



SUNBORN LONDON

HALF YEAR FINANCIAL REPORT

1 JULY – 31 DECEMBER 2022
Prepared 28 February 2023



HALF YEAR REPORT 1 July - 31 December 2022
Key Figures – Sunborn London Oyj

EUR thousand	H2/2022	H2/2021	1 Jan - 31 Dec	1 Jan - 31 Dec
	1 Jul - 31 Dec 2022	1 Jul - 31 Dec 2021	2022	2021
Rental income	2 564	1 371	3 969	2 712
EBITDA	2 430	1 504	3 648	2 731
Operating profit	1 677	752	2 143	1 226
Investment property (Yacht hotel)			33 393	34 898
Total Equity			27 488	28 072
Borrowings			24 273	24 380

Key Figures – Operator Sunborn International (UK) Ltd

GBP thousand	H2/2022	H2/2021	1 Jan - 31 Dec	1 Jan - 31 Dec
	1 Jul - 31 Dec 2022	1 Jul - 31 Dec 2021	2022	2021
Revenue	5 284	4 802	10 048	6 559
EBITDAR	1 968	1 904	3 783	2 545

CEO Hans Niemi

“Excellent performance in H2 with increased charter income from the Operator, Sunborn International (UK) Ltd, at 2.564 MEUR (1.371 MEUR) to cover the increased capital and operating costs. Financial performance and debt service capacity of the Issuer is continuing at robust levels.

Hotel operations under Sunborn International (UK) Ltd exceeded management performance expectations with H2 operating revenue increasing +10 % to 5.284 MGBP (4.802 MGBP) with EBITDAR to 1.968 MGBP (1.904 MGBP). Overall, H2 demonstrated outstanding performance and direction under Sunborn management.”

Financial summary 1 July - 31 December 2022

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 with minimum sum of GBP 195,000 per month. During the year to 31 December 2022, an additional 1.100 MGBP was charged by the Sunborn London Plc to account for updated capital cost, planned bond repayments, vessel insurance and classification costs. The monthly charter cost is increased with inflation to GBP 234,000 per month from 1.1.2023 onwards.

Rental Income for the reporting period was 2.564 MEUR (1.371 MEUR). Operating costs were in line with previous year if ignored the additional costs related to listing of new bonds.

Book value of the yacht hotel as of 31 December 2022 approximates the fair value of the yacht hotel based on income approach using discounted cash flow analyses.

Operator Financial summary 1 July – 31 December 2022

Entering Q3 management objective was to continue high business levels and ensure expected summer low period was mitigated through effective promotional rates. Occupancy levels were maintained with ADR improving +10 % versus H2 2021, comparing well to the STR figures against our competitive set. RevPar versus our Comp set was +17.6 %, achieved by conducting marketing initiatives to reduce the OTA sector and bring reservations as a better cost of sale without compromising on income. Commissions decreased from 9.6 % to 8.8 % YoY. Overall, Room Revenue increased by £ 569K constituting +21.5 %, from H1 and +11.1 % respectively YoY vs. 2021.

KPI's for H2 2022 vs. H2 2021

	Overall H2 2022	Overall H2 2021	Diff
Total Revenue M€	£5.284	£4,802	+10 %
EBITDAR M€	£1.968	£1.903	+3 %
<i>Revenue split</i>			
Rooms Revenue	64 %	63 %	1 %
Food and Beverage	30 %	32 %	- 3 %
Other	7 %	5 %	2 %
YoY change %			
	Overall H2 2022		
ADR	+10 %		
Occupancy %	+1 %		
RevPar	+12 %		

Commentary:

Solid demand in both leisure and business segments helped achieve 10 % YoY revenue growth. Cost pressures and planned OPEX impacted EBITDAR ratio, showing modest +3 % YoY growth.

No major changes in Revenue split.

Despite the challenges, we grew occupancy only slightly in H2 up 1 % however with an increase of ADR + 10 % YoY for the same period in 2022 comparing with 2021. And management were able to achieve a reduction of rooms sales commissions by an 8 % improvement.

Good development in ADR resulting from yield management and major events returning after covid. The passing of HM Queen Elizabeth had some impact on September occupancy and costs.

H2 Started with a typical London summer period, low in Meetings & Events spend and high in leisure travel. Our food and beverage revenue in Q3 remained consistent with Q2 levels, despite the Meetings & Events volume reduction.

The death of HM Queen Elizabeth II in September 2022 impacted occupancy and events. For some London hotels, incremental business was received through media groups and well-wishers. However, for the majority of properties in central London, business events were largely postponed and domestic tourism cancelled.

Q4 had a few larger events taking place in London including the World Travel Market at Excel, NFL matches and the London Marathon, however, the spectre of industrial action threatened to disrupt business and leisure travel to the capital. Christmas in London is traditionally slow with almost two weeks in December being affected with lower occupancy.

Notable events during and after the end of the reporting period

Nothing to report.

Estimated future development

Management believes the property will continue successful operations under the current management and Sunborn London Oyj's financial performance and debt service capacity to remain stable.

The new Elizabeth line cross rail link (opened in May 2022) offers a major improvement in public transport connections for the hotel, with travel times to central London in circa 15 minutes and to London Heathrow airport in 45 minutes. Management expects the Elizabeth Line to increase hotel room demand and ADR development. The London Mayor's office moved to the vicinity of the hotel and is positively raising awareness of the destination. As a major boost to the area, Silvertown quays area opposite the Excel center has commenced a major development adding 6,000 homes and 180,000 sqm of working space and public amenities over the next years. The project will also include the construction of a new pedestrian bridge in direct vicinity to Sunborn Hotel, connecting the development to the north shore of Royal Docks.

Short-term risks and uncertainties

Sunborn Finance's financial risks related to business are market risk (including interest rate risk), credit risk, liquidity risk, refinancing risk and business interruption due to incidents relating to environmental and or public health risks. Floating interest rate risk has not been hedged and may negatively and materially impact Sunborn London Oyj liquidity.

The Company is exposed to foreign currency risk through rental receivables and future cash flows arising from the lease contract of the Yacht hotel that is denominated in GBP. The management of the company closely monitors the development of the GBP/EUR exchange rate and aims to protect the Company against unfavorable developments at the group level.

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.

CONTENTS

HALF YEAR REPORT 1 July - 31 December 2022.....	2
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS).....	6
CONSOLIDATED BALANCE SHEET (IFRS).....	7
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS).....	8
CONSOLIDATED STATEMENT OF CASH FLOWS (IFRS).....	9
NOTES TO THE FINANCIAL STATEMENTS	10
1. General information.....	10
2. Summary of significant accounting policies.....	10
3. Rental income from related parties and other income	10
4. Investment property	11
5. Equity	12
6. Borrowings	12
7. Related parties.....	13
8. Events after the reporting date	14
Appendix 1 Sunborn International (UK) Ltd	15

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)

EUR thousand	Note	1 Jul - 31 Dec 2022	1 Jul - 31 Dec 2021	1 Jan -31 Dec 2022	1 Jan -31 Dec 2021
Rental income from group companies	3, 7	2 564	1 371	3 969	2 712
Other operating income		0	321	0	385
Depreciation	4	-752	-752	-1 505	-1 505
Other operating expenses		-134	-188	-321	-367
Operating profit		1 677	752	2 143	1 226
Finance income	7	723	752	1 445	1 616
Finance costs		-1 066	-863	-2 078	-1 958
Finance income and costs, net		-343	-111	-633	-342
Profit before taxes		1 334	641	1 510	884
Income tax		107	115	0	0
Change in deferred tax		-374	-243	-302	-177
Profit for the period		1 067	512	1 208	707
Total comprehensive income for the period		1 067	512	1 208	707

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

CONSOLIDATED BALANCE SHEET (IFRS)

EUR thousand	Note	31 Dec 2022	31 Dec 2021
Assets			
Non-current assets			
Construction in process		95	-
Investment property	4	33 393	34 898
Receivables from group companies	7	20 826	21 063
Total non-current assets		54 314	55 960
Current assets			
Trade receivables from group companies	7	3 579	3 301
Trade and other receivables		16	32
Cash and cash equivalents		1 162	1 405
Total current assets		4 758	4 738
Total assets		59 072	60 699
Equity and liabilities			
Share capital	5	80	80
Reserve for invested unrestricted equity		600	600
Retained earnings		26 808	27 392
Total equity		27 488	28 072
Liabilities			
Non-current liabilities			
Borrowings	6	23 773	23 880
Deferred income tax liabilities		6 680	6 826
Total non-current liabilities		30 452	30 705
Current liabilities			
Trade and other payables		2	41
Payables to group companies	7	582	1 346
Borrowings	6	500	500
Accrued expenses		47	35
Total current liabilities		1 131	1 921
Total liabilities		31 584	32 627
Total equity and liabilities		59 072	60 699

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 1.1.2021	80	600	27 761	28 441
Profit for the period			195	195
Total comprehensive income	0	0	195	195
Equity at 30.6.2021	80	600	27 955	28 635
Equity at 1.7.2021	80	600	27 955	28 635
Profit for the period	0	0	512	512
Total comprehensive income	0	0	512	512
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
Equity at 1.1.2022	80	600	27 392	28 072
Profit for the period			140	140
Total comprehensive income	0	0	140	140
Equity at 30.6.2022	80	600	27 532	28 212
Equity at 1.7.2022	80	600	27 532	28 212
Profit for the period	0	0	1 067	1 067
Total comprehensive income	0	0	1 067	1 067
Transactions with owner:				
Group contribution net of tax			-1 791	-1 791
Total contributions by and distributions to owners of the parent, recognised directly in equity	0	0	-1 791	-1 791
Equity at 31.12.2022	80	600	26 808	27 488

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 2022	1 Jan – 31 Dec 2021
Cash flows from operating activities			
Profit before tax		1 510	884
Adjustments for			
Amortisation of deferred income	4	0	-385
Depreciation	4	1 505	1 505
Finance income and costs, net		633	342
Change of working capital			
Change in trade and other receivables		-262	-121
Change in trade and other payables		-1 359	-646
Net cash flows from operating activities		2 027	1 578
Cash used in investing activities			
Capital Expenditure	4	-95	-
Net cash flows used in investing activities		-95	-
Cash flows from financing activities			
Proceeds from borrowings		-	24 723
Repayment of borrowings		-500	-29 456
Cash deposited on escrow account		-	880
Transaction / loan agent costs		-13	-566
Interest and finance costs paid		-1 485	-1 553
Net cash flows from financing activities		-1 997	-5 973
Cash and cash equivalents at the beginning of period		1 405	5 501
Effects of exchange rate changes on cash and cash equivalents		-177	299
Change in cash and cash equivalents		-243	-4 096
Cash and cash equivalents at the end of period		1 162	1 405

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

NOTES TO THE FINANCIAL STATEMENTS

1. General information

Sunborn London Oyj is a public limited liability company (“the Company”) incorporated in Finland. The registered address of Sunborn London Oyj is Juhana Herttuan puistokatu 23, Turku, Finland. Sunborn London Oyj was established on April 30, 2016. Sunborn London Oyj owns a luxury yacht hotel “Sunborn London” docked at Royal Victoria Dock in London (“Yacht hotel”), which it has leased to its sister company Sunborn International (UK) Limited (“Sunborn UK”). In the beginning of 2021 Sunborn UK took over the operations after the transition from ISS management.

The Yacht hotel is equipped with 138 cabins, including five suites, conference and auditorium facilities for up to 200 delegates, restaurant and two bars. The Company had no employees in 2022 and 2021. Sunborn London Oyj’s ultimate parent company Sunborn Oy provides management and administrative services to the Company. Since 2021 Sunborn UK’s sole operations consist of acting as the lessee and operator of the Yacht hotel.

Sunborn International Holding Oy is the parent company of Sunborn London Oyj owning 100 % of the shares of the Company, as well as Sunborn International UK. Sunborn International Holding Oy is a family-owned company based in Finland. Sunborn Group focuses on the development of luxury spa and yacht hotels, restaurants and other high-quality property, and has more than 40 years of experience in the hospitality sector.

2. Summary of significant accounting policies

Basis of preparation

This half year financial report for six months ended 31 December 2022 have been prepared in accordance with International Financial Reporting Standards (IFRS), *IAS 34 interim Financial Reporting*, as adopted by the European Union. The half year financial report is based on the same accounting policies and calculation methods as used in the financial statements for the year 2021, as well as on the new and updated IFRS standards described in the financial statements for the year 2021. However, the half year financial report does not include all the information and notes that are presented in the annual financial statements. As such the half year financial report should be read in conjunction with the financial statements for the year ended 31 December 2021.

The preparation of the half year financial report in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The actual outcomes may differ from these estimates and judgments. The most significant estimates made by the management relating to the accounting policies and uncertainties are the same as applied in the financial statements for the year 2021.

The financial statements are presented in thousands of euros unless otherwise stated. All figures presented have been rounded and consequently the sum of individual figures may deviate from the presented sum figure.

The half year financial report is unaudited.

3. Rental income from related parties and other income

The Group’s rental income consists of rental income from Sunborn UK. Bareboat charter agreement is in force until terminated by either party subject to six months' prior notice. Rental income relates to investment property, see note 4 for detail.

From 1 January 2021 onwards the Bareboat charter agreement between the hotel operator, Sunborn International (UK) Ltd and the yacht hotel owner, Sunborn London Oyj was renewed with a minimum sum of GBP 195,000 per month. During the year to 31 December 2022, an additional 1.100 MGBP was charged by the Sunborn London Plc to account for updated capital cost, planned bond repayments, vessel insurance and classification costs. The monthly charter cost is updated with inflation to GBP 234,000 per month from 1.1.2023 onwards.

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

EUR thousand	31 Dec 2022	31 Dec 2021
Within 1 year	1 583	1 392
Between 1 and 2 years	-	-
Between 2 and 3 years	-	-
Between 3 and 4 years	-	-
Between 4 and 5 years	-	-
Later than 5 years	-	-
Total	1 583	1 392

Other income in 2021 relates to payments received from ISS to renovate the yacht hotel and recognized as other income to cover the time of the depreciation of the improvements.

4. Investment property

The Group presents as investment property its investment in a Yacht Hotel that is leased out under operating lease and it is operated as Yacht hotel Sunborn London Sunborn International (UK) Ltd. The investment property is carried at cost less any accumulated depreciation and any accumulated losses. Fair value of the yacht hotel as at 31 December 2022 has been estimated to be EUR 37 million (31.12.2021: EUR 35 million). The fair value has been determined based on income approach using discounted cash flow analyses. The fair value measurement is based on unobservable inputs and accordingly, is classified in Level 3 in the fair value hierarchy. The volatility in the fair value is due to the impact of estimated cash flows and from the fluctuation of the GBP/EUR exchange rate. Fair value of the yacht hotel as at 31, December 2022 approximates the book value of the yacht hotel.

The Yacht hotel is registered in Finland but located in London, United Kingdom, where it is leased under a Bareboat Charter agreement to Sunborn UK. Sunborn International (UK) Ltd is responsible for the management and costs of operation.

Investment property

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
EUR thousand	Yacht hotel
Cost at January 1, 2022	45 432
Cost at December 31, 2022	45 432

Accumulated depreciation at January 1, 2022	10 535
Depreciation	1 505
Accumulated depreciation and impairment at December 31, 2022	12 040
Net book value at January 1, 2022	34 898
Net book value at December 31, 2022	33 393

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

EUR thousand	1 Jul – 31 Dec 2022	1 Jul – 31 Dec 2021	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021
Rental income	2 564	1 371	3 969	2 712
Direct operating expenses from property that generated rental income	54	59	108	123

5. Equity

Number of the shares has been 200 shares since the establishment of the parent Company. Shares have no nominal value.

6. Borrowings

EUR thousand	31 Dec 2022	31 Dec 2021
Non-current:		
Senior secured bond	23 773	23 880
Current:		
Senior secured bond	500	500
Total	24 273	24 380

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

The bonds are denominated in euros and mature by 22 September 2024. The bonds are repaid by the Company in 2 small instalments and the remaining amount will be fully redeemed on maturity date at nominal amount. The contractual interest is 5.5 % plus 3-month Euribor. The effective interest rate is 7.27 %.

The management estimates that the fair value of the bond payable approximates the carrying amount as it was withdrawn within a year at market terms.

A summary table with maturity of all financial liabilities is presented below. The amounts disclosed in the tables below are the contractual undiscounted cash flows including the interest payments. The interest payments are calculated based on the interest rate level on the balance sheet dates presented.

31 Dec 2022

EUR thousand	< 1 year	1 to 2 years	2 to 3 years	3 to 5 years	Total
Payables to group companies	582	-	-	-	582
Trade and other payable	2	-	-	-	2
Senior secured bond	500	24 500	-	-	25 000
Senior secured bond, interest payments	1 912	1 419	-	-	3 331
Total	2 996	25 919	-	-	28 915

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

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: "påkravgaranti").

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

7. Related parties

Transactions with related parties

Related parties are the ultimate parent company Sunborn Oy, the direct parent company Sunborn International Holding Oy, other Sunborn Group entities, the board of directors and key management of the Group and the Board of Directors and management of the parent company, together with their close family members, and companies controlled by these individuals.

The following table summarises the Group's transactions and outstanding balances with related parties during or at the end of the years presented:

EUR thousand	1 Jul – 31 Dec 2022			1 Jul – 31 Dec 2021		
	Rental income from the operating lease	Management fee	Interest income	Rental income from the operating lease	Management fee	Interest income
Ultimate parent - Sunborn Oy	-	-26	-	-	-45	-
Parent - Sunborn International Holding Oy	-	-20	722	-	-60	682
Sunborn International Oy	-	-12	-	-	-12	-
Sunborn UK	2 564	-	-	1 371	-	-
Total	2 564	-58	722	1 371	-117	682

EUR thousand	1 Jan – 31 Dec 2022			1 Jan – 31 Dec 2021		
	Rental income from the operating lease	Management fee	Interest income	Rental income from the operating lease	Management fee	Interest income
Ultimate parent - Sunborn Oy	-	-53	-	-	-70	-
Parent - Sunborn International Holding Oy	-	-20	1 444	-	-60	1 286
Sunborn International Oy	-	-24	-	-	-24	-
Sunborn UK	3 969	-	-	2 712	-	-
Total	3 969	-97	1 444	2 712	-154	1 286

EUR thousand	31 Dec 2022		31 Dec 2021	
	Receivables	Liabilities	Receivables	Liabilities
Ultimate parent - Sunborn Oy	-	557	-	1 346
Parent - Sunborn International Holding Oy	20 826	25	21 063	-
Sunborn UK	3 579	-	3 301	-
Total	24 405	582	24 364	1 346

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

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

The intercompany receivable from the parent company Sunborn International Holding Oy matures in September 2026, however subject to the occurrence of certain events in the bond terms receivable mature and become immediately due. The loan receivable accumulates interest income at 7.3 % p.a. and is recognised as receivable from the parent company. Fair value of the loan receivable approximates it's carrying amount, as it was given to the parent in September 2021 and carries interest rate based on market rate. The management estimates that the credit standing of the debtor has not changed significantly from the issue date.

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

The lease receivables from Sunborn UK amounted to approximately EUR 3.6 million on 31.12.2022 (EUR 3.3 million on 31.12.2021).

Sunborn UK and Sunborn International Holding Oy have guaranteed the senior secured bonds of the Company. Detailed information on the guarantee is described in note 6 Borrowings.

8. Events after the reporting date

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

Appendix 1 Sunborn International (UK) Ltd

Sunborn International (UK) Ltd
HALF-YEAR UNAUDITED REPORT 1 July – 31 December 2022

CONTENTS

HALF YEAR REPORT 1 July - 31 December 2022.....	2
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)	6
CONSOLIDATED BALANCE SHEET (IFRS).....	7
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS).....	8
CONSOLIDATED STATEMENT OF CASH FLOWS (IFRS).....	9
NOTES TO THE FINANCIAL STATEMENTS	10
1. General information.....	10
2. Summary of significant accounting policies.....	10
3. Rental income from related parties and other income	10
4. Investment property	11
5. Equity	12
6. Borrowings	12
7. Related parties.....	13
8. Events after the reporting date	14
Appendix 1 Sunborn International (UK) Ltd	15

STATEMENT OF COMPREHENSIVE INCOME (IFRS)

GBP thousand	Note	1 Jul – 31 Dec 2022	1 Jul – 31 Dec 2021	1 Jan -31 Dec 2022	1 Jan -31 Dec 2021
Revenue	3	5,284	4,802	10,048	6,559
Interest Revenue	3	-	-	-	-
Other Income		-	-	-	-
Cost of sales		(1,245)	(1,171)	(2,278)	(1,457)
Depreciation	5	(141)	(122)	(259)	(237)
Bare Boat Charter	4	(2,270)	(1,170)	(3,440)	(2,340)
Administrative expenses		(2,071)	(1,728)	(3,988)	(2,558)
Operating profit/(loss)		(443)	612	84	(32)
Finance costs		(15)	9	(29)	(1)
Profit before taxes		(458)	621	55	(33)
Income tax expense		-	-	-	-
Change in deferred tax		-	-	-	-
Profit for the period		(458)	621	55	(33)
Total comprehensive income for the period		(458)	621	55	(33)

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

BALANCE SHEET

GBP thousand	Note	31 Dec 2022	31 Dec 2021
Assets			
Non-current assets			
Property, plant and equipment	4	367	344
Right-of-use assets	4	519	488
Total non-current assets		886	832
Current assets			
Inventories		112	89
Amounts due from group companies	6	1,126	1,230
Trade and other receivables		238	119
Cash and cash equivalents		3,409	2,328
Total current assets		4,885	3,765
Total assets		5,771	4,597
Equity and liabilities			
Share capital		150	150
Retained earnings		(49)	(104)
Total equity		101	46
Non-current liabilities			
Lease liability	5	434	398
Total non-current liabilities		434	398
Current liabilities			
Trade and other payables		1,694	1,037
Payables to group companies	6	3,104	2,770
Lease liability	5	99	95
Accrued expenses		339	253
Total current liabilities		5,236	4,154
Total liabilities		5,670	4,552
Total equity and liabilities		5,771	4,597

STATEMENT OF CHANGES IN EQUITY

GBP thousand	Share Capital	Retained Earnings	Total
Equity at 1.1.2021	150	(71)	79
Profit for the period	-	(33)	(33)
Total comprehensive income	150	(104)	46
Equity at 31.12.2021	150	(104)	46
Equity at 1.1.2022	150	(104)	46
Profit for the period	-	55	55
Total comprehensive income	150	(49)	101
Equity at 31.12.2022	150	(49)	101

STATEMENT OF CASH FLOW

	1 Jan to 31 Dec 2022	1 Jan to 31 Dec 2021
Cash flows from operating activities		
(Loss)/Profit	85	(32)
Finance cost	-	(1)
Depreciation	259	237
(Increase)/decrease in inventories	(24)	(89)
(Increase)/decrease in receivables	(116)	396
(Decrease)/increase in payables	1,179	(814)
Net cash utilised in operating activities	1,383	(303)
Cash flows from investing activities		
Acquisition	(175)	(40)
Net cash from investing activities	(175)	(40)
Cash flows from financing activities		
Repayment of lease liabilities	(127)	(116)
Net cash utilised in financing activities	(127)	(116)
Net increase in cash and cash equivalents	1,081	(459)
Cash and cash equivalents at beginning of period	2,328	2,787
Cash and cash equivalents at end of period	3,409	2,328

NOTES TO THE FINANCIAL STATEMENTS

1. General information

Sunborn International (UK) Limited ('the company') is a private company limited by share capital incorporated in England under the Companies Act. Its ultimate parent is Sunborn Oy, an undertaking incorporated in Finland. The registered address of Sunborn International (UK) Limited is 24 Old Queen Street, London, United Kingdom.

Sunborn International (UK) Limited ("Sunborn UK") is acting as a charterer for a luxury yacht hotel "Sunborn London" docked at 'at Royal Victoria Dock in London, the UK ("Yacht hotel"), which it is own by its sister company Sunborn London Oyj. The Yacht hotel is equipped with 138 cabins, including 5 suites, conference and auditorium facilities for up to 100 delegates, restaurant and two bars. Until the end of year 2020 Sunborn UK's sole operations consisted of acting as the lessee and lessor of the Yacht hotel. Since 2021 operations consist of acting as the charterer and operator of the Yacht hotel.

On 30th April, 2020 Sunborn Oy, the ultimate parent company of Sunborn UK and Sunborn London Oyj, transferred its ownerships in both companies to a newly established company Sunborn International Holding Oy, which thus became a new parent company of Sunborn UK owning 100 % of the shares of the Company, as well as Sunborn London Oyj. Sunborn International Holding Oy is a family-owned company based in Finland. Sunborn Group focuses on the development of luxury spa and yacht hotels, restaurants and other high-quality property, and in 2023 celebrates its 50th anniversary and experience in the hospitality sector.

2. Summary of significant accounting policies

Basis of preparation

This half year financial report for six months ended 31 December 2022 have been prepared in accordance with International Financial Reporting Standards (IFRS), IAS 34 interim Financial Reporting, as adopted by the European Union. The half year financial report is based on the same accounting policies and calculation methods as used in the financial statements for the year 2021, except for as presented below. The half year financial report does not include all the information and notes that are presented in the annual financial statements. As such the half year financial report should be read in conjunction with the financial statements for the year ended 31 December 2021.

The preparation of the half year financial report in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The actual outcomes may differ from these estimates and judgments. The most significant estimates made by the management relating to the accounting policies and uncertainties are the same as applied in the financial statements for the year 2021.

The financial statements are presented in thousands of pounds sterling unless otherwise stated. All figures presented have been rounded and consequently the sum of individual figures may deviate from the presented sum figure.

The half year financial report is unaudited.

3. Revenue

During the reporting period the company generates revenue from hotel operations.

4. Property, plant and equipment

Property, plant and equipment are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

- Improvements to property 3 to 10 years straight line
- Equipment 3 years straight line

GBP thousand	Improvements to property	Right to use asset	Equipment	Total
Cost at January 1, 2021	1,314	561	-	1,875
Addition	(52)	222	7	177
Disposal	-	-	-	-
Cost at December 31, 2021	1,262	783	7	2,052
Accumulated depreciation at January 1, 2021	789	195	-	984
Depreciation	134	100	2	236
Accumulated depreciation and impairment at December 31, 2021	923	295	2	1,220
Net book value at January 1, 2021	525	366	-	891
Net book value at December 31, 2021	339	488	5	832
Cost at January 1, 2022	1,262	783	7	2,052
Addition	38	138	137	313
Disposal	-	-	-	-
Cost at December 31, 2022	1,300	921	144	2,365
Accumulated depreciation at January 1, 2022	923	295	2	1,220
Depreciation	134	108	17	259
Accumulated depreciation and impairment at December 31, 2022	1,057	403	19	1,479
Net book value at January 1, 2022	339	488	5	832
Net book value at December 31, 2022	243	518	125	886

5. Lease liabilities

At 31 December 2022 the company is committed to £533k (£2021: 493k) in future lease payments which relate to long-term. The carrying amount of the lease liabilities approximate the fair value.

GBP thousand	31 Dec 2022	31 Dec 2021
Within 1 year	127	121
Between 1 and 2 years	127	121
Between 2 and 3 years	127	121
Between 3 and 4 years	127	121
Between 4 and 5 years	103	79
Later than 5 years	-	-
Total	611	563
Less unearned interest cost	-78	-70
Lease liabilities	533	493

From 1 January 2021 onwards the Bareboat charter agreement between the hotel operator, Sunborn International (UK) Ltd and the yacht hotel owner, Sunborn London Oyj was renewed with a fixed sum of GBP 195,000 per month. During the year to 31 December 2022, an additional 1.100 MGBP was charged by the Sunborn London Plc to account for updated capital cost, planned bond repayments, vessel insurance and classification costs. The monthly charter cost is updated with inflation to GBP 234,000 per month from 1.1.2023 onwards.

Bareboat Charter agreement is in force until terminated by either party subject to six months' prior notice.

6. Transactions with related parties

The Company's related parties are its parent company Sunborn International Holding Oy, ultimate parent company Sunborn Oy, other Sunborn Group entities, the board of directors and key management of the Company and the Board of Directors and management of the parent company, together with their close family members, and companies controlled by these individuals.

The following table summarises the Company's transactions and outstanding balances with related parties during or at the end of the years presented:

GBP thousand	1 Jul - 31 Dec 2022 Interest cost related to lease liability	1 Jul – 31 Dec 2021 Interest cost related to lease liability	1 Jan -31 Dec 2022 Interest cost related to lease liability	1 Jan -31 Dec 2021 Interest cost related to lease liability
Sunborn London Oyj	-	513	-	1,048
Total	-	513	-	1,048

GBP thousand	31 Dec 2022		31 Dec 2021	
	Receivables	Liabilities	Receivables	Liabilities
Sunborn London Oyj	-	3,166	-	2,770
Sunborn International Oy	1,126	-	1,126	-
Sunborn International Holding Oy	100	37	100	-
Sunborn Saga Oy	-	1	-	-
Sunborn Gibraltar Limited	-	-	3	-
Total	1,226	3,204	1,229	2,770

The lease expenses of the Company arise from a lease contract related to the Yacht hotel with its sister Company, Sunborn London Oyj. The Lease contract (“Bareboat charter agreement”) is in force until terminated by either party subject to six months' prior notice. The lease expense charged to the income statement was as follows:

	1 Jul - 31 Dec 2022 Bareboat Charter	1 Jul – 31 Dec 2021 Bareboat Charter	1 Jan -31 Dec 2022 Bareboat Charter	1 Jan -31 Dec 2021 Bareboat Charter
GBP thousand				
Sunborn London Oyj	2,270	1,170	3,440	2,340
Total	2,270	1,170	3,440	2,340

7. Events after the reporting date

There have been no significant events between the year end and the date of this report which would require a change to or disclosure in this report.