SUNBORN LONDON

FINANCIAL STATEMENTS 2021
SUNBORN LONDON OYJ

sunborn

CONTENTS

REPORT OF BOARD OF DIRECTORS 2021

Key Figures (IFRS)

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

Financial summary 1 January - 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 currently.

Rental Income for the reporting period was in line with the renewed bareboat charter agreement 2.71 MEUR (2.68 MEUR). Operating costs were in line with previous year despite the additional costs caused by refinancing.

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.

Notable events during the reporting period

Due to an announced strategic decision by previous management partner ISS Facility Services to withdraw from UK hotel operations, Sunborn International (UK) Ltd took over the operating responsibilities from ISS after a 3 months' transition period beginning on the 31st December 2020. The Bareboat charter agreement between the hotel operator, Sunborn UK and the Company was renewed from 1st January 2021 onwards with a fixed sum of GBP 195,000 per month to account for the new Operator arrangement, ISS Settlement Agreement and lower outstanding bond value.

Amendments to the Bond Terms in 2020 included early amortization of the outstanding bond by 5.0 MEUR, which took place on the 17th February 2021.

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 refinance the maturing bonds with equivalent terms and conditions. On 17th December, the bonds were successfully listed on Nasdaq Helsinki with ISIN N00011099772.

Business environment

Hotel operations were successfully transferred from ISS to Sunborn UK and all transition arrangements concluded as planned within H1 2021. Sunborn UK had identified synergies in sales, marketing and costs with other Sunborn properties and over the course of 2021 witnessed an improved overall financial performance despite the challenges of Covid 19 in H1 particularly.

UK Hotels opened to the general public on the 17th of May. From this point forward, occupancy picked up into profitable levels immediately, a trend continued throughout the rest of the year and in excess of the key performance metrics of local competitive set of hotels and over the London average displaying the strong market position of Sunborn in all key metrics ADR, Occupancy and RevPar.

Overall operator performance was consistent month on month until the middle of December with the surge of omicron variant impacting bookings.

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.

Estimated future development

Despite the obvious challenges of the pandemic, management believes the property will continue successful operations under the current management and the hotel to be placed in an excellent location, benefitting from the ongoing and continued growth and development of the Royal Docks area and the Excel center.

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

Parent entity Sunborn International Holding Oy has received permanent planning permission for developing a new yacht hotel in the current site. This provides a solid foundation for long term development of the UK business.

Notable events after the end of the reporting period

Hotel operations in January and February were somewhat impacted by continued Omicron variant related event rescheduling and cancelations, however most events have been moved and are taking place later in the year or next year. Booking development looks very healthy from March onwards and based on pre-bookings and industry reporting, management expects 2022 to be a record year in both revenue and profitability.

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 unfavourable 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.

Corporate Governance

Sunborn London Oyj's ownership, corporate structure, operational activities and related party transactions are described in notes to the financial statements.

The governance of Sunborn London Oyj is based on the Finnish Limited Liability Companies Act and Sunborn London Oyj's articles of association. The Company's shares are not listed for public trading. Sunborn London Oyj has issued a secured bond that is listed by NASDAQ Helsinki Oy, and the company complies with its rules and regulations for listed bonds, the Securities Markets Act as well as the Financial Supervisory Authority's regulations.

The Annual General Meeting is the highest decision-making body in Sunborn London Oyj, deciding on matters laid down in the Finnish Limited Liability Companies Act. The AGM is held once a year, in June at the latest, on a date determined by the company's Board of Directors.

The Board of Directors of Sunborn London Oyj consists of four ordinary members, elected by the AGM for one year at a time. The Board of Directors decides on significant matters concerning the company strategy, investments and finance. In 2021 the Board had 4 meetings.

Members of the Board of Directors in 2021 were Ritva Niemi, Pekka Niemi, Hans Niemi and Jari Niemi. There has not been any remuneration for the Board of Directors in 2021. Sunborn London Oyj has no committees.

Sunborn London Oyj’s Board of Directors appoints the Chief Executive Officer. The CEO Hans Niemi is responsible for the Company's financial performance and for organizing business operations and administration according to legislation as well as instructions and orders issued by the Board.

The Annual General Meeting elects the authorized public accountants until further notice. Sunborn London Oyj auditors are PricewaterhouseCoopers Oy with Kalle Laaksonen, APA, as principal auditor since 2017.

Proposal for profit distribution

The Board of Directors proposes to the Annual General Meeting that the funds are carried forward to retained earnings.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)

EUR thousand	Note	1 Jan -31 Dec 2021	1 Jan -31 Dec 2020
Rental income from group companies	5,13	2 712	2 675
Other operating income	5	385	4 886
Depreciation	9	-1 505	-1 505
Other operating expenses	6	-367	-339
Operating profit		**1 226**	**5 718**
Finance income	7,13	1 616	1 579
Finance costs	7	-1 958	-2 082
Finance income and costs, net		-342	-503
Profit before taxes		**884**	**5 214**
Income tax expense	8	(0)	(0)
Change in deferred tax	8	-177	-1 043
Profit for the period		**707**	**4 171**
Total comprehensive income for the period		**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	9	34 898	36 402
Receivables from group companies	13	21 063	19 777
Cash collateral	12	-	880
Total non-current assets		**55 960**	**57 060**
Current assets			
Trade receivables from group companies	13	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	11	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	12	23 880	-
Deferred income	5	-	257
Deferred income tax liabilities	10	6 826	6 918
Total non-current liabilities		**30 705**	**7 175**
Current liabilities			
Trade and other payables		41	10
Payables to group companies	13	1 346	50
Borrowings	12	500	29 307
Deferred income	5	-	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			4 171	4 171
Total comprehensive income	0	0	4 171	4 171
Transactions with owner:				
Group contribution net of tax			-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			707	707
Total comprehensive income	0	0	707	707
Transactions with owner:				
Group contribution net of tax			-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	5	-385	-128
Depreciation	9	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 used in financing activities			
Proceeds from borrowings		24 723	-
Repayment of borrowings		-29 456	-704
Cash refunded from 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 used in 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 (IFRS)

1. General information

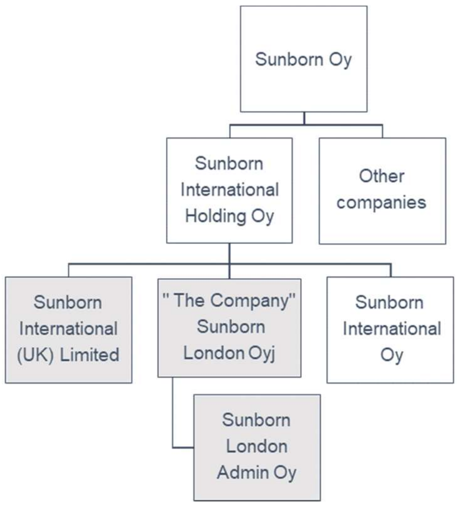
Sunborn London Oyj is a public limited liability company ("the Company") incorporated in Finland. The registered address of Sunborn London Oyj is Juhana Herttuan puistokatu 23, Turku, Finland. Sunborn London Oyj was established on April 30, 2016 through a demerger of Sunborn International Oy. Sunborn London Oyj owns a luxury yacht hotel "Sunborn London" docked at Royal Victoria Dock in London, the UK ("Yacht hotel"), which it has leased to its sister company Sunborn International (UK) Limited ("Sunborn UK"). In the beginning of the year 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 2021 and 2020. 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 owned by Sunborn Oy, 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. Sunborn Oy had altogether 16 subsidiaries as at December 31, 2021 ("Sunborn Group"). Sunborn Oy prepares consolidated financial statements under Finnish Accounting Standards. The copies of the consolidated financial statements as well as the Company's standalone financial statements are available at the parent company's head office, Juhana Herttuan puistokatu 23, Turku, Finland.

In December 2018 Sunborn London Oyj acquired dormant subsidiary for administrative purposes thus became the parent company of the group ("Group"). The consolidated financial statements have been prepared in accordance with the basis of preparation and accounting policies set out below.

Sunborn Group structure:



2. Summary of significant accounting policies

Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, conforming with the IAS and IFRS standards as well as SIC and IFRIC interpretations applicable as per December 31, 2021. International Financial Reporting Standards refer to the standards and interpretations applicable by corporations set out by the Finnish accounting ordinance and other guidance set out on the basis of this ordinance enforced for application in accordance with the procedure stipulated in the regulation (EC) No 1606/2002 of the European Parliament and of the Council. The notes to the financial statements also comply with the Finnish accounting and corporate legislation complementing the IFRS standards. There are no IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company's financial statements.

These financial statements have been prepared primarily under the historical cost convention unless otherwise indicated.

Preparation of consolidated financial statements 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 group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

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.

Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The functional currency of the Company is euro, which is also the presentation currency of these consolidated statements.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. All foreign exchange gains and losses are presented in the income statement within finance income or costs.

Investment property

The Company 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" by Sunborn UK. The Yacht hotel has the physical characteristics of a building. It is a non-propelled vessel that is permanently moored along quayside at Royal Victoria Dock in London, the UK. The Yacht hotel, as it is lacking propels and other standard equipment of a ship, is not readily movable and the future rental cash flows to be earned from the Yacht hotel depend largely upon its permanent location.

An investment property is measured initially at its cost. Directly attributable transaction costs are included in the initial measurement. The Company measured the investment property at fair value as at 1 January

2015, as the Company applied the exemption provided in IFRS 1 to use the fair value of the investment property as deemed cost at the date of transition to IFRS. Any improvement costs for the renovation and repair that add value to Yacht hotel are capitalized as additions to the Yacht hotel and depreciated over the shorter of the improvements' estimated useful lives or that of the Yacht hotel.

Subsequently, the investment property is carried at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated using the straight-line method to allocate the cost to the residual value over their estimated useful lives. The estimated useful life of the Yacht hotel divided to its significant components is presented in the table below:

Yacht	40 years
Yacht, short term components (interior and fittings)	10 years

The Yacht hotel's residual value is estimated to be EUR 5 million. The residual value and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Transfers to and from investment property are made if there is a change in use. Investment property is derecognised on disposal or when the asset is withdrawn from use and no future economic benefits are expected.

Impairment of investment property

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Financial assets

The group classifies all its financial assets as financial assets measured at amortised cost. The group's financial assets comprise lease receivables and loan receivables and are held within a business model whose objective is to collect the contractual cash flows, and the financial assets' contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets at amortised cost are recognised initially at fair value, including any transaction costs incurred. They are subsequently carried at amortised cost less provision for impairment. Interest income is recognised in the income statement using the effective interest method. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or the group transfers the financial asset or the group of financial assets in question.

The group's financial assets are included in current assets, expect for maturities greater than 12 months after the end of the reporting period in which case they are classified as non-current assets. The financial assets comprise non-current loan given to Sunborn International Holding Oy, a parent company of Sunborn London Oyj, current trade and other receivables which include mainly rental receivable from the lessee Sunborn UK, related party, reserve account pledged (cash collateral) for the bond trustee, and cash and cash equivalents, which includes cash in hand and deposits held at call with banks.

Impairment of financial assets at amortised cost

The group assesses on a forward-looking basis the expected credit losses associated with the receivables which are carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. If there is no significant increase in credit risk, 12 month expected losses are recognised in profit or loss. Otherwise, the lifetime expected credit losses are recognised.

The group assesses expected losses based on the historical payment profiles and the corresponding historical credit losses experienced within the current period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, a failure to make contractual payments for a period of greater than 360 days past due.

Financial liabilities

Financial liabilities of the group consist of borrowings and accounts and other payable. A financial liability is derecognized when it is extinguished – that is when the obligation is discharged, cancelled or expired. The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognised in profit or loss.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement as interest expense over the period of the borrowings using the effective interest method. The group's borrowings consist of senior secured bonds which the Company withdrew during 2021.

Accounts payable and other payable

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Other payables consist of interest and tax accruals. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Accounts payable are recognised initially at fair value and subsequently measured at amortised cost.

Current tax and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to group contribution that is recognised directly in equity. In this case, the tax is also recognised directly in equity. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group entities operate and generate taxable income.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Recognition of rental income

The Company recognises rental income from renting out the Yacht hotel "Sunborn London" to Sunborn UK based on fixed monthly payments determined in the lease contract. The lease of the Yacht hotel is classified as operating lease since the Company retains a significant share of risks and rewards of ownership. Rental income from operating leases is recognised on a straight-line basis over the lease term.

Interest income

Interest income on the loan to the parent company Sunborn International Holding Oy is recognised using the effective interest method and presented within finance income in the statement of comprehensive income.

Group contribution

Group contribution given under Finnish Group Contribution Act 1986/825 to the entities in the Sunborn Group in Finland is recognised as a liability or receivable in the consolidated financial statements in the period to which it relates to. Group contribution is deducted directly from equity net of taxes.

Segment reporting

The Group only has one operation (owning and leasing the Yacht hotel), so it constitutes a single operating segment. The chief operating decision maker is determined as the Board of Directors of the Company who monitors the result of the group after its establishment based on the rental income generated from the lease agreement less operating expenses.

3. Critical accounting estimates and management judgement

The preparation of financial statements in compliance with IFRS requires making estimates and assumptions. Application of accounting policies requires making judgements. The estimates and underlying assumptions are reviewed on an ongoing basis. The estimates and assumptions, and judgements are based on historical experience and various other factors, including projections of future events, which are believed to be reasonable under current circumstances.

Useful life and residual value of the Yacht hotel

The Yacht hotel has been built as permanently floating real-estate and hull and structure is designed to have a technical lifespan of over 70 years, subject to normal maintenance and upkeep over the lifespan. In addition to the high technical specification of the hull and its protection systems, the hotel is typically moved only once every 10 to 15 years for refitting and is not normally subjected to adverse sea conditions, salt water, and friction. As a non-moving vessel, it will not be impacted by encounters with land or vessels. The management of the Company has made estimates on the depreciation period and residual value of the Yacht hotel. The management has estimated that the useful life of the Yacht hotel is 40 years for the hull and structure and 10 years for the interior and fittings. The residual value is estimated to be EUR 5 million. Should certain factors or circumstances cause the management to revise its estimates of the Yacht hotel's useful lives or projected residual values, depreciation expense could be materially higher or lower. If the estimated average Yacht hotel useful life had reduced or increased by one year, depreciation expense for 2021 would have increased by approximately EUR 0.1 million / decreased by 0.1 million. If the Yacht hotel was estimated to have no residual value, depreciation expense for 2021 would have increased by approximately EUR 0.13 million.

Determination of the functional currency of the Company

Determination of the functional currency of the Company requires critical judgement. The management of the Company has prepared the financial statements based on the judgement that the functional currency is the Euro. Management's view is that the Company acts as an extension of its ultimate parent entity Sunborn Oy, whose functional currency is euro.

Impairment of the long-term loan receivable from the parent entity

The management has applied judgement in considering that the credit risk of the loan receivable from the parent entity has not increased significantly. If the credit risk for a loan receivable is not significantly increased, the impairment loss is recognized based on 12 month expected losses. If the credit risk is significantly increased, the impairment is recognized based on lifetime expected losses. This might have significant impact on the profit for the period.

4. Financial risk management

The financial risks related to business are market risk (including interest rate risk and foreign currency risk), credit risk, liquidity risk and refinancing risk. Financial risk management carried out by the management aims to protect the group against unfavourable 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.

Foreign exchange risk

The objective of foreign exchange risk management is to reduce the uncertainty caused by fluctuations in foreign exchange rates in the group's profit and loss, cash flows and balance sheet to an acceptable level. The Group 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 unfavourable developments. Sunborn Oy, the parent of the Company, has hedged foreign exchange risk at the Sunborn Group level by using window forward rate contract.

The GBP denominated receivables and cash balances on the balance sheet in the periods presented are as follows:

EUR thousand	**31 Dec 2021**	**31 Dec 2020**
Lease receivables	3 301	3 191
Cash and cash equivalents	57	5 452
Total	**3 358**	**8 643**

At December 31, 2021, if the GB Pound strengthened/weakened by 15 % against the euro, post-tax profit for the year would have been EUR 438 thousand (2020: EUR 1 127 thousand) higher/lower.

Interest rate risk

The Company has issued senior secured bonds during year 2021 whose interest is bound to 3-month Euribor. The nominal value of the bonds is EUR 25.5 million in total and they carry interest at rate of 5.5 % as at December 31, 2021 consisting of margin of 5.5 % plus 3-month Euribor subject to a floor at 0 %. Cash and cash equivalents do not carry significant interest. The loan receivable from the parent of the Company, Sunborn International Holding Oy amounts to EUR 21 million carries floating interest rate based on 3-month Euribor subject to a floor at 0 % plus marginal, being 7.3 % as at December 31, 2021.

Due to the low interest rate levels, the Company has paid the floor interest of 5.5 % p.a. on its borrowings and in substance the interest rate has been fixed. Also the interest rate for the receivable from Sunborn International Holding Oy has been fixed in substance. Possible future fluctuations in interest rates would be mainly offset by the opposite impacts of the changes in interest rates on the receivable and liability. Had the Euribor been 50 basis points higher or lower during the periods presented, that would not have had material impact on the interest expense or interest income. The management of the Company monitors changes in the interest rate level and its possible impact on future cash outflows. The need for any hedging activity is assessed continuously.

Credit risk

Credit risk is the risk that the other party to the loans and receivables will cause a financial loss for the group by failing to discharge an obligation. Credit risk arises from rental receivables from its sister company Sunborn UK, loan to Sunborn International Holding Oy, the parent company, and cash and cash equivalents and the cash deposit (cash collateral) held at banks.

The Company assesses on a forward-looking basis the expected credit losses associated with these receivables. The impairment methodology applied depends on whether there has been a significant increase in credit risk. If there is no significant increase in credit risk, 12 month expected losses are recognised in profit or loss. Otherwise, the lifetime expected credit losses are recognised.

The Company has leased the Yacht hotel to its sister company Sunborn UK. 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). The receivables correspond to approximately one-year lease receivables. Previously the Company agreed with Sunborn UK on a longer payment period for the lease receivables to set off the receivables with outstanding liabilities of Sunborn International Oy to Sunborn UK. However, due to the demerger, the receivables and liabilities could not be offset. Sunborn UK makes the lease payments according to the contract, and the management has assessed that there is no significant increase in the credit risk of the receivables. The management has assessed that the 12-month expected loss on the lease receivables is not material.

The most significant receivable is the loan granted to the parent Sunborn International Holding Oy. The loan carries normal credit risk related to intra-group receivables. The credit quality of the loan depends on the financial performance of the parent company. Financial activities of the Sunborn Group companies are directed by common management. The amounts and terms and conditions of the receivables and payables from group companies are presented in note 13.

The management considers that there has not been a significant increase in credit risk since initial recognition of the loan receivable. Accordingly, impairment based on 12 month expected losses is recognised. The management of the Company has made the assessment and concluded that there is no material impairment loss to be recognised.

Cash and cash equivalents and the cash deposit (cash collateral) are held in reputable Nordic banks, whose credit ratings are strong. While cash and cash equivalents are also subject to the same impairment requirements as other receivables, the management has assessed that the impairment loss for them is immaterial.

The calculations of expected credit loss for financial assets are based on assumptions about risk of default and expected loss rates. The management uses judgement in making these assumptions and selecting the inputs to the impairment calculations, based on past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The ageing analysis of trade receivables is as follows:

EUR thousand	**31 Dec 2021**	**31 Dec 2020**
Not due	232	-
Less than 6 months past due	1 392	3 191
6 - 12 months past due	1 392	-
Over 12 months past due	283	-
Total	**3 301**	**3 191**

Liquidity risk and refinancing risk

Liquidity risk is the risk that existing funds and borrowing facilities become insufficient to meet the Company's business needs or high extra costs are incurred for arranging them. Refinancing risk is the risk that refinancing of the existing borrowings and/or raising new funding will not be available or is available at high price.

Prudent liquidity risk management implies maintaining sufficient cash, and the availability of adequate funding. In the long run the principal source of liquidity is expected to be the cash flow generated by the lease agreement. The Group's liquidity position is monitored by the management.

The bond terms include an interest cover ratio covenant of EBITDA generated by the lease agreement 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.

A summary table with maturity of the 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	9	-	-	-	9
Senior secured bond	29 307	-	-	-	29 307
Senior secured bond, interest payments	1 030	-	-	-	1 030
Total	30 396	-	-	-	**30 396**

The refinancing risk is managed by securing the refinancing early enough. The Company's long-term financing is secured by bond financing, which matures in September 2024, as further described in note 12. The management of the Company believes it is able to refinance the bonds at or before maturity due to the profitable, long term lease contract of the Yacht hotel.

Capital management

Capital of the group as monitored by the management consists of borrowings and equity as shown in the balance sheet.

Capital management is based on the evaluation of essential risks concerning the group. The management of the Company monitors equity ratio. Capital is managed through group contributions or equity instalments. In accordance with the terms of bonds issued by the Company and guaranteed by Sunborn UK, as described in note 12 Borrowings, the Company is not permitted to raise new external debt, however intra-group financing is allowed if needed either in form of equity or debt instruments.

The bond terms include an asset cover ratio covenant, which requires the Company, together with the guarantor, to maintain the asset cover ratio of minimum 120.0 %. The covenant is calculated based on the market value of the yacht hotel calculated by approved shipbroker appointed by the Company and approved by the bond trustee, divided by financial indebtedness of the Company. The financial covenant is measured semi-annually, and the Company has not breached the covenant.

5. 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 9 for details.

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

EUR thousand	**31 Dec 2021**	**31 Dec 2020**
Within 1 year	1 392	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	**1 392**	**651**

In December 2020 Sunborn UK has paid in advance the three months' lease payments, so the table above reflects lease payments for only 3 months' period 31 December 2020.

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.

6. Operating expenses

Operating expenses are presented in the table below:

Operating expenses

EUR thousand	1 Jan - 31 Dec 2021	1 Jan - 31 Dec 2020
Insurance	123	121
Professional services	162	95
Management fee	74	114
Administrative expenses	8	9
Total	**367**	**339**

Auditor's fee

EUR thousand	1 Jan - 31 Dec 2021	1 Jan - 31 Dec 2020
Statutory fees	16	16
Other services	1	2
Total	**17**	**18**

7. Finance income and costs

Finance income and costs are presented in the table below:

EUR thousand	1 Jan - 31 Dec 2021	1 Jan - 31 Dec 2020
Finance income:		
Interest income on loan given to parent company	1 286	1 559
Foreign exchange gains	330	20
Total finance income	1 616	1 579
Finance expenses:		
Interest expenses on borrowings	-1 657	-1 872
Other finance costs	-220	-
Foreign exchange losses	-81	-210
Total finance costs	-1 958	-2 082
Finance income and costs, net	**-342**	**-503**

Foreign exchange differences relate mainly to the lease receivables from Sunborn UK which are denominated in GBP. Terms and conditions on loan given to the parent company is described in note 13 Related party transactions.

8. Income tax expense

The effective tax rate in 2021 and in 2020 was 20 %.

Income tax expense

EUR thousand	1 Jan - 31 Dec 2021	1 Jan - 31 Dec 2020
Current tax	0	0
Change in deferred taxes	-177	-1 043
Total	**-177**	**-1 043**

Tax charge

EUR thousand	1 Jan - 31 Dec 2021	1 Jan - 31 Dec 2020
Profit before income tax	884	5 214
Previously unregognized tax losses	0	0
Tax calculated at Finnish tax rate (20%)	-177	-1 043
Total	**-177**	**-1 043**

9. 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 by Sunborn International UK Ltd. The investment property is carried at cost less any accumulated depreciation and any accumulated losses.

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 UK is also responsible for the management.

Fair value measurement of the Yacht hotel

Fair value of the yacht hotel as at 31 December 2021 has been estimated to be EUR 35 million (31.12.2020: EUR 36 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 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 calculation takes into account different scenarios for determining the residual value after the contractual lease term: its estimated terminal value at the end of the lease term and assumed continuation of the lease contract after the contractual fixed period. Discount rate of 7 % is based on hotel yields in London added by inflation of 2 %. The payments for the extrapolated period include adjustment for risk of 1 %.

The fair value measurement is prepared using unobservable inputs based on the management estimation. The cash flows in the discounted cash flow calculation are based on the fixed payments in the lease contract less estimated operating expenses. If the discount rate used in the calculation would be one percentage point lower/higher, the fair value would have been approximately 3.7 million higher / 3.1 million lower.

Changes in the carrying amount of 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 Jan - 31 Dec 2021	1 Jan - 31 Dec 2020
Rental income	2 712	2 675
Direct operating expenses from property that generated rental income	123	121

10. Deferred tax assets and liabilities

EUR thousand	1 Jan - 31 Dec 2021	1 Jan - 31 Dec 2020
Deferred tax assets:		
Unused tax losses	0	0
Payment received for the improvements of the the Yacht hotel	0	77
Total	0	77
At January 1	77	140
Recognized in income statement	-77	-63
Book value at December 31	0	77

Deferred tax liabilities:		
Depreciation difference on investment property	6 743	6 965
Measurement of the borrowings using effective interest method	83	30
Total	6 826	6 995
At January 1	6 995	7 230
Recognized in income statement	-169	-235
Book value at December 31	6 826	6 995
Deferred tax assets and liabilities, net	**6 826**	**6 918**

The Company has recognised directly in equity income tax liability related to group contribution EUR 0.269 (2020: EUR 1.215) million.

11. Equity

Number of the shares has been 200 shares since the establishment of the Company. Shares have no nominal value. The Company has not distributed any dividend and the bond agreement set some restrictions for distribution of dividend. However, group contributions are allowed. The group contribution recognised directly in equity amounted to EUR 1.076 (2020: EUR 4.858) million net of tax.

12. 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**

Amendments to the Bond Terms in 2020 included early amortization of the outstanding bond by EUR 5.0 million, which took place on the 17th February 2021. 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 Company gave lenders a discount on the loan and paid transaction costs amounting to EUR 1.2 million.

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**

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').

At 22 September 2021 the Company repaid maturing senior secured bonds with nominal amount of EUR 24.088 million included equivalent terms and conditions with issued bonds.

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. The financial covenants are further described in note 4 Financial risk management.

Changes in liabilities from financing activities:

EUR thousand	**Borrowings due within 1 year**	**Borrowings due after 1 year**	**Total**
Liabilities as at January 1 2020	704	29 110	29 814
Cash flows - repayment (-) / withdrawal (+) of bonds	-704	0	-704
Amortisation using effective interest method	0	196	196
Other changes	29 307	-29 307	0
Liabilities as at December 31 2020	29 307	0	**29 307**

Liabilities as at January 1 2021	29 307	0	29 307
Cash flows - repayment (-) / withdrawal (+) of bonds	-29 456	24 723	-4 734
Amortisation using effective interest method	149	-343	-194
Other changes	500	-500	0
Liabilities as at December 31 2021	500	23 880	**24 380**

13. Related parties

Transactions with related parties

On 30 April 2020 Sunborn Oy 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.

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:

	1 Jan - 31 Dec 2021		
EUR thousand	**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 International (UK) Ltd	2 712	-	-
Total	**2 712**	**-154**	**1 286**

	1 Jan - 31 Dec 2020			
EUR thousand	**Rental income from the operating lease**	**Settlement fee**	**Management fee**	**Interest income**
Ultimate parent - Sunborn Oy	-	-	-50	518
Parent - Sunborn International Holding Oy	-	-	-40	1 041
Sunborn International Oy	-	-	-24	-
Sunborn International (UK) Ltd	2 675	4 757	-	-
Total	**2 675**	**4 757**	**-114**	**1 559**

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

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. In 2020 other income contains extraordinary income of 4.76 MEUR relating to the termination of the ISS Management Lease.

The Group has paid management fee to Sunborn Oy, Sunborn International Holding Oy and Sunborn International Oy and received interest income from Sunborn Oy and Sunborn International Holding Oy. The interest income arises from the loan granted to the parent as described below.

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

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.

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 Ltd have guaranteed the senior secured bonds of the Company. Detailed information on the guarantee is described in note 12 Borrowings.

14. Events after the balance sheet date

Hotel operations in January and February were somewhat impacted by continued Omicron variant related event rescheduling and cancelations, however most events have been moved and are taking place later in the year or next year. Booking development looks very healthy from March onwards and based on pre-bookings and industry reporting, management expects 2022 to be a record year in both revenue and profitability.

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

INCOME STATEMENT (FAS)

		1 Jan - 31 Dec 2021		1 Jan - 31 Dec 2020
TURNOVER		2 712 230,56		7 432 811,58
Depreciation		-909 046,32		-909 046,32
Other operating charges		-366 785,18		-338 631,34
		==========		==========
EBITA		1 436 399,06		6 185 133,92
Financial income and expenses				
Interest income and financial income	1 615 895,13		1 578 903,37	
Interest expenses and financial expenses	-2 221 901,90	-606 006,77	-1 885 953,10	-307 049,73
		==========		==========
PROFIT BEFORE ADJUSTMENT ITEMS AND TAXES		830 392,29		5 878 084,19
Adjustment items				
Group contribution		-1 345 000,00		-6 073 000,00
Increase (-) or decrease (+) in depreciation difference		514 875,63		383 485,40
Income taxes		-37,00		-450,00
		==========		==========
PROFIT FOR THE PERIOD		230,92		188 119,59

BALANCE SHEET (FAS)

ASSETS	31 Dec 2021		31 Dec 2020	
FIXED ASSETS				
Tangible assets				
Machinary and equipment	8 083 067,22		8 992 113,54	
Construction in process	261 205,30	8 344 272,52	261 205,30	9 253 318,84
Investments				
Shares		2 500,00		2 500,00
CURRENT ASSETS				
Receivables				
Receivables from Group companies	21 062 914,98		19 777 408,15	
Other receivables	0,00	21 062 914,98	879 995,95	20 657 404,10
Current receivables				
Receivables from Group companies	3 301 188,91		3 191 233,13	
Other receivables	21 383,36		12 998,24	
Prepaid expenses and accrued income	717 327,46	4 039 899,73	8 259,00	3 212 490,37
Cash and bank receivables		1 402 492,76		5 498 439,29
		============		============
TOTAL ASSETS		34 852 079,99		38 624 152,60

LIABILITIES	31 Dec 2021		31 Dec 2020	
SHAREHOLDERS' EQUITY				
Share capital	80 000,00		80 000,00	
Reserve for invested non-restricted equity		600 000,00		600 000,00
Retained earnings	350 082,70		161 963,11	
Profit for the period	230,92	1 030 313,62	188 119,59	1 030 082,70
APPROPRIATIONS				
Accumulated depreciation difference		6 900 555,14		7 415 430,77
LIABILITIES				
Non-current liabilities				
Bonds		25 000 000,00		0,00
Current liabilities				
Bonds	500 000,00		29 456 000,00	
Advance payments	0,00		644 983,46	
Debt to group companies	1 345 575,00		0,00	
Accounts payable	40 536,73		59 654,78	
Accrued liabilities and deffered income	35 099,50	1 921 211,23	18 000,89	30 178 639,13
		============		============
TOTAL LIABILITIES		34 852 079,99		38 624 152,60

NOTES TO THE FINANCIAL STATEMENTS (FAS)

ACCOUNTING PRINCIPLES

The accounting period of the company is a calendar year.

Valuation principles for fixed assets

Fixed assets are valued at their current acquisition cost less planned depreciation. Planned depreciation is calculated according to the predefined depreciation plan as straight-line depreciation on the original acquisition cost of fixed assets. Minor acquisitions (below EUR 850) are booked as costs for accounting period.

Depreciation periods based on estimated economic working lives are as follows:
Machinery and equipment 25 years

Receivables and liabilities denominated in foreign currency

Receivables and liabilities denominated in foreign currency are valued on the basis of the average rate on the balance sheet date.

Consolidated Financial Statements

The company belongs to Sunborn Group. The parent company is Sunborn Oy, domicile in Turku.
Copies of group financial statements are available at the Group's Headquarters:
Juhana Herttuan puistokatu 23, 20100 TURKU, FINLAND.

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

DEPRECIATON AND DEPRECIATION DIFFERENCE

	Planned depreciation	Depreciation difference +/-	Total depreciation
Tangible assets			
Machinery and equipment	909 046,32	-514 875,63	394 170,69

OTHER OPERATING EXPENSES

	2021	2020
Administrative expenses	99 659,66	143 695,95
Insurance expenses	122 763,06	120 968,30
Other expenses	144 362,46	73 967,09
Total	366 785,18	338 631,34

AUDITOR'S FEES

	2021	2020
Pricewaterhousecoopers Oy		
Audit fees	16 964,70	15 815,00
Tax advice	400,00	5 694,00

FINANCIAL INCOME AND EXPENSES

	2021	2020
Financial income		
Interest income from group companies	1 285 506,83	1 558 886,03
Other financial income	330 388,30	20 017,34
Total	1 615 895,13	1 578 903,37

Financial expenses		
Interest expenses	1 420 158,65	1 676 321,30
Other financial expenses	801 743,25	209 631,80
Total	2 221 901,90	1 885 953,10
Financial income and expenses total	-606 006,77	-307 049,73

GROUP CONTRIBUTIONS

	2021	2020
Given group contributions	1 345 000,00	6 073 000,00

CHANGES IN FIXED ASSETS

Tangible assets:	2021	2020
Machinery and equipment		
Acquisition cost 1 Jan	24 217 754,42	24 217 754,42
Accumulated depreciation 1 Jan	15 225 640,88	14 316 594,56
Depreciation during the financial year	909 046,32	909 046,32
Accumulated depreciation 31 Dec	16 134 687,20	15 225 640,88
Book value 31 Dec	8 083 067,22	8 992 113,54
Construction in process		
Acquisition cost 1 Jan	261 205,30	261 205,30
Acquisition cost 31 Dec	261 205,30	261 205,30
Accumulated depreciation difference		
Machinery and equipment	6 900 555,14	7 415 430,77

INVESTMENTS

Name	Holding %	Domicile
Sunborn London Admin Oy	100 %	Turku

The Company acquired dormant subsidiary (share capital 2.500 EUR) in December 2018.
Subgroup companies include in the Sunborn Group financial statements.

INTERCOMPANY BALANCES

		2021	2020
Long-term receivables		21 062 914,98	19 777 408,15
Short-term receivables			
Accounts receivable		3 301 188,91	3 191 233,13
	Total	24 364 103,89	22 968 641,28
Short-term liabilities			
Accounts payable		575,00	0,00
Other liabilities		1 345 000,00	0,00
	Total	1 345 575,00	0,00

SHAREHOLDERS' EQUITY

	2021	2020
Shareholders´ equity		
Share capital 1 Jan	80 000,00	80 000,00
Share capital 31 Dec	80 000,00	80 000,00
Reserve for invested non-restricted equity 1 Jan	600 000,00	600 000,00
Reserve for invested non-restricted equity 31 Dec	600 000,00	600 000,00
Retained earnings 1 Jan	350 082,70	161 963,11
Profit for the period 31 Dec	230,92	188 119,59
Total shareholders' equity	1 030 313,62	1 030 082,70
Distributable assets 31 Dec		
Reserve for invested non-restricted equity	600 000,00	600 000,00
Retained earnings	350 082,70	161 963,11
Profit for the period	230,92	188 119,59
	950 313,62	950 082,70

The number of company shares is 200. Each share entitles equal voting rights and rights to dividend and company assets. The company's shares are 100 % owned by Sunborn International Holding Oy.

ACCRUED EXPENSES	2021	2020
Interest accrual	35 062,50	18 000,89
Accrued tax liability	37,00	0,00
Total	35 099,50	18 000,89

COLLATERALS AND CONTINGENT LIABILITIES	2021	2020
Bonds	25 500 000,00	29 456 000,00
Mortgages	40 000 000,00	40 000 000,00
Floating charge	41 600 000,00	41 600 000,00
Pledged bank accounts	1 395 398,86	6 371 341,34
Pledged internal receivables	24 364 103,89	22 968 641,28

SUNBORN LONDON OYJ - SIGNATURES FOR THE REPORT OF THE BOARD OF DIRECTORS AND FINANCIAL STATEMENTS

Turku, April 12, 2022

Ritva Niemi	Pekka Niemi
Chairman of the Board	Board member

Hans Niemi	Jari Niemi
Chief Executive Officer (CEO)	Board member

THE AUDITOR'S NOTE

A report on the audit performed has been issued today.

Turku, April _____, 2022

PricewaterhouseCoopers Oy

Authorized Public Accountant Firm

Kalle Laaksonen

KHT

Authorized Public Accountant

SIGNATURES **ALLEKIRJOITUKSET** **UNDERSKRIFTER** **SIGNATURER** **UNDERSKRIFTER**

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Detta dokument innehåller 31 sidor före denna sida

Dokumentet inneholder 31 sider før denne siden

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Pekka Juhani Niemi
a57d92ea-05df-4845-b900-6bdf2250e213 - 2022-04-29 10:25:32 UTC +03:00
BankID / MobileID - 8c168a12-9a3b-49d7-a5fc-b8b1415cc132 - FI

JARI JUHANI NIEMI
a3d2ef60-4be6-4590-afd0-e0f2781a0cdc - 2022-04-29 11:05:57 UTC +03:00
BankID / MobileID - fec5f47f-9c29-49c0-9185-2c5476bc9d3d - FI

Ritva Liisa Marjatta Niemi
dc7d0c1e-d966-40d0-a1a0-a5f0c997857b - 2022-04-29 11:07:26 UTC +03:00
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HANS MIKKO MIKAEL NIEMI
604b1cb4-69d4-406e-9e87-3f65990cb447 - 2022-04-29 12:39:42 UTC +03:00
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Kalle Juhani Laaksonen
667e9fea-36c9-47ce-8bb1-0a7ea0dba0a5 - 2022-04-29 16:21:03 UTC +03:00
BankID / MobileID - c04dc76e-b860-4dfe-b8d9-c6c102f26fb0 - FI

authority to sign	asemavaltuutus	ställningsfullmakt	autoritet til å signere	myndighed til at underskrive
representative	nimenkirjoitusoikeus	firmateckningsrätt	representant	repræsentant
custodial	huoltaja/edunvalvoja	förvaltare	foresatte/verge	frihedsberøvende

Auditor's Report (Translation of the Finnish Original)

To the Annual General Meeting of Sunborn London Oyj

Report on the Audit of the Financial Statements

Opinion

In our opinion

- the consolidated financial statements give a true and fair view of the company's financial position and financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements in Finland and comply with statutory requirements

Our opinion is consistent with the additional report to the Board of Directors.

What we have audited

We have audited the financial statements of Sunborn London Oyj (business identity code 2726819-7) for the year ended 31 December 2021. The financial statements comprise:

- the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies.

- the parent company's balance sheet, income statement and notes

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, the non-audit services that we have provided to the company are in accordance with the applicable law and regulations in Finland and we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014. The non-audit services that we have provided are disclosed in note 6 to the Financial Statements.

PricewaterhouseCoopers Oy, Authorised Public Accountants, P.O. Box 1015 (Itämerentori 2), FI-00101 HELSINKI
Phone +358 20 787 7000, www.pwc.fi
Reg. Domicile Helsinki, Business ID 0486406-8

pwc

Our Audit Approach

Overview

	Materiality • Overall materiality: 0,3 million euros, which represents 0.5% of group total assets.
	Group scoping • The group audit scoping encompassed the parent company
	Key audit matters • Revenue recognition Investment property valuation

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial statements as a whole.

Overall materiality	0,3 million euros
How we determined it	0.5% of group total assets.
Rationale for the materiality benchmark applied	We chose group total assets as the benchmark because in our view, it is the benchmark against which the assets of the company is most commonly measured by users and is a generally accepted benchmark. We chose 0.5% which is within the range of acceptable quantitative materiality thresholds in auditing standards.

How we tailored our group audit scope

We tailored the scope of our audit, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates. The group operates mainly in the parent company. The group audit scope encompassed the parent company. We determined that no risk for material misstatements relates to the subsidiary and therefore our procedures regarding this entity comprised only of analytical procedures performed at group level. By performing the procedures above, we have obtained sufficient and appropriate audit evidence regarding the financial information of the group as a whole in order to provide an opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matter in the audit of the company	How our audit addressed the key audit matter
Revenue recognition *Refer to Accounting policies and note 5* Revenue consists of rental income from lease contract. Rental income is booked as a revenue as straight-line basis based on the lease contract.	We reviewed the appropriateness of the company´s accounting policies regarding revenue recognition. We assessed compliance with policies in terms of applicable accounting standards. In audit of revenue recognition, we focused on lease agreement. We tested the booked revenue by comparing it to agreements.
Valuation of investment property *Refer to Accounting policies and note 9* Company´s investment property consists of Yacht hotel.	We reviewed the company´s process and control environment for investment property. We assessed the management´s ability to make assumptions and estimations when assessing the recoverable amount of investment property. In our assessment, we focused on cash flow forecast, useful lifetime of investment property and to the discount rate.

We have no key audit matters to report with respect to our audit of the parent company financial statements.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company’s ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or to cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Appointment

We were first appointed as auditors by the annual general meeting on 19 November 2015. Our appointment represents a total period of uninterrupted engagement of 6 years.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion

- the information in the report of the Board of Directors is consistent with the information in the financial statements
- the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Turku 29.4.2022

PricewaterhouseCoopers Oy
Authorised Public Accountants

Kalle Laaksonen
Authorised Public Accountant (KHT)

The following documents were signed Friday, April 29, 2022

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c0b327e5a6f3e3ae3aebd52e9db2ebf542f3cc81754d1

Signatures

4/29/2022 3:16:35 PM (CET)

Kalle Juhani Laaksonen, PricewaterhouseCoopers Oy

kalle.laaksonen@pwc.com
Signed with electronic ID (Mobiilivarmenne)

Signature is certified by Assently

Sunborn London Oyj ttk eng 2021

Verify the integrity of this receipt by scanning the QR-code to the left.
You can also do this by visiting https://app.assently.com/case/verify
SHA-512:
dc05800ad028fc00d57977289e4e971abfdac0fd949faca2a264ec435fa6e4a21f3b3e1943362d3c7fbfe741d4d4f0446991387eea8598b9512e90a628b7135a

About this receipt

Auditor's Report (Translation of the Finnish Original)

To the Annual General Meeting of Sunborn London Oyj

Report on the Audit of the Financial Statements

Opinion

In our opinion

- the consolidated financial statements give a true and fair view of the company's financial position and financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements in Finland and comply with statutory requirements

Our opinion is consistent with the additional report to the Board of Directors.

What we have audited

We have audited the financial statements of Sunborn London Oyj (business identity code 2726819-7) for the year ended 31 December 2021. The financial statements comprise:

- the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies.

- the parent company's balance sheet, income statement and notes

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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To the best of our knowledge and belief, the non-audit services that we have provided to the company are in accordance with the applicable law and regulations in Finland and we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014. The non-audit services that we have provided are disclosed in note 6 to the Financial Statements.

Our Audit Approach

Overview

	Materiality • Overall materiality: 0,3 million euros, which represents 0.5% of group total assets.
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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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We have no key audit matters to report with respect to our audit of the parent company financial statements.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or to cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Other Reporting Requirements

Appointment

We were first appointed as auditors by the annual general meeting on 19 November 2015. Our appointment represents a total period of uninterrupted engagement of 6 years.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion

- the information in the report of the Board of Directors is consistent with the information in the financial statements
- the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Turku 29.4.2022

PricewaterhouseCoopers Oy
Authorised Public Accountants

Kalle Laaksonen
Authorised Public Accountant (KHT)

The following documents were signed Friday, April 29, 2022

Sunborn London Oyj_ttk eng_2021.pdf
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c0b327e5a6f3e3ae3aebd52e9db2ebf542f3cc81754d1

Signatures

4/29/2022 3:16:35 PM (CET)

Kalle Juhani Laaksonen, PricewaterhouseCoopers Oy

kalle.laaksonen@pwc.com
Signed with electronic ID (Mobiilivarmenne)

Signature is certified by Assently

Sunborn London Oyj ttk eng 2021

Verify the integrity of this receipt by scanning the QR-code to the left.
You can also do this by visiting https://app.assently.com/case/verify
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About this receipt

COMPANY NUMBER 03843168

SUNBORN INTERNATIONAL (UK) LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

sunborn

CONTENTS OF THE FINANCIAL STATEMENTS

COMPANY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2021

Directors:	Pekka Niemi Hans Niemi Karen Thomson
Secretary:	Goodwille Limited
Registered office:	24 Old Queen Street London United Kingdom SW1H 9HP
Registered number:	03843168 (England and Wales)
Independent Auditor:	Harmer Slater Limited Statutory Auditor Salatin House 19 Cedar Road Sutton Surrey SM2 5DA

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report on the affairs of Sunborn International (UK) Limited, together with the financial statements and auditor's report for the year ended 31 December 2021.

Principal Activity

The principal activity of the company is that of the operation of a luxury floating hotel and restaurant from the yacht, Sunborn London.

Directors

The directors of the company during the year and up to the approval of the financial statements were as follows:

Pekka Niemi
Hans Niemi
Karen Thomson (appointed 26th February 2021)

Dividends

The directors do not recommend the payment of a dividend.

Going Concern

The directors have considered the impact of COVID-19 on the company's financial position, liquidity and future performance together with financial projections for the company and over the foreseeable future and have also reviewed the availability of funding from its group. After making enquiries, the directors are satisfied that the company has sufficient resources to continue in operation for the foreseeable future, being at least 12 months from the date of signing the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the company's financial statements.

Non Adjusting Events After the Financial Period

There have been no significant events between the year end and the date of approval of these accounts which would require a change to, or disclosure in, the financial statements.

Financial Instruments

Details of financial instruments and their associated risks are given in note 16 to the financial statements.

Statement as to Disclosure of Information to Auditor

Each of the current directors who held office at the date of approval of this directors' report confirms that:

- so far as the director is aware, there is no relevant audit information, information needed by the company's auditor in connection with preparing their report, of which the company's auditor is unaware; and

- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information (as defined by section 418 of the Companies Act 2006) and to establish that the company's auditor is aware of that information.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

AUDITOR

Harmer Slater Limited are deemed to be reappointed in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006.

SMALL COMPANIES PROVISION STATEMENT

The directors have taken advantage of the small companies exemptions provided by sections 414B and 415A of the Companies Act 2006 from the requirement to prepare a strategic report and in preparing the directors' report on the grounds that the company is entitled to prepare its financial statements for the year in accordance with small companies' regime.

The directors' report was approved by the board on 28th April 2022 and signed on its behalf by:

....

H Niemi
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the report of the directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SUNBORN INTERNATIONAL (UK) LIMITED FOR THE YEAR ENDED 31 DECEMBER 2021

OPINION

We have audited the financial statements of Sunborn International UK Limited (the 'company') for the year ended 31 December 2021 which comprise: the statement of comprehensive income, statement of financial position, statement of changes in equity, statements of cash flows, and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021, and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SUNBORN INTERNATIONAL (UK) LIMITED FOR THE YEAR ENDED 31 DECEMBER 2021

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the directors' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

- the financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit; or

- the directors were not entitled to take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SUNBORN INTERNATIONAL (UK) LIMITED FOR THE YEAR ENDED 31 DECEMBER 2021

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations. We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements;
- we obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the laws and regulations applicable to the company through discussions with directors and other management, and from our cumulative audit and commercial knowledge and experience of the company and the hospitality sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

We are also required to perform specific procedures to respond to the risk of management bias and override of controls. To address this, we performed analytical procedures to identify any unusual or unexpected relationships; tested journal entries to identify unusual transactions; assessed whether judgements and assumptions made in determining the accounting estimates set out in note 18 were indicative of potential bias; and investigated the business rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement to disclosures underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, analysing legal costs to ascertain if there have been instances of non-compliance with laws and regulations

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SUNBORN INTERNATIONAL (UK) LIMITED FOR THE YEAR ENDED 31 DECEMBER 2021

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any. Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: *www.frc.org.uk/auditorsresponsibilities*. This description forms part of our auditor's report.

USE OF THIS REPORT

This report is made solely to the company's member, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member as a body, for our audit work, for this report, or for the opinions we have formed.

....

Ransford Agyei-Boamah (Senior Statutory Auditor)
For and on behalf of Harmer Slater Limited, Statutory Auditor
Salatin House
19 Cedar Road
Sutton
Surrey
SM2 5DA

28 April 2022

COMPANY NUMBER 03843168

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

Continuing operations	*Note*	2021 £	2020 £
Revenue	*3*	6,559,335	6,916,902
Cost of sales		(3,815,370)	(4,745,360)
Gross profit		2,743,965	2,171,542
Administrative expenses		(2,776,374)	(327,206)
Finance costs	*5*	(706)	(1072,778)
Profit/(Loss) before tax		(33,115)	771,558
Income tax credit	*7*	-	79,294
Profit /(Loss) for the year attributable to the shareholder		**(33,115)**	**850,852**
Total comprehensive profit/ (loss) for the year attributable to the shareholder		**(33,115)**	**850,852**

Profit / (Loss) per share

		2021 £	2020 £
Basic and diluted profit/ (loss) per share	*8*	(0.22)	5.67

COMPANY NUMBER 03843168

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
ASSETS:			
Non-current assets			
Property, plant and equipment	9	343,752	525,555
Right-of-use asset	15	488,161	365,568
Total non-current assets		**831,913**	**891,123**
Current assets			
Inventories	10	88,702	-
Trade and other receivables	11	1,348,770	1,744,318
Cash and cash equivalents	12	2,327,915	2,786,831
Total current assets		3,765,385	4,531,149
Total assets		**4,597,300**	**5,422,272**
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS:			
Share capital	13	150,000	150,000
Retained earnings		(104,476)	(71,361)
Total equity		**45,524**	**78,639**
LIABILITIES:			
Non-current liabilities			
Lease liabilities	15	397,776	290,986
Deferred tax liabilities	16	-	-
Total non-current liabilities		**397,776**	**290,986**
Current liabilities			
Trade and other payables	14	4,059,174	4,957,634
Lease liabilities	15	94,826	95,013
Total current liabilities		**4,154,000**	**5,053,647**
Total liabilities		**4,551,776**	**5,343,633**
Total equity and liabilities		**4,597,300**	**5,422,272**

ON BEHALF OF THE BOARD:

The financial statements of Sunborn International (UK) Limited were approved and authorised for issue by the board of directors on 28th April 2022 and signed on its behalf by:

....
H Niemi
Director

COMPANY NUMBER 03843168

STATEMENT OF CHANGES IN EQUITY

	Share capital £	Retained Earnings £	Total £
Balance at 1 January 2020	150,000	(922,213)	(772,213)
Profit for the year and total comprehensive income	-	850,852	850,852
Total comprehensive income for the year	150,000	(71,361)	78,639
Balance at 31 December 2020	**150,000**	**(71,361)**	**78,639**
Balance at 1 January 2021	150,000	(71,361)	78,639
Loss for the year and total comprehensive income	-	(33,115)	(33,115)
Total comprehensive income for the year	150,000	(104,476)	45,524
Balance at 31 December 2021	**150,000**	**(104,476)**	**45,524**

STATEMENTS OF CASH FLOWS

For the Year Ended 31 December 2021

	2021	2020
	£	£
Cash flows from operating activities		
Profit /(Loss) before tax	(33,115)	771,558
Finance cost	706	1,072,778
Depreciation	237,308	228,887
Non cash item - other income	-	(114,586)
Non cash item – lease termination losses	-	394,402
(Increase)/decrease in inventories	(88,702)	-
(Increase)/decrease in receivables	395,550	(584,220)
(Increase)/decrease in payables	(898,460)	2,022,511
Interest paid in cash	-	(1,047,944)
Net cash generated from/(utilised in) operating activities	**(386,713)**	**2,743,386**
Cash flows from investing activities		
Acquisition	(178,098)	-
Net cash generated from investing activities	**(178,098)**	**-**
Cash flows from financing activities		
Lease receivables	-	1,567,685
Repayment of lease liabilities	106.790	(1,532,056)
Net cash generated from financing activities	**106,790**	**35,629**
Net increase/(decrease) in cash and cash equivalents	(458,916)	2,779,015
Cash and cash equivalents at beginning of the year	2,786,831	7,816
Cash and cash equivalents at end of the year	**2,327,915**	**2,786,831**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. Nature of operation and going concern

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. The address of the company's registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the directors' report on page 2.

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.

The directors have considered the impact of Covid-19 on the company's financial position, liquidity and future performance together with financial projections for the company over the foreseeable future and have also reviewed the ongoing committed financial support from the company's parent undertaking and are confident that this will be available for the foreseeable future. After making enquiries, the directors are satisfied that the company has sufficient resources to continue in operation for the foreseeable future, being at least twelve months from the date of signing the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

2. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are summarised below. They have all been applied consistently throughout the year and the preceding year.

Statement of compliance

The financial statements of the company have been prepared on a going concern basis and in accordance with International Financial Reporting Standards ("IFRS") and their interpretations issued by the International Accounting Standards Board ("IASB"), as adopted by the European Union. They have also been prepared with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

As a result of the UK leaving the EU, the International Accounting Standards and European Public Limited-Liability Company (Amendment etc.) (EU Exit) Regulations 2019 (SI 2019/685) require all companies with accounting periods beginning on or after 1 January 2021 to apply UK-adopted IAS. In the previous year the company applied International Financial Reporting Standards as adopted in the European Union (EU-adopted IFRS). Prior year comparatives have not been restated for this change.

On 1 January 2021 UK-adopted IAS and EU-adopted IFRS were identical. Since this date timing differences in endorsement have arisen, however no amendments would be required to these financial statements if they were to be prepared in accordance with EU-adopted IFRS as at 31 December 2021.

On January 1, 2019, the company adopted IFRS 16, "Leases". The company applied the modified retrospective approach and did not restate comparative figures for prior periods. IFRS 16 defines the recognition, measurement, presentation and disclosure requirements on leases.

The standard introduces a single lessee accounting model requiring lessees to recognise right of use assets and liabilities for all leases, unless the lease term is 12 months or less, or the underlying asset has a low value. The lease liabilities are measured initially at the present value of the future lease payments, discounted by the estimated incremental borrowing date at the date of transition. The company has used an average discount rate of 5.86%.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

Lessors continue to classify the leases as finance or operating leases. Under IFRS 16, also subleases classified to finance and other leases by reference to the sublet right of use asset.

The biggest impact for the company comes from the lease contracts related to the Yacht hotel. The company leased the yacht hotel from a related party, Sunborn London Oyj, and further sublet the right of use asset to a hotel operator until 31st December 2020. The sublease was classified as finance lease, as it substantially transferred the risks and rewards incidental to the right of use asset.

The right of use asset related to the leased Yacht hotel was derecognised, and a net investment in the lease was recognised as a receivable from the hotel operator based on discounted future lease receivables until 31 December 2020. The lease contract between the company and the hotel operator was terminated by mutual agreement on 31 December 2020.

A Bareboat Charter Agreement between the hotel operator, Sunborn International (UK) Ltd and the yacht hotel owner, Sunborn London Oyj with an effective date of 1 January 2021 was put in force until terminated by either party subject to six months' prior notice. The remaining right of use asset on the balance sheet relates to mooring rights. Further details are disclosed in note 14.

Basis of preparation

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial instruments, as described in the accounting policies set out below.

The financial statements are presented in GBP, rounded to the nearest pound.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 18.

Revenue recognition

Revenue represents amounts receivable for goods and services provided in the normal course of business, net of value added tax. The company's revenue comprises the provision of hotel accommodation and events, sale of food and beverage and other revenue. The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the activities. Revenue from accommodation is recognised when rooms are occupied. Revenue from events when the events takes place, revenue from food and beverages is recognised is recognised when these are sold.

The revenue for the previous year comprised substantially lease termination settlement receivable following the termination of the ISS Facility Services limited contract.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

Foreign currency

Transactions in foreign currencies are translated to the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

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 over their estimated useful lives, as follows:

- Furniture and fittings — 3 years straight line
- Improvements to property — 10 years straight line

Impairment of assets

Depreciable assets are assessed to determine any decrease in value resulting from events or changes in circumstances indicating that the carrying amount might not be recoverable. An impairment loss is recognised in the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value of the asset less selling expenses and value in use. In assessing impairment loss, assets are grouped at the lowest levels at which there are separate identifiable cash flows (cash-generating units). For assets that have been previously impaired, testing is conducted on each balance-sheet date on whether reversal should be done.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

Trade and other receivables

Trade and other receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents

Cash and cash equivalents comprise bank current account and cash balances. Bank overdrafts that are repayable on demand and form an integral part of the cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows where applicable.

Trade and other payable

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities. Payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Leases

Company as a lessee

At inception of the contract, the company assesses whether a contract is, or contains, a lease. It recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee. The right-of-use assets and the lease liabilities are presented as separate line items in the statement of financial position.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate. It is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, plus lease payments made on or before the commencement day, less any lease incentives received and plus any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation is recognised using the straight-line basis so as to write the cost of assets over the lease term.

Company as a lessor

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as finance lease. The company recognises a lease receivable at the net present value of the lease payments receivables and derecognises the right-of-use asset when the company becomes an intermediate lessor in accordance with IFRS 16.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

3. Revenue

	2021	2020
	£	£
Accommodation and events	3,713,990	-
Food and beverages	1,902,242	-
Lease termination revenue	-	5,730,000
Interest income on lease receivables	-	1,072,315
Other revenue	943,103	114,587
	6,559,335	**6,916,902**

4. Personnel expenses

The average number of employees during the period, including directors were as follows:

	2021	2020
Operations	100	2

The aggregate staff costs of company employees were as follows:

	2021	2020
	£	£
Wages and salaries	1,538,887	-
Social security costs	131,716	-
Pension costs – defined contribution plans	48,578	-
	1,719,181	**-**

No remuneration was paid to the directors during the year (2020 - £nil). They are remunerated by other group undertakings.

5. Finance Cost

	2021	2020
	£	£
Other interest payable	706	-
Interest cost on lease liabilities	-	1,072,778
	706	**1,072,778**

6. Operating Profit/(Loss) for the year

The profit/(loss) for the year is stated after charging:	2021	2020
	£	£
Depreciation of owned assets	137,450	131,403
Depreciation of right to use assets	99,858	97,484
Auditor's remuneration:		
Audit of these financial statements	5,000	2,350
Other services	5,500	4,700

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

7. Income tax expense

Recognised in the income statement

	2021 £	2020 £
Current tax expense		
UK Corporation tax	-	-
Deferred taxation		
Arising from reversal of timing differences	-	(79,294)
All tax recognised in the period	-	(79,294)

Reconciliation of effective tax rate	2021 £	2020 £
Profit / (Loss) before tax	(33,115)	771,558
Income tax using the UK corporation tax rate of 19% (2020: 19%)	(6,292)	146,596
Depreciation in excess of capital allowances	-	15,846
Tax losses (utilised)/carried forward	6,292	(162,442)
Income tax charge	-	-

The company has unrelieved tax losses of £739.442 (2020 - £706,327) carried forward at 31 December 2021. These unrelieved tax losses are available for tax utilisation against future trading profits. No deferred tax asset is recognised in the Statement of Financial Position in respect of these losses.

8. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 December 2021 was based on the profit attributable to ordinary shareholders of £(33,115) (2020: of £850,852) and a weighted average number of ordinary shares outstanding during the period ended 31 December 2021 of £150,000 (2020: £150,000) calculated as follows:

Profit (Loss) attributable to ordinary shareholders

	2021 £	2020 £
Profit / (Loss) for the period	(33,115)	850,852
Loss attributable to ordinary shareholders	(33,115)	850,852

Weighted average number of ordinary shares

	2021 Number	2020 Number
Number of shares in issue at beginning of year	150,000	150,000
Weighted average number of ordinary shares in issue for the year	150,000	150,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

	2021	2020
	£	£
Earnings per share	(0.22)	5.67

Diluted earnings per share is the same as basic earnings per share as there were no dilutive instruments.

9. Property, plant and equipment

	Improvements to property	Fixtures & fittings	Total
	£	£	£
Cost			
Balance at 1 January 2020	1,313,913	-	1,313,913
Balance at 31 December 2020	1,313,913	-	1,313,913
Balance at 1 January 2021	1,313,913		1,313,913
Additions	(51,882)	7,111	(44,771)
Balance at 31 December 2021	1,252,031	7,111	1,269,142
Depreciation			
Balance at 1 January 2020	656,955	-	656,955
Depreciation charge for the period	131,403	-	131,403
Balance at 31 December 2020	788,358	-	788,358
Balance at 1 January 2021	788,358	-	788,358
Depreciation charge for the period	135,501	1,531	137,031
Balance at 31 December 2021	923,859	1,531	925,389
Net book value			
At 31 December 2020	525,555	-	525,555
At 31 December 2021	**338,172**	**5,580**	**343,752**

10. Inventories

	2021	2020
	£	£
Consumable supplies	88,702	-
	88,702	**-**

11. Trade and other receivables

	2021	2020
	£	£
Trade receivables	24,405	-
Amounts due from group undertakings	1,229,689	1,126,374
Other receivables	94,676	617,944
	1,348,770	**1,744,318**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

The average credit period for trade receivables is 14 days The directors consider that the carrying value of trade receivables approximates to their fair value.

12. Cash and cash equivalents

	2021	2020
	£	£
Bank balances	2,327,915	2,786,831
	2,327,915	**2,786,831**

13.Share capital

	2021		2020	
	No.	£	No.	£
Authorised, allotted, called up and fully paid shares of £1 each	150,000	150,000	150,000	150,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

The company has one class of share capital which carries no right to fixed income.

The retained profit reserve represents cumulative profit or losses net of dividends paid and other adjustments.

Capital management

The company is not subject to either internally or externally imposed capital requirements. The company's objective when managing capital is to provide sufficient resources and to safeguard the company's ability to continue as a going concern, so that it can continue to increase the value of the entity for the benefit of its shareholder.

The company manages capital by regularly monitoring its current and expected liquidity requirements rather than using debt/equity ratio analyses. No changes were made in the objectives, policies and processes during the current or previous year.

The directors consider the company's capital as follows:

	2021	2020
	£	£
Cash and cash equivalents	2,327,915	2,786,831
Net debt	2,327,915	2,786,831
Equity	45,522	78,639
Total capital	**2,373,437**	**2,865,470**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

14. Trade and other payables

	2021	2020
	£	£
Current Liabilities		
Trade payables	239,552	1,966
Amounts owed to group undertakings	2,769,808	2,903,628
Other payables	796,976	2,047,090
Accruals	252,838	4,950
	4,059,174	**4,957,634**

Trade payables and accruals comprise amounts outstanding for trade purchases and ongoing costs. The average credit period for trade purchases is 70 days. No interest is charged on overdue amounts.

The directors consider that the carrying value of trade and other payables approximates to their fair value.

15. Leases

Company is the lessee

The company has a Bareboat Charter agreement of Yacht hotel from related party of the group, Sunborn London and a Mooring Agreement with RODMA, which are impacted by the adoption of IFRS 16.

The standard requires the lesser to recognise a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate. The company used an average discount rate of 5.86%It is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, plus lease payments made on or before the commencement day, less any lease incentives received and plus any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

On adoption of IFRS 16, the company recognised a right of use asset related to mooring rights.

As the company further sublet the Yacht hotel to the hotel operator it was an intermediate lessor during the previous year. IFRS16 requires the intermediate lessor to derecognise the right to use asset relating to the head lease that it transfers to the sublessee and to recognise the net investment in the sublease. Any differences arising between the right of use asset and the net investment in the sublease were recognised in statement of comprehensive income until 31 December 2020.

No right-of-use asset relating to the leased Yacht hotel was recognised by the company in the statement of financial position as at 31 Dec 2021.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

15. Leases – continued

Right- of – use assets

	Mooring rights
	£
Cost	
Balance at 1 January 2020	560,536
Additions	
Balance at 31 December 2020	560,536
Balance at 1 January 2021	560,536
Additions	222,452
Balance at 31 December 2021	782,988
Depreciation	
Balance at 1 January 2020	97,484
Depreciation charge for the period	97,484
Balance at 31 December 2020	194,968
Balance at 1 January 2021	194,968
Depreciation charge for the period	99,858
Balance at 31 December 2021	294,827
Net book value	
At 31 December 2020	**365,568**
At 31 December 2021	488,161

Lease liabilities

At 31 December 2021 the company is committed to £492,602 (2020: £385,998) in future lease payments, none of which relates to short-term. The carrying amount of the lease liabilities approximate the fair value.

The following table outlines the future lease payments

	2021	2020
	£	£
Not later than one year	222,452	114,586
Later than one year and not later than five years	385,999	315,112
Over five years		
	608,451	429,698
Less: unearned interest cost	(115,848)	(43,699)
Lease liabilities	492,602	385,999

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

15. Leases – continued

The future lease payments analysed as:

	2021	2020
	£	£
Non-current	397,776	290,986
Current	94,826	95,013
	492,602	385,999

Amounts recognised in statement of comprehensive income:

	2021	2020
	£	£
Depreciation of right-of-use assets	99,858	97,484
Interest expense on lease liabilities	706	1,072,778
	100,564	1,262,631

Cash Flows

The total cash outflows for leases amounted to £116,554 (2020: £2,580,000), split as follows:

- cash payments of £93,166 (2020: £1,532,056) for the principal portion of the lease liabilities within financing activities; and
- cash payments of £23,388 (2020: 1,047,944) for the interest portion of the lease liabilities within operating activities.

Lease receivables

The company generated interest revenue from the lease contract with the hotel operator ISS Facility Services Ltd until 31 December 2020. The lease agreement was terminated on 31st December 2020 and a with effect from1st January 2021 and the Company was entitled to a termination fee under the lease term. Before adoption of IFRS 16, the company's revenue consisted of rental income and the Company was entitled to certain fees, partially fixed and partially variable (contingent) under the agreement with the operator.

Amounts recognised in statement of comprehensive income:

	2021	2020
	£	£
Interest income on lease receivables	-	1,072,315
Lease termination fees receivable	-	5,730,000
	-	6,802,315

Cash Flows

The total cash inflows for lease amounted to £nil (2020: £2,640,000)

- cash receipts of £nil (2020: £1,567,685) for the principal portion of the lease receivables within financing activities; and
- cash receipts of £nil (2020: £1,072,315) for the interest portion of the lease receivables within operating activities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

16. Deferred Tax

	Deferred Tax £
At 1 January 2020 and at 31 December 2020	-
At 1 January 2021	-
Reversal of timing differences	-
At 31 December 2021	-

17. Financial instruments

The principal financial assets comprise: cash and cash equivalents; amounts due from group undertakings; and trade and other receivables. The financial liabilities comprise: trade payables; amount due the parent undertaking; other payables and accrued expenses. All of the financial liabilities are measured at amortised cost and their financial assets are classified as loans and receivables and measured at amortised cost.

The company held the following categories of financial instruments at 31 December 2021:

	2021 £	2020 £
Financial assets		
Loans and receivables at amortised cost:		
Amounts owed by group undertakings	1,229,689	1,126,374
Other receivables	94,676	617,944
Cash at bank	2,327,915	2,786,831
Total financial assets	**3,652,280**	**4,531,149**

	2021 £	2020 £
Liabilities at amortised cost or equivalent:		
Trade payables	(239,552)	(1,966)
Amount owed to group undertakings	(2,769,808)	(2,903,628)
Other payables	(796,976)	(2,047,090)
Accruals and deferred income	(252,838)	(4,950)
Total financial liabilities	**(4,059,174)**	**(4,957,634)**

There were no financial assets and financial liabilities that are measured at fair value on a recurring basis at the current or previous year ends. In consequence, no further information has been presented about how the company establishes the fair values of financial instruments.

The directors determine, as required, the degree to which it is appropriate to use financial instruments and hedging techniques to mitigate risks. The main risks for which such instruments may be appropriate are liquidity risk, credit risk, market risk and interest rate risk each of which is discussed below.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

Liquidity risk

Liquidity risk arises from the management of working capital and the finance and principal repayments on its debt instruments. It is the risk that the company will encounter difficulty in meeting its financial obligations as they fall due.

The trade payables, other payables and accrued expenses are generally due between one and three months.

Credit risk

The principal financial assets are bank balances and cash, trade and other receivables. The credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful debts. It is company policy to assess the credit risk of new customers and to factor the information from these credit ratings into future dealings with the customers. At the statement of financial position date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The company's market risks arise from open positions in interest-bearing assets and liabilities, to the extent that these are exposed to general and specific market movements (interest rate risk). The company is not exposed to foreign exchange rate risk as all its financial assets and liabilities are denominated in British pound. The company has no significant exposure to price risk as it does not hold any equity securities or commodities.

Interest rate risk

Company's interest rate risk principally arises from long-term loan receivable and borrowing. As they bear variable interest rates, they expose the company to cash flow interest rate risk. On the other hand, not having loan receivables and borrowings at fixed rates, does not expose the company to fair value interest rate risk. Trade and other receivables and trade and other payables are interest free and with a term of less than one year, so it is assumed that there is no interest rate risk associated with these financial assets and liabilities.

Company's interest rate risk is monitored on a regular basis. Various scenarios are simulated, taking into consideration refinancing, renewal of existing positions and alternative financing sources.

Fair values

In the directors' opinion there is no material difference between the book value and fair value of any of the financial instruments.

Classes of financial instruments

The classes of financial instruments are the same as the line items included on the face of the statement of financial position and have been analysed in more detail in the notes to the accounts. All the company's financial assets are categorised as receivables and all financial liabilities are measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

18. Related parties

The company's related parties are Sunborn group entities controlled by Sunborn Oy and the board of directors of the company, the board of directors of the parent company Sunborn Oy together with their close family members, and companies controlled by these individuals.

The cost of sales for the company arises from a single lease contract with its sister company Sunborn London Oyj (since August 2016) and before August 2016 with Sunborn International Oy, under which the Sunborn London Oyj has leased the yacht hotel to the company to enable rental income to be earned. The lease expense from the contract during 2021 amounted to £2,580,000 (2020: £2,580,000).

At the year end the company was owed by Sunborn International OY £1,226,374 (2020: £1,126,374) and Sunborn Gibraltar £3,315 (2020: £nil) and owed to Sunborn London Oy £2,769,000 (2020: £2,786,831), Sunborn Saga Oy £809 (2020: £nil) and Sunborn International Holding Oy £nil (2020: £34,628). These amounts are interest free and repayable on demand.

19. Critical accounting estimates and judgements

The details of the accounting policies are presented in accordance with International Financial Reporting Standards as set out in Note 2 to the financial statements. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year.

The risk associated with going concern as explained in note 1 is considered by management to be the only critical judgement and estimate for investors to understand when considering some of the processes and reasoning that go into the preparation of the company's financial statements, providing some insight also to uncertainties that could impact the company's financial results.

20. Smallest and largest group accounts

The company is a wholly owned subsidiary of Sunborn International Holding Oy. The smallest and largest group in which the results of the company are consolidated is that of Sunborn Oy, the financial statements of which can be obtained from Juhana Hertuan Puistokatu 23, 20100 Turku, Finland.

21. Non adjusting events after the financial period

There have been no significant events between the year end and the date of approval of these accounts which would require a change to, or disclosure in, the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

22. Application of new and revised International Financial Reporting Standards (IFRSs)

New and amended Standards and Interpretations applied

There are no other relevant Standards or amendments issued by the IASB that are effective for an annual period that begins on or after 1 January 2021.

New and revised Standards and Interpretations in issue but not yet effective

At the date of authorisation of these financial statements, the company has not early adopted the following amendments to Standards and Interpretations that have been issued but are not yet effective:

Standard or Interpretation	**Effective for annual periods commencing on or after**
Narrow scope amendments to IFRS 3, IAS 16 and IAS 37	1 January 2022
Annual improvements to IFRS Standards 2018-2020	1 January 2022
Amendments to IAS 1: Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8: Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12: Deferred Tax Related to Assets and Liabilities arising from a single transaction.	1 January 2023

As yet, none of these have been endorsed for use in the UK and will not be adopted until such time as endorsement is confirmed. The directors do not expect any material impact as a result of adopting the standards and amendments listed above in the financial year they become effective.