

SUNBORN



FINANCE



FINANCIAL STATEMENTS Q1 2018
31/5/2018

sunborn

Key Figures Issuer Sunborn Finance Oy

EUR thousand	1 Jan - 31 Mar 2018
Rental income	834
EBITDA	797
Spa Hotels (book value)	63 901
Total Equity	7 863
Bond	50 000

Key Figures Operator Sunborn Saga Oy

EUR thousand	1 Jan - 31 Mar 2018	1 Jan - 31 Mar 2017
Turnover	4 927	4 497
Turnover of divested business		501
EBITDA before rent	-139	-549

Chief Executive Director, Pekka Niemi

Sunborn Finance Oy results for Q1 were at expected levels reaching our budgeted income and cost targets. The hotels have been undergoing major renovations during 2017 and Q1 2018, which will continue to positively impact ADR, occupancy and ratings of the hotels. Renovations and upgrades in the properties will continue to take place throughout 2018 and 2019. Comparable hotel revenue increased 9.5% YoY and EBITDA increased by 0,4 M€ compared to previous year and this trend is expected to continue in 2018 based on market indications and prebookings for Q2-Q4. Management is satisfied with the overall performance in Q1, which is the most difficult quarter of the year, providing a good start for financial year 2018.

General

Sunborn Finance Oy owns Naantali Spa hotel located in Naantali by the Baltic Sea and Ruissalo Spa Hotel located in Turku by the scenic archipelago. Both properties have been leased to hotel operator Sunborn Saga Oy. The hotel operations of the spa hotels are run by management company Sunborn Saga Oy in under a lease contract. Naantali Spa Resort has 214 rooms and 40 ancillary time share apartments and Ruissalo Spa Hotel 171 rooms. Both hotels also offer various ancillary facilities and services, such as conference and ball room facilities, spa facilities with treatment rooms and a pool complex with saunas, fully equipped fitness center, rehabilitation facilities, restaurants, bars, cafes and lounges.

Sunborn Finance was established 1 November, 2017 company's operations consist of acting as a lessor of the spa hotels and also providing property and IT related facility services. Sunborn Finance has four employees.

The company prepares its accounts and quarterly reporting according to Finnish GAAP until the Bond has been listed on NASDAQ Helsinki after which the reporting will prepared in accordance with IFRS and made available according to the rules and regulations of NASDAQ Helsinki.

Sunborn Finance Oy Financial summary 1 January – 31 March 2018

Sunborn Finance receives lease income from the operator. Lease income 1-3 2018 was 0,834 M€. The other services income refers to personnel costs for facility services and was a cost/income neutral line item.

The value of the Spa hotels is at Naantali Spa 54 M€ and at Ruissalo Spa 28,5 M€ (1/3 in Sunborn Finance assets) according to the valuation reports.

Key Figures of the operator Sunborn Saga Oy Financial summary 1 January – 31 March 2018

The first quarter historically is the most difficult quarter of the year. Both spa hotels have improved their performance compared to YoY. Turnover 1-3 2018 was 4,93 M€ (4,50 M€) and increased by 9,5 %. Especially conference segment is growing in both spas (Naantali + 46 % and Ruissalo +23 %) due to the positive business development in the Turku business region and improvements in the properties. Leisure client segment increased in Ruissalo by 5 % and rehabilitation segment by 43 %. The ongoing room renovations in Naantali have decreased the available room capacity in the beginning of the year and thus dragged sales in leisure segment especially during the peak days. The foreseeable business for 2018 Q2 to Q4 looks also very promising.

The Occupancy % increased in Naantali by +1,8 % and in Ruissalo +5,8 %.

ADR increased in Naantali by +1,8 % and in Ruissalo +6,8 %.

RevPar increased in Naantali by +5,4 % and in Ruissalo +24,5 %.

Turnover 2017 includes 0,50 M€ sales related to divested business, Pinella Restaurant in Turku and Saga Trade.

Operating costs are in line with previous year.

Guest satisfaction continues to be good in Naantali reflected by Booking.com rating of 7.9/10, Hotels.com rating of 8.2/10, Expedia.com 4.1/5 and in Ruissalo Guest by Booking.com rating of 7.8/10, Hotels.com rating of 7.6/10, Expedia.com 3.7/5.

Notable events during the reporting

Nothing to report.

Business environment

No notable changes in the business environment.

Issuer is a SPV with no other purpose than owning the Naantali and Ruissalo spa hotel properties. The hotels are leased out to Sunborn Saga Oy through a lease agreement. Sunborn Saga Oy pays Sunborn Finance Oy a fixed sum of 278 152€ per month in lease.

Estimated future development

The company estimates that its financial performance and debt service capacity will remain stable.

Notable events after the end of the reporting period

No significant event to report.

Short-term risks and uncertainties

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

Floating interest rate risk has not been hedged.

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.

SUNBORN FINANCE OY
INCOME STATEMENT, EUR

1.1.-31.3.2018
3 months

TURNOVER		834 456	
Other income from business operations		60 000	
Personnel expenses			
Wages and salaries	48 277		
Pension costs	9 095		
Other social security costs	1 462	58 835	
Other operating charges		38 460	
EBITDA		797 161	=====
Depreciation			
Depreciation according to the plan		253 668	
Financial income and expenses			
Interest expenses related to the previous financing	-590 714		
Transactions costs	-88 258		
Interest expenses bond	-336 914	-1 015 885	
PROFIT BEFORE ADJUSTMENT ITEMS AND TAXES		-472 392	=====
PROFIT FOR THE PERIOD		-472 392	=====

SUNBORN FINANCE OY BALANCE SHEET, EUR

	31.03.2018 3 months	
ASSETS		
FIXED ASSETS		
Intangible assets		
Other capitalised long term expenditure	8 002	8 002
Tangible assets		
Land and waters	320 511	
Buildings	63 577 980	
Construction in process	2 935	63 901 426
CURRENT ASSETS		
Receivables		
Current receivables		
Prepayments related to transaction cost:	2 559 475	
Accounts receivable	1 302 280	
Other receivables	105 245	
Prepaid expenses and accrued income	25 292	3 992 292
Cash and bank receivables		3 835 094
TOTAL ASSETS		71 736 814

	31.03.2018 3 months	
LIABILITIES		
SHAREHOLDERS' EQUITY		
Revaluation reserve	9 082 148	
Retained earnings	-746 348	
Profit for the period	-472 392	7 863 408
APPROPRIATIONS		
Cumulative accelerated depreciation	5 149 969	5 149 969
LIABILITIES		
Non-current liabilities		
Bond	50 000 000	50 000 000
Current liabilities		
Short-term accounts payable	25 205	
Other liabilities	493 301	
Accrued liabilities and deferred income	8 204 930	8 723 437
TOTAL LIABILITIES		71 736 814

SUNBORN FINANCE OY
CASH FLOW STATEMENT, EUR

1.1.-31.3.2018

Cash flow from operations	
Profit before adjustment items and taxes	-472 392
Depreciation and amortization	253 668
Income taxes	0
Change in current receivables	-751 005
Change in prepayments related to transaction costs	-2 559 475
Change in current non-interest-bearing liabilities	366 456
Cash flow from operations (A)	-3 162 748
Investing activities	
Change in tangible and intangible assets	0
Cash flow from investing activities (B)	0
Financing activities	
Change in non-current receivables	
Change in long-term borrowings	5 971 652
Cash flow from financing activities (C)	5 971 652
Change in cash and cash equivalents (A+B+C)	2 808 904
Cash and cash equivalents at beginning of period	1 026 190
Cash and cash equivalents at end of period	3 835 094

SUNBORN SAGA OY
INCOME STATEMENT, EUR

	1.1.-31.3.2018		1.1.-31.3.2017	
	3 months		3 months	
TURNOVER		4 926 575		4 496 987
TURNOVER from divested business		0		501 114
Other income from business operations		30 950		98 504
Materials and services				
Materials, supplies and goods				
Purchases during the financial period	694 425		958 903	
Change in inventories	57 975		-1 144	
External services	369 831	1 122 232	99 210	1 056 968
Personnel expenses				
Wages and salaries	1 486 782		1 710 046	
Mandatory pension costs	462 979		611 005	
Other social security costs	137 141	2 086 901	210 863	2 531 914
Other operating charges		1 887 818		2 056 533
Rents paid to Sunborn Finance Oy		834 456		834 456
EBITDA		=====	=====	
		-973 882		-1 383 267
Depreciation				
Depreciation according to the plan		0		0
Financial income and expenses				
Interest income and financial income	39		277	
Interest expenses and financial expenses	-102	-63	-188	90
		=====	=====	
PROFIT BEFORE ADJUSTMENT ITEMS AND TAXES		-973 945		-1 383 177
Adjustment items				
Group contribution received(+) / paid(-)		0		0
Increase(-) / decrease(+) in depreciation difference		0		0
Income taxes		-2 569		-4 004
PROFIT FOR THE PERIOD		=====	=====	
		-976 514		-1 387 181
		=====	=====	

SUNBORN SAGA OY
BALANCE SHEET, EUR

ASSETS	31.03.2018 3 months		31.03.2017 3 months	
FIXED ASSETS				
Intangible assets				
Intangible rights	12 261		19 202	
Other capitalised long term expenditure	2 458 219	2 470 479	2 754 274	2 773 476
Tangible assets				
Machinery and equipment	338 417		499 860	
Construction in process	1 104 194	1 442 611	138 020	637 880
Investments				
Other shares and similar rights of ownership		290		290
CURRENT ASSETS				
Inventories				
Raw materials and supplies	178 679		210 740	
Goods	257 681	436 360	996 190	1 206 930
Receivables				
Non-current receivables				
Receivables from group companies	3 912 034		2 861 751	
Other receivables	10 000	3 922 034	5 000	2 866 751
Current receivables				
Receivables from group companies	212 985		451 675	
Accounts receivable	2 026 050		845 101	
Other receivables	100 630		36 180	
Prepaid expenses and accrued income	60 485	2 400 150	153 986	1 486 942
Cash and bank receivables		170 438		226 094
TOTAL ASSETS		10 842 362		9 198 363

LIABILITIES	31.03.2018 3 months		31.03.2017 3 months	
SHAREHOLDERS' EQUITY				
Share capital	2 523		2 523	
Reserve for invested non-restricted equity	100 000		100 000	
Retained earnings	28 679		29 164	
Profit for the period	-976 514	-845 312	-1 387 181	-1 255 495
LIABILITIES				
Non-current liabilities				
Debt to group companies	122 000		386 315	
Other liabilities	4 859 497	4 981 497	4 928 884	5 315 199
Current liabilities				
Debt to group companies	0		482 239	
Short-term advance payments	2 391 754		1 249 190	
Short-term accounts payable	2 747 634		1 813 983	
Other liabilities	327 497		267 576	
Accrued liabilities and deferred income	1 239 294	6 706 178	1 325 670	5 138 659
TOTAL LIABILITIES		10 842 362		9 198 363

SUNBORN SAGA OY
CASH FLOW STATEMENT, EUR

1.1.-31.3.2018 1.1.-31.3.2017

Cash flow from operations		
Profit before adjustment items and taxes	-973 945	-1 383 177
Depreciation and amortization	0	0
Income taxes	-2 569	-4 004
Change in current receivables	-429 763	499 774
Change in inventories	57 975	-1 144
Change in current non-interest-bearing liabilities	1 107 910	322 861
Cash flow from operations (A)	-240 391	-565 691
Investing activities		
Change in tangible and intangible assets *	-295 776	-74 770
Cash flow from investing activities (B)	-295 776	-74 770
Financing activities		
Change in non-current receivables	0	0
Change in long-term borrowings	276 901	541 216
Cash flow from financing activities (C)	276 901	541 216
Change in cash and cash equivalents (A+B+C)	-259 266	-99 244
Cash and cash equivalents at beginning of period	429 704	325 338
Cash and cash equivalents at end of period	170 438	226 094

* Capital expenditure is now done by Sunborn Saga, but the investments will be transferred to Sunborn Finance in Q1