



# SUNBORN LONDON

HALF YEAR FINANCIAL REPORT H1/2023

1 January – 30 June 2023

22 August 2023



**HALF YEAR REPORT 1 January - 30 June 2023**

**Key Figures – Sunborn London Oyj**

	H1/2023	H1/2022	
EUR thousand	1 Jan – 30 Jun 2023	1 Jan – 30 Jun 2022	1 Jan - 31 Dec 2022
Rental income	1 596	1 405	3 969
EBITDA	1 448	1 218	3 648
Operating profit	696	466	2 143
Investment property (Yacht hotel)	32 748	34 145	33 393
Total Equity	27 176	28 212	26 998
Borrowings	24 475	24 572	24 273

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

	H1/2023	H1/2022	
GBP thousand	1 Jan – 30 Jun 2023	1 Jan – 30 Jun 2022	1 Jan - 31 Dec 2022
Revenue	5 282	4 764	10 048
EBITDAR	1 958	1 816	3 783

**CEO Hans Niemi**

“Charter income from the Operator, Sunborn International (UK) Ltd, was at budgeted level 1.6 MEUR (1.4 MEUR). Financial performance and debt service capacity of the Issuer is continuing at robust levels.

Hotel operations under Sunborn International (UK) Ltd exceeded performance expectations with total revenue increasing 11 % to 5.28 MEUR (4.76 MEUR) and EBITDAR +8 % to 1.96 MEUR (1.82 MEUR). Overall, great performance and direction under Sunborn management.”

**Financial summary 1 January – 30 June 2023**

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. The monthly charter cost was increased with inflation to GBP 234.000 per month from 1.1.2023 onwards. During the year to 31 December 2022, the monthly charter cost was GBP 195.000 per month, though an additional 1.100 MGBP was charged by the Sunborn London Oyj to account for updated capital cost, planned bond repayments, vessel insurance and classification costs.

Rental Income for the reporting period was 1.596 MEUR (1.405 MEUR). Rental income in EUR was slightly affected by exchange rate fluctuations. Operating costs were in line with previous year.

Book value of the yacht hotel as of 30 June 2023 approximates the fair value of the yacht hotel based on income approach using discounted cash flow analyses.

### Operator Financial summary 1 January – 30 June 2023

Entering 2023 from a strong end to 2022, there was a reasonable amount of optimism looking at business on the books. However, entering January pick-up slowed down in part due to the threat of and realised industrial action on the transport networks. This meant in month pick-up slowed. This affected January negatively although the return of the gaming exhibition ICE at ExCeL in February improved occupancy figures YoY as did the Star Wars exhibition in April.

Compared to 2022, occupancy in Q1 grew slightly by 3 % over the same period last year along with a more substantial ADR growth of £13.03 resulting in a RevPar growth of +13 % or £14.43. This was achieved at the expense of discounted distressed inventory selling illustrated by the lower occupancy growth.

The competitive set posted larger occupancy growth figures albeit starting from a much lower 2022 position from 44.8 % to 63.5 %. Despite their growth, we still outperformed our competitors by 6.1 %. A similar trend was experienced in ADR whereby the STR report showed a growth of 11.4 %. Again, our performance was 11.4 % higher resulting in a RevPar constituting 16.7 % higher than our comp set.

Q2 was slightly different where comparisons to 2022 were a little more consistent with previous years coming after the Omnicron variant of Covid-19 which had detrimentally impacted Q1 in 2022. A RevPar growth of £6.01 (+4 %) was largely driven by a +9 % increase in occupancy over last year despite a drop in ADR.

A similar pattern was experienced by our competitive set with a higher occupancy but comparable ADR resulting in a RevPar growth of +12 %. Our RevPar for Q2 was £4.12 higher than our competitive set.

### KPI's for H1 2023 vs. H1 2022

	Overall H1 2023	Overall H1 2022	Diff
Total Revenue M€	£5.28	£4.76	+11 %
EBITDAR M€	£1.96	£1.82	+8 %
<i>Revenue split</i>			
Rooms Revenue	58 %	59 %	
Food and Beverage	34 %	31 %	
Other	8 %	10 %	
<b>YoY change %</b>			
	<b>Overall H1 2023</b>		
ADR	+0 %		
Occupancy %	+8 %		
RevPar	+9 %		

Commentary:
Solid demand in both leisure and business segments helped achieve 11 % YoY revenue growth. Cost pressures and planned OPEX impacted EBITDAR ratio, showing +8 % YoY growth.
Overall room revenue increased by 9 % and Food and Beverage by 23 % compared to H1 2022. Consistent with a higher occupancy our restaurant sales grew by +3 % compared to 2022. M&E was noticeably higher in part due to a return of larger MICE business in 2023 growing by +40 %.
Occupancy grew +8 %, both ADR improved by £2.59 and RevPar by £10.22 compared to H1 2022. While Room sales increased by +11 %. Comparing to the hotel competitive set all were positive with Occupancy +8 %, ADR flat and RevPar over the comp set by £11.30.

With continuing threat of industrial action and poor weather we see a general London-wide slow down for July and August. However, with a strong Q4 forecast for M&E we anticipate continued growth for the year. This in part will be helped by the return of the defence industry showpiece exhibition, DSEI, in September and regular November events including World Travel Market, H2 looks positive.

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

Nothing to report.

**Estimated future development**

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.

Management expects the new Elizabeth Line, the move of Mayor's office and the development of Silvertown quays area to continue positive increase in hotel room demand and ADR development.

**Short-term risks and uncertainties**

Sunborn Finance's financial risks related to business are market risk (including interest rate risk), credit risk, liquidity risk and refinancing risk.

Floating interest rate risk has not been hedged and may negatively and materially impact Sunborn London Oyj liquidity.

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.

The Company's financial risk management aims to protect it against unfavorable developments in the financial markets and ensure the performance. The management reviews financial risks on regular basis to secure the financial risk position and decide on necessary actions.

Continued 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.

Incidents relating to environmental or public health may cause the Operator potential business interruptions.

The war in Ukraine is estimated to have limited direct impact on the company's operations.

CONTENTS

HALF YEAR REPORT 1 January - 30 June 2023 .....	2
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS) .....	6
CONSOLIDATED BALANCE SHEET (IFRS).....	7
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS).....	8
CONSOLIDATED STATEMENT OF CASH FLOWS (IFRS).....	9
NOTES TO THE FINANCIAL STATEMENTS .....	10
<b>1. General information.....</b>	<b>10</b>
<b>2. Summary of significant accounting policies.....</b>	<b>10</b>
<b>3. Rental income from related parties and other income .....</b>	<b>10</b>
<b>4. Investment property .....</b>	<b>11</b>
<b>5. Equity .....</b>	<b>12</b>
<b>6. Borrowings .....</b>	<b>12</b>
<b>7. Related parties.....</b>	<b>13</b>
<b>8. Events after the reporting date .....</b>	<b>15</b>
Appendix 1 Sunborn International (UK) Ltd .....	16

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)

EUR thousand	Note	1 Jan - 30 Jun 2023	1 Jan - 30 Jun 2022	1 Jan -31 Dec 2022
Rental income from group companies	3, 7	1 596	1 405	3 969
Depreciation	4	-752	-752	-1 505
Other operating expenses		-148	-187	-321
<b>Operating profit</b>		<b>696</b>	<b>466</b>	<b>2 143</b>
Finance income	7	759	722	1 445
Finance costs		-1 232	-1 012	-2 078
Finance income and costs, net		-473	-290	-633
<b>Profit before taxes</b>		<b>223</b>	<b>175</b>	<b>1 510</b>
Income tax		-118	-107	0
Change in deferred tax		74	72	-302
<b>Profit for the period</b>		<b>178</b>	<b>140</b>	<b>1 208</b>
<b>Total comprehensive income for the period</b>		<b>178</b>	<b>140</b>	<b>1 208</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 2023	31 Dec 2022	30 Jun 2022
<b>Assets</b>				
<b>Non-current assets</b>				
Investment property	4	32 748	33 393	34 145
Construction in process		-	95	-
Receivables from group companies	7	25 435	20 826	21 785
<b>Total non-current assets</b>		<b>58 183</b>	<b>54 314</b>	<b>55 930</b>
<b>Current assets</b>				
Trade receivables from group companies	7	-	3 579	3 232
Trade and other receivables		23	16	13
Cash and cash equivalents		155	1 162	1 259
<b>Total current assets</b>		<b>178</b>	<b>4 758</b>	<b>4 504</b>
<b>Total assets</b>		<b>58 361</b>	<b>59 072</b>	<b>60 433</b>
<b>Equity and liabilities</b>				
Share capital	5	80	80	80
Reserve for invested unrestricted equity		600	600	600
Retained earnings		26 496	26 318	27 532
<b>Total equity</b>		<b>27 176</b>	<b>26 998</b>	<b>28 212</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Borrowings	6	23 975	23 773	24 072
Deferred income tax liabilities		6 483	6 557	6 573
<b>Total non-current liabilities</b>		<b>30 458</b>	<b>30 330</b>	<b>30 826</b>
<b>Current liabilities</b>				
Borrowings	6	500	500	500
Payables to group companies	7	47	1 195	756
Trade and other payables		16	2	1
Accrued expenses		165	47	139
<b>Total current liabilities</b>		<b>728</b>	<b>1 745</b>	<b>1 396</b>
<b>Total liabilities</b>		<b>31 186</b>	<b>32 075</b>	<b>32 221</b>
<b>Total equity and liabilities</b>		<b>58 361</b>	<b>59 072</b>	<b>60 433</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 1.1.2022</b>	80	600	27 392	<b>28 072</b>
Profit for the period			140	140
<b>Total comprehensive income</b>	0	0	140	<b>140</b>
<b>Equity at 30.6.2022</b>	80	600	27 532	<b>28 212</b>
<b>Equity at 1.7.2022</b>	80	600	27 532	<b>28 212</b>
Profit for the period	0	0	1 067	1 067
<b>Total comprehensive income</b>	0	0	1 067	<b>1 067</b>
Transactions with owner:				
Group contribution net of tax			-2 282	-2 282
<b>Total contributions by and distributions to owners of the parent, recognised directly in equity</b>	0	0	-2 282	<b>-2 282</b>
<b>Equity at 31.12.2022</b>	80	600	26 317	<b>26 998</b>
<b>Equity at 1.1.2023</b>	80	600	26 317	<b>26 998</b>
Profit for the period			178	178
<b>Total comprehensive income</b>	0	0	178	<b>178</b>
<b>Equity at 30.6.2023</b>	80	600	26 495	<b>27 176</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 2023	1 Jan – 31 Dec 2022	1 Jan – 30 Jun 2022
<b>Cash flows from operating activities</b>				
Profit before tax		223	1 510	175
Adjustments for				
Depreciation	4	752	1 505	752
Finance income and costs, net		473	633	290
Change of working capital				
Change in trade and other receivables		1 192	-262	88
Change in trade and other payables		14	-1 359	-39
<b>Net cash flows from operating activities</b>		<b>2 654</b>	<b>2 027</b>	<b>1 267</b>
<b>Cash used in investing activities</b>				
Capital Expenditure	4	-108	-95	-
<b>Net cash flows used in investing activities</b>		<b>-108</b>	<b>-95</b>	<b>-</b>
<b>Cash flows from financing activities</b>				
Repayment of borrowings		-	-500	-
Contribution from/to Sunborn group companies		-2 561	-	-590
Transaction / loan agent costs		0	-13	0
Interest and finance costs paid		-1 010	-1 485	-711
<b>Net cash flows from financing activities</b>		<b>-3 565</b>	<b>-1 997</b>	<b>-1 301</b>
Cash and cash equivalents at the beginning of period		1 162	1 405	1 405
Effects of exchange rate changes on cash and cash equivalents		11	-177	-112
<b>Change in cash and cash equivalents</b>		<b>-1 007</b>	<b>-243</b>	<b>-146</b>
<b>Cash and cash equivalents at the end of period</b>		<b>155</b>	<b>1 162</b>	<b>1 259</b>

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. Registered address of the Company 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”).

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 2023 and 2022. Sunborn London Oyj’s ultimate parent company Sunborn Oy provides management and administrative services to the Company. 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 50 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 2023 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 2022, as well as on the new and updated IFRS standards described in the financial statements for the year 2022. 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 2022.

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 2022.

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. 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.

The Bareboat charter agreement between the hotel operator, Sunborn International (UK) Ltd and the yacht hotel owner, Sunborn London Oyj is with a minimum sum of GBP 195,000 per month. During the year to 31 December 2022, an additional 1.100 MGBP was charged by the Sunborn London Oyj to account for updated capital cost, planned bond repayments, vessel insurance and classification costs. The monthly charter cost is updated with inflation to GBP 234,000 per month from 1.1.2023 onwards.

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

EUR thousand	30 Jun 2023	31 Dec 2022	30 Jun 2022
Within 1 year	1 636	1 583	1 363
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>1 636</b>	<b>1 583</b>	<b>1 363</b>

#### 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 2023 has been estimated to be EUR 35 million (31.12.2022: 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 estimated cash flows and from the fluctuation of the GBP/EUR exchange rate. Fair value of the yacht hotel as at 30 June 2023 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 and costs of operation.

#### Investment property

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
EUR thousand	Yacht hotel
Cost at July 1, 2022	45 432
<b>Cost at December 31, 2022</b>	<b>45 432</b>

Accumulated depreciation at July 1, 2022	11 287
Depreciation	752
<b>Accumulated depreciation and impairment at December 31, 2022</b>	<b>12 040</b>
Net book value at July 1, 2022	34 145
Net book value at December 31, 2022	33 393

EUR thousand	<b>Yacht hotel</b>
Cost at January 1, 2023	45 432
Additions	108
<b>Cost at June 30, 2023</b>	<b>45 540</b>

Accumulated depreciation at January 1, 2023	12 040
Depreciation	752
<b>Accumulated depreciation and impairment at June 30, 2023</b>	<b>12 792</b>
Net book value at January 1, 2023	33 393
Net book value at June 30, 2023	32 748

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

EUR thousand	<b>1 Jan – 30 Jun 2023</b>	<b>1 Jan – 30 Jun 2022</b>	<b>1 Jan – 31 Dec 2022</b>
Rental income	1 596	1 405	3 969
Direct operating expenses from property that generated rental income	55	54	108

## 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	<b>30 Jun 2023</b>	<b>31 Dec 2022</b>	<b>30 Jun 2022</b>
Non-current:			
Senior secured bond	23 975	23 773	24 072
Current:			
Senior secured bond	500	500	500
<b>Total</b>	<b>24 475</b>	<b>24 273</b>	<b>24 572</b>

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 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 %.

Management estimates that the fair value of the bond payable approximates the carrying amount as credit standing of the Company has not changed significantly from the issue date.

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 2023**

EUR thousand	< 1 year	1 to 2 years	2 to 3 years	3 to 5 years	Total
Payables to group companies	47	-	-	-	47
Trade and other payables	16	-	-	-	16
Senior secured bond	500	24 500	-	-	25 000
Senior secured bond, interest payments	2 112	514	-	-	2 626
Total	2 675	25 014	-	-	27 689

**31 Dec 2022**

EUR thousand	< 1 year	1 to 2 years	2 to 3 years	3 to 5 years	Total
Payables to group companies	1 195	-	-	-	1 195
Trade and other payables	2	-	-	-	2
Senior secured bond	500	24 500	-	-	25 000
Senior secured bond, interest payments	1 912	1 419	-	-	3 331
Total	3 609	25 919	-	-	29 528

**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 payables	1	-	-	-	1
Senior secured bond	500	500	24 500	-	25 500
Senior secured bond, interest payments	1 401	1 384	337	-	3 122
Total	2 658	1 884	24 837	-	29 379

*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 2023			1 Jan – 30 Jun 2022		
	Rental income from the operating lease	Management fee	Interest income	Rental income from the operating lease	Management fee	Interest income
Ultimate parent - Sunborn Oy	-	-28	-	-	-26	-
Parent - Sunborn International Holding Oy	-	-10	722	-	-	722
Sunborn International Oy	-	-10	-	-	-12	-
Sunborn UK	1 596	-	-	1 405	-	-
<b>Total</b>	<b>1 596</b>	<b>-48</b>	<b>722</b>	<b>1 405</b>	<b>-38</b>	<b>722</b>

EUR thousand	1 Jan – 31 Dec 2022		
	Rental income from the operating lease	Management fee	Interest income
Ultimate parent - Sunborn Oy	-	-53	-
Parent - Sunborn International Holding Oy	-	-20	1 444
Sunborn International Oy	-	-24	-
Sunborn UK	3 969	-	-
<b>Total</b>	<b>3 969</b>	<b>-97</b>	<b>1 444</b>

EUR thousand	30 Jun 2023		31 Dec 2022		30 Jun 2022	
	Receivables	Liabilities	Receivables	Liabilities	Receivables	Liabilities
Ultimate parent - Sunborn Oy	-	1	-	1 170	-	756
Parent - Sunborn International Holding Oy	25 435	12	20 826	25	21 785	-
Sunborn International Oy	-	12	-	-	-	-
Sunborn UK	-	21	3 579	-	3 232	-
<b>Total</b>	<b>25 435</b>	<b>47</b>	<b>24 405</b>	<b>1 195</b>	<b>25 017</b>	<b>756</b>

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, Sunborn International Holding Oy and Sunborn International Oy and received interest income from Sunborn International Holding Oy. The interest income arises from the receivable 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 the management

estimates that the credit standing of the debtor has not changed significantly from the issue date, and it 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.

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 2023



CONTENTS

STATEMENT OF COMPREHENSIVE INCOME (IFRS).....	18
BALANCE SHEET.....	19
STATEMENT OF CHANGES IN EQUITY.....	20
STATEMENT OF CASH FLOW .....	21
NOTES TO THE FINANCIAL STATEMENTS .....	22
<b>1. General information.....</b>	<b>22</b>
<b>2. Summary of significant accounting policies.....</b>	<b>22</b>
<b>3. Revenue .....</b>	<b>22</b>
<b>4. Property, plant and equipment .....</b>	<b>22</b>
<b>5. Lease liabilities.....</b>	<b>24</b>
<b>6. Transactions with related parties .....</b>	<b>24</b>
<b>7. Events after the reporting date .....</b>	<b>25</b>

STATEMENT OF COMPREHENSIVE INCOME (IFRS)

GBP thousand	Note	1 Jan – 30 Jun 2023	1 Jan - 30 Jun 2022	1 Jan – 31 Dec 2022
Revenue	3	5,282	4,764	10,048
Cost of sales		(1,232)	(1,033)	(2,278)
Depreciation	4	(163)	(118)	(259)
Bare Boat Charter	5	(1,404)	(1,170)	(3,440)
Administrative expenses		(2,092)	(1,915)	(3,998)
<b>Operating profit</b>		<b>391</b>	<b>528</b>	<b>83</b>
Finance income		22	(14)	10)
Finance costs		(15)	-	(29)
<b>Profit before taxes</b>		<b>398</b>	<b>514</b>	<b>56</b>
<b>Profit for the period</b>		<b>398</b>	<b>514</b>	<b>56</b>
<b>Total comprehensive income for the period</b>		<b>398</b>	<b>514</b>	<b>56</b>

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

BALANCE SHEET

GBP thousand	Note	30-Jun-23	30-Jun-22	31-Dec-22
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	4	414	278	367
Right-of-use assets	4	465	438	519
<b>Total non-current assets</b>		<b>879</b>	<b>716</b>	<b>886</b>
<b>Current assets</b>				
Inventories		113	90	112
Amounts due from group companies	6	21	1,226	1,226
Trade and other receivables		348	402	238
Cash and cash equivalents		1,822	3,163	3,409
<b>Total current assets</b>		<b>2,304</b>	<b>4,882</b>	<b>4,987</b>
<b>Total assets</b>		<b>3,183</b>	<b>5,598</b>	<b>5,873</b>
<b>Equity and liabilities</b>				
Share capital		150	150	150
Retained earnings		349	410	(49)
<b>Total equity</b>		<b>499</b>	<b>560</b>	<b>101</b>
<b>Non-current liabilities</b>				
Lease liability	5	380	348	435
<b>Total non-current liabilities</b>		<b>380</b>	<b>348</b>	<b>435</b>
<b>Current liabilities</b>				
Trade and other payables		1,770	1,499	1,694
Payables to group companies	6	37	2,692	3,204
Lease liability	5	101	98	99
Accrued expenses		396	401	340
<b>Total current liabilities</b>		<b>2,304</b>	<b>4,690</b>	<b>5,337</b>
<b>Total liabilities</b>		<b>2,684</b>	<b>5,038</b>	<b>5,771</b>
<b>Total equity and liabilities</b>		<b>3,183</b>	<b>5,598</b>	<b>5,873</b>

STATEMENT OF CHANGES IN EQUITY

GBP thousand	Share Capital	Retained Earnings	Total
Equity at 1.1.2023	150	(49)	101
Profit for the period	-	398	398
<b>Total comprehensive income</b>	<b>-</b>	<b>398</b>	<b>398</b>
<b>Equity at 30.6.2023</b>	<b>150</b>	<b>349</b>	<b>499</b>
Equity at 1.1.2022	150	(104)	46
Loss 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 1.1.2022	150	(104)	46
Profit for the period	-	56	56
<b>Total comprehensive income</b>	<b>150</b>	<b>(49)</b>	<b>101</b>
<b>Equity at 31.12.2022</b>	<b>150</b>	<b>(49)</b>	<b>101</b>

**STATEMENT OF CASH FLOW**

GBP thousand	1 Jan to 30 Jun 2023	1 Jan to 30 Jun 2022	1 Jan to 31 Dec 2022
<b>Cash flows from operating activities</b>			
Profit for the period	398	514	56
Finance income	(22)	-	(10)
Finance cost	15	14	29
Depreciation	163	118	259
(Increase)/decrease in inventories	(1)	(1)	(24)
(Increase)/decrease in receivables	996	(282)	(116)
(Decrease)/increase in payables	(2,935)	533	1,178
Interest paid in cash	22	-	10
<b>Net cash utilised in operating activities</b>	<b>(1,364)</b>	<b>896</b>	<b>1,382</b>
<b>Cash flows from investing activities</b>			
Acquisition	(157)	(11)	(175)
Disposal	-	12	-
<b>Net cash from investing activities</b>	<b>(157)</b>	<b>1</b>	<b>(175)</b>
<b>Cash flows from financing activities</b>			
Repayment of lease liabilities	(66)	(61)	(126)
<b>Net cash utilised in financing activities</b>	<b>(66)</b>	<b>(61)</b>	<b>(126)</b>
Net increase in cash and cash equivalents	(1,587)	836	1,081
Cash and cash equivalents at beginning of period	3,409	2,328	2,328
<b>Cash and cash equivalents at end of period</b>	<b>1,822</b>	<b>3,164</b>	<b>3,409</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 and Wales under the Companies Act. Its ultimate parent and holding Company is Sunborn Oy, an undertaking incorporated in Finland. 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.

### 2. Summary of significant accounting policies

#### *Basis of preparation*

This half year financial report for six months ended 30 June 2023 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 2022, 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 2022.

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 2022. 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 1.1.2023	1,300	921	144	2,365
Addition	22	-	135	157
Disposal				
<b>Cost at 30.6.2023</b>	<b>1,322</b>	<b>921</b>	<b>279</b>	<b>2,522</b>
Accumulated depreciation at 1.1.2023	1,057	402	20	1,479
Depreciation	80	54	30	164
<b>Accumulated depreciation and impairment at 30.6.2023</b>	<b>1,137</b>	<b>456</b>	<b>50</b>	<b>1,643</b>
Net book value at 1.1.2023	243	519	124	886
<b>Net book value at 30.6.2023</b>	<b>185</b>	<b>465</b>	<b>229</b>	<b>879</b>
Cost at 1.1.2022	1,262	783	7	2,052
Addition	3	-	10	13
Disposal	(12)	-	-	(12)
<b>Cost at 30.6.2022</b>	<b>1,253</b>	<b>783</b>	<b>17</b>	<b>2,053</b>
Accumulated depreciation at 1.1.2022	923	295	2	1,220
Depreciation	63	52	3	118
<b>Accumulated depreciation and impairment at 30.6.2022</b>	<b>986</b>	<b>346</b>	<b>5</b>	<b>1,337</b>
Net book value at 1.1.2022	339	488	5	832
<b>Net book value at 30.6.2022</b>	<b>267</b>	<b>437</b>	<b>12</b>	<b>716</b>
Cost at 1.1.2022	1,262	783	7	2,052
Addition	38	138	137	313
Disposal	-	-	-	-
<b>Cost at 31.12.2022</b>	<b>1,300</b>	<b>921</b>	<b>144</b>	<b>2,365</b>
Accumulated depreciation at 1.1.2022	923	295	2	1,220
Depreciation	134	107	18	259
<b>Accumulated depreciation and impairment at 31.12.2022</b>	<b>1,057</b>	<b>402</b>	<b>20</b>	<b>1,479</b>
Net book value at 1.1.2022	339	488	5	832
<b>Net book value at 31.12.2022</b>	<b>243</b>	<b>519</b>	<b>124</b>	<b>886</b>

**5. Lease liabilities**

At 30 June 2023 the company is committed to £481k 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 2023	30 Jun 2022	31 Dec 2022
Within 1 year	127	120	127
Between 1 and 2 years	127	120	127
Between 2 and 3 years	127	120	127
Between 3 and 4 years	127	120	127
Between 4 and 5 years	50	22	103
Later than 5 years	-	-	-
<b>Total</b>	<b>561</b>	<b>502</b>	<b>611</b>
Less unearned interest cost	-78	-56	-78
<b>Lease liabilities</b>	<b>481</b>	<b>446</b>	<b>533</b>

From 1 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 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:

GBP thousand	30 Jun 2023		30 Jun 2022		31 Dec 2022	
	Receivables	Liabilities	Receivables	Liabilities	Liabilities	Receivables
Sunborn London Oyj	21	-	-	2,655		3,204
Sunborn International Oy	-	37	1,226	-	1,226	
<b>Total</b>	<b>21</b>	<b>37</b>	<b>1,226</b>	<b>2,655</b>	<b>1,226</b>	<b>3,204</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:

GBP thousand	1 Jan – 30 Jun 2023 Bareboat Charter	1 Jan – 30 Jun 2022 Bareboat Charter	1 Jan - 31 Dec 2022 Bareboat Charter
Sunborn London Oyj	1,404	1,170	2,340
<b>Total</b>	<b>1,404</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.