Dec 2021
<b>Cash flows from operating activities</b>			
(Loss)/Profit	514	(654)	(33)
Finance cost	14	10	1
Depreciation	118	115	237
(Increase)/decrease in inventories	(1)	(89)	(89)
(Increase)/decrease in receivables	(282)	335	395
(Decrease)/increase in payables	533	(1,369)	(898)
Interest paid in cash	(14)	(10)	-
<b>Net cash utilised in operating activities</b>	<b>882</b>	<b>(1,662)</b>	<b>(387)</b>
<b>Cash flows from investing activities</b>			
Acquisition	(11)	(15)	(178)
Disposal	12	85	
<b>Net cash from investing activities</b>	<b>1</b>	<b>70</b>	<b>(178)</b>
<b>Cash flows from financing activities</b>			
Repayment of lease liabilities	(47)	(48)	107
<b>Net cash utilised in financing activities</b>	<b>(47)</b>	<b>(48)</b>	<b>107</b>
Net increase in cash and cash equivalents	836	(1,640)	(459)
Cash and cash equivalents at beginning of period	2,328	2,787	2,787
<b>Cash and cash equivalents at end of period</b>	<b>3,164</b>	<b>1,147</b>	<b>2,328</b>

## 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 hotel operations of the Yacht hotel Sunborn London was run by management company ISS Facility Services Ltd ("ISS") in accordance with a lease contract between ISS and Sunborn UK International until the end of year 2020. The Yacht hotel is equipped with 138 cabins, including 5 suites, conference and auditorium facilities for up to 100 delegates, restaurant and two bars. Until the end of year 2020 Sunborn UK's sole operations consisted of acting as the lessee and lessor of the Yacht hotel. Since 2021 operations consist of acting as the charterer and operator of the Yacht hotel. On 31<sup>st</sup> December 2020 ISS agreement was terminated and Sunborn UK took over the operations.

On 30<sup>th</sup> April, 2020 Sunborn Oy, the ultimate parent company of Sunborn UK and Sunborn London Oyj, transferred its ownerships in both companies to a newly established company Sunborn International Holding Oy, which thus became a new parent company of Sunborn UK owning 100 % of the shares of the Company, as well as 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 30 June 2022 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 2021, 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 2021.

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 2021.

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.

**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 1.1.2022	1,262	783	7	2,052
Addition	3	-	8	11
Disposal	(12)	-	-	(12)
<b>Cost at 30.6.2022</b>	<b>1,253</b>	<b>783</b>	<b>15</b>	<b>2,051</b>
Accumulated depreciation at 1.1.2022	924	292	1	1,217
Depreciation	63	52	3	118
<b>Accumulated depreciation and impairment at 30.6.2022</b>	<b>987</b>	<b>344</b>	<b>4</b>	<b>1,335</b>
Net book value at 1.1.2022	337	490	6	833
<b>Net book value at 30.6.2022</b>	<b>267</b>	<b>438</b>	<b>11</b>	<b>715</b>
Cost at 1.1.2021	1,314	561	-	1,875
Addition	-	-	15	15
Disposal	(85)	-	-	(85)
<b>Cost at 30.6.2021</b>	<b>1,229</b>	<b>561</b>	<b>15</b>	<b>1,805</b>
Accumulated depreciation at 1.1.2021	789	195	-	984
Depreciation	66	48	-	115
<b>Accumulated depreciation and impairment at 30.6.2021</b>	<b>855</b>	<b>243</b>	<b>-</b>	<b>1,098</b>
Net book value at 1.1.2021	525	366	-	891
<b>Net book value at 30.6.2021</b>	<b>374</b>	<b>318</b>	<b>15</b>	<b>707</b>
Cost at 1.1.2021	1,314	561	-	1,875
Addition	(52)	222	7	177
Disposal	-	-	-	-
<b>Cost at 31.12.2021</b>	<b>1,262</b>	<b>783</b>	<b>7</b>	<b>2,052</b>
Accumulated depreciation at 1.1.2021	788	243	-	1,031
Depreciation	136	49	1	186
<b>Accumulated depreciation and impairment at 31.12.2021</b>	<b>924</b>	<b>292</b>	<b>1</b>	<b>1,217</b>
Net book value at 1.1.2021	526	318	-	844
<b>Net book value at 31.12.2021</b>	<b>338</b>	<b>491</b>	<b>6</b>	<b>835</b>

**5. Lease liabilities**

At 30<sup>th</sup> June 2022 the company is committed to £446K in future lease payments which relate to long-term mooring agreement. The carrying amount of the lease liabilities approximate the fair value.

GBP thousand	30 Jun 2022	30 Jun 2021	31 Dec 2021
Within 1 year	120	115	120
Between 1 and 2 years	120	115	120
Between 2 and 3 years	120	115	120
Between 3 and 4 years	120	27	120
Between 4 and 5 years	22	-	82
Later than 5 years	-	-	-
<b>Total</b>	<b>502</b>	<b>372</b>	<b>562</b>
Less unearned interest cost	-56	-33	-69
<b>Lease liabilities</b>	<b>446</b>	<b>339</b>	<b>493</b>

From 1<sup>st</sup> 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 29<sup>th</sup> December 2020 renewed with a fixed sum of GBP 195,000 per month in lease to account for the changes of the ISS Settlement Agreement. 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 periods presented:

The lease expenses of the Company arise from a lease contract related to the Yacht hotel with its sister Company.

GBP thousand	30 Jun 2022		30 Jun 2021		31 Dec 2021	
	Receivables	Liabilities	Receivables	Liabilities	Liabilities	Receivables
Sunborn London Oyj	-	2,692	-	2,734	-	2,770
Sunborn International Oy	1,126	-	1,126	-	1,126	-
Sunborn International Holding Oy	100	-	-	-	100	-
Sunborn Gibraltar Limited	-	-	-	-	4	-
<b>Total</b>	<b>1,226</b>	<b>2,692</b>	<b>1,126</b>	<b>2,734</b>	<b>1,230</b>	<b>2,770</b>

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:

	1 Jan – 30 Jun 2022 Bareboat Charter	1 Jan – 30 Jun 2021 Bareboat Charter	1 Jan - 31 Dec 2021 Bareboat Charter
GBP thousand			
Sunborn London Oyj	1,170	1,170	2,340
<b>Total</b>	<b>1,170</b>	<b>1,170</b>	<b>2,340</b>

## 7. Events after the reporting date

Continued inflationary pressure may continue to effect energy expenditure and to increase cost of materials and labour.