



Sunborn Finance Oyj: INTERIM REPORT FOR OCTOBER - DECEMBER 2023

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STOCK EXCHANGE RELEASE

This is a summary of the Q4 2023 interim financial report. The complete report is attached to this release and is also available at www.sunborn.com/press/

EUR thousand	Q4/2023	Q4/2022	2023	2022
Revenue	1 424	952	4 781	3 802
EBITDA	1 208	770	3 972	3 093
Operating profit	-2 340	1 118	-208	2 875
Investment property (Spa hotels)			58 876	62 195
Equity			-1 107	2 562
Bond			49 965	50 212

Sunborn Finance Oyj Financial summary 1 October - 31 December 2023

Sunborn Finance Oyj's revenue 1.424 M€ consists of lease income from the operator and other services income. Lease income Q4 2023 increased to 1.265 M€ (Q4 2022: 0.884 M€) to support increase in borrowing costs. Other services income for Issuer refers to personnel costs for facility and IT services. Operational costs were in line with previous year, but interest expenses have increased significantly.

The company has sought and received approval for a bond maturity extension to complete ongoing refinancing negotiations, maturity is extended until 13 May 2024. The refinancing process is taking place amidst a challenging higher for longer rates policy environment, higher borrowing costs and volatile commercial real-estate market across the Nordics.

As per IFRS, the reduction in value of investment property valuations is reflected in Q4 both operating result and investment property.

Operator Sunborn Saga Oy Financial summary 1 October - 31 December 2023

Operator's revenue in the period was 5.854 M€ (Q4 2022: 5.751 M€, +2 %) and EBITDAR 1.372 M€ (Q4 2022: 0.815 M€, +68 %). Performance is under pressure in a declining consumer sentiment caused by higher consumer borrowing rates, general inflation and macroeconomic uncertainty. Management continues introducing and implementing changes to achieve revenue growth and improve operating margins. Higher property rent required due to higher borrowing cost continues to impact management business development plans and timing.

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

The financial landscape for real estate financing in the Nordic region faced significant challenges in 2023, exacerbated by unforeseen rises in interest rates and investor yield expectations, alongside depreciations in market valuations of real estate properties. Consequently, the Company encountered difficulties in securing refinancing its bonds in the originally planned timeline.

In response to these challenges the company sought and had approved a written procedure to further extend the bond maturity, to allow sufficient time to negotiate a refinancing and investment package with the aim of repayment by the new extended maturity of 13 May 2024.

The Company has engaged advisors and is in progress of negotiating terms and conditions in advanced stages with lenders. The current high yield and commercial real estate market conditions are clearly challenging, but the management expresses cautious optimism for a positive outcome during the extended period. Under the current terms and condition, the bonds shall be redeemed on maturity date at nominal amount in addition to call premium (currently 110). The company is expecting to conclude a redemption offer that will reflect the availability and terms and conditions of refinancing currently under negotiation and subject to agreement.

Company has adjusted the fair value of the properties as per the latest valuations to reflect the mark-to-market and commercial real-estate higher yield expectations. The impact is a material readjustment in profit and loss and balance sheet.

As part of the refinancing process and subject to lenders approval and tax authority preapproval, Sunborn Finance Oyj is planning to merge into Sunborn Oy group within H1 2024 via a directed share issue and exchange, to improve the financial standing of the Issuer and allow future group support and contributions.

Business environment

Facing customer spending and travel demand uncertainties, we anticipate limited growth in leisure revenue. We're adjusting costs and reviewing operations to align with market changes. Encouragingly, health travel and corporate sectors are expected to grow. Due to global uncertainties, domestic travel options are favored by many local customers, while international travel has high potential for growth, particularly from neighbouring and Central European countries.

Despite these challenges, hotels are maintaining high levels of customer satisfaction, with expectations of further improvements in net promotion scores in the upcoming months.

Short-term risks and uncertainties

The Company's bond is maturing for repayment on 13 May 2024. The Company has engaged advisors and is in progress of negotiating terms and conditions and in advanced stage. The current high yield and commercial real estate market conditions are clearly challenging, but the management expresses cautious optimism for a positive outcome during the extended period.

Floating interest rate risk has not been hedged. High interest rates impact negatively and materially on Sunborn Finance Oyj liquidity and planned CAPEX programs.

Sunborn Finance Oyj
Board of Directors

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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 Q4 2023.pdf](#)