



Sunborn Finance Oyj: INTERIM REPORT FOR APRIL - JUNE 2023

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STOCK EXCHANGE RELEASE

This is a summary of the Q2 2023 interim financial report. The complete report is attached to this release and is also available at www.sunborn.com/press/

EUR thousand	Q2/2023	Q2/2022	H1/2023	H1/2022	FY 2022
Revenue	1 039	949	2 073	1 899	3 802
EBITDA	826	763	1 658	1 534	3 093
Operating profit	540	632	1 041	989	2 875
Investment property (Spa hotels)			62 276	61 760	62 195
Equity			1 763	2 324	2 562
Bond			49 838	50 055	50 212

Sunborn Finance Oyj Financial summary 1 April - 30 June 2023

Sunborn Finance Oyj's revenue 1.039 M€ consists of fixed lease income from the operator and other services income. Lease income Q2 2023 was 0.965 M€ (Q2 2022: 0.884 M€). Other services income refers to personnel costs for facility and IT services. Costs were in line with previous year.

According to December 2022 valuation reports the value of the Spa hotels is at Naantali Spa 52.6 M€ and at Ruissalo Spa 26.8 M€ (1/3 of Ruissalo Spa is owned by Sunborn Finance and shown as its assets).

Operator Sunborn Saga Oy Financial summary 1 April - 30 June 2023

Operator's revenue in the period was 7.021 M€ (Q2 2022: 7.147 M€, -2 %) and EBITDAR 0.9 M€ (Q1 2022: 1.0 M€, -10 %) falling short of expectations amidst a declining consumer sentiment, caused by high rates, inflation, and macroeconomic uncertainty. Management continues introducing and implementing changes to achieve stable revenue growth and improve operating margins.

Notable events during and after the end of the reporting period and estimated future development

Renovations continued in Q2 2023. In Ruissalo conversion of 26 rehabilitation rooms to executive hotel rooms was completed and rooms were taken into use in May and June, just before the summer holidays.

The staffing shortages that were previously reported in our operations have been alleviated. We successfully recruited new workers for various departments, particularly for the busy summer season.

The hotel and restaurant industry faced significant challenges in Q2 due to inflationary pressures caused by the war in Ukraine. This conflict resulted in higher prices for essential goods and services, leading to a decline in customer consumption as people prioritized their basic needs over discretionary spending.

Given the concerns about customer spending and travel capabilities in the coming months, it is anticipated revenue growth may be flat or negative, particularly in the leisure segment. This makes it crucial for us to address these changing trends and adapt to evolving customer needs and cost structures.

By implementing measures to optimize costs, exploring new customer segments, and enhancing the customer experience, we can navigate these challenging times and position our business for future growth.

Business environment

The corporate business and rehabilitation sectors are showing signs of improvement, but customer spending on food and beverage and treatment sales is still being impacted by the inflation caused by the war in Ukraine. The travel industry is adapting to the current situation and facing pressure to raise prices.

The hotels are maintaining a high level of customer satisfaction. The net promotion score is expected to improve as the renovation program continues.

Short-term risks and uncertainties

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

The Company's bond is maturing for repayment on 9th February 2024. From the management's point of view, the current high yield market conditions are more challenging, but refinancing is available subject to certain terms and conditions. The Company has engaged advisors and is in progress of pursuing refinancing in advance of maturity.

Sunborn Finance Oyj
Board of Directors

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Disclaimer

The information contained in this release shall not constitute an offer to sell or the solicitation of an offer to buy securities of Sunborn Finance Oyj in any jurisdiction.

About Sunborn Finance Oyj

Sunborn Finance is a public limited liability company incorporated in Finland, established in 2017. The company owns the award winning Naantali Spa Hotel located in Naantali by the Baltic Sea and Ruissalo Spa Hotel located in Turku by the scenic Finnish archipelago. Sunborn Finance also provides property management and IT support services.

The company is owned by the Niemi family, which also controls the Sunborn Group. Sunborn Group's focus is on the development of luxury spa and yacht hotels, restaurants and other high-quality property, with 50 years of expertise in the hospitality sector.

www.sunborn.com

Attachments

- [Download announcement as PDF.pdf](#)
- [Sunborn Finance Q2 2023.pdf](#)