

SUNBORN



FINANCE



FINANCIAL STATEMENTS Q2 2018
23/8/2018

sunborn

Key Figures Issuer Sunborn Finance Oy

EUR thousand	1 Apr - 30 Jun 2018	1 Jan - 30 Jun 2018
Rental income	834	1 669
EBITDA	781	1 578
Spa Hotels	65 034	63 901
Total Equity	7 863	7 863
Bond	50 000	50 000

Key Figures Operator Sunborn Saga Oy

EUR thousand	1 Apr - 30 Jun 2018	1 Apr - 30 Jun 2017	1 Jan - 30 Jun 2018	1 Jan - 30 Jun 2017
Turnover	7 000	6 451	11 927	10 948
Turnover of divested business		381		882
EBITDA before rent	1 234	928	1 095	379

Chief Executive Director, Pekka Niemi

Sunborn Finance Oy results for Q2 were at expected levels reaching our budgeted income and cost targets. The hotels have been undergoing major renovations during 2017 and 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. The noticeable improvement in hotel revenue 9.0% and EBITDA increase 0,7 M€ compared to previous year is expected to continue in 2018 based on market indications and prebookings for Q3-Q4 and management is very satisfied with the overall performance.

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 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 the 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 that the reporting will be prepared in accordance with IFRS and made available according to the rules and regulations of NASDAQ Helsinki.

Sunborn Finance Oy Financial summary 1 January – 30 Jun 2018

Sunborn Finance receives lease income from the operator. Lease income 1-6 2018 was 1,67 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 – 30 Jun 2018

Both spa hotels have improved their performance compared to previous year. Turnover 1-6 2018 was 11,93 M€ (10,95 M€) and increased by 9,0 %. Turnover 2017 includes 0,88 M€ sales related to divested business, Pinella Restaurant in Turku and Saga Trade.

Conference segment kept on growing in Q2 in both spas due to the positive business development in the Turku business region. Leisure client segment kept also increasing in Ruissalo and rehabilitation segment development was equal to the last year.

In Q2 2018 vs Q2 2017 the occupancy % increased in Naantali by +9,6 % and in Ruissalo +9,5 %. The ongoing room renovations in Naantali have decreased the room capacity in the beginning of the year and thus influenced sales in leisure segment especially during the peak days and national holidays i.e. Eastern.

In Q2 2018 vs Q2 2017 ADR decreased in Naantali by -3,4 % and increased in Ruissalo +5,8 %. Timing for Eastern holidays was different, Q1 in 2018 and Q2 in 2017.

In Q2 2018 vs Q2 2017 RevPar increased in Naantali by +5,9 % and in Ruissalo +15,9 %.

Operating costs are in line with previous year.

Guest satisfaction continues to be good in Naantali reflected by Booking.com rating of 8.0/10, Hotels.com rating of 8.2/10, Expedia.com 4.1/5 and in Ruissalo by Booking.com rating of 7.8/10, Hotels.com rating of 7.6/10, Expedia.com 3.7/5.

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.

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.-30.6.2018
6 months

TURNOVER		1 668 912
Other income from business operations		120 244
Personnel expenses		
Wages and salaries	95 487	
Pension costs	18 059	
Other social security costs	4 203	117 749
Other operating charges		93 661
		=====
EBITDA		1 577 746
Depreciation		
Depreciation according to the plan		507 336
Financial income and expenses		
Interest expenses related to the previous financing	-590 714	
Transactions costs	-353 031	
Interest expenses bond	-599 622	-1 543 367
		=====
PROFIT BEFORE ADJUSTMENT ITEMS AND TAXES		-472 957
		=====
PROFIT FOR THE PERIOD		-472 957
		=====

SUNBORN FINANCE OY BALANCE SHEET, EUR

30.06.2018

ASSETS

FIXED ASSETS

Intangible assets

Other capitalised long term expenditure	7 546	7 546
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Tangible assets

Land and waters	320 511	
Buildings	63 324 768	
Construction in process	1 388 900	65 034 179

CURRENT ASSETS

Receivables

Current receivables

Prepayments related to transaction cost:	2 294 702	
Accounts receivable	743 253	
Other receivables	105 245	
Prepaid expenses and accrued income	10 113	3 153 313

Cash and bank receivables		2 805 504
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TOTAL ASSETS		71 000 543
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LIABILITIES

30.06.2018

SHAREHOLDERS' EQUITY

Revaluation reserve	9 082 148	
Retained earnings	-746 348	
Profit for the period	-472 957	7 862 843

APPROPRIATIONS

Cumulative accelerated depreciation	5 149 969	5 149 969
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LIABILITIES

Non-current liabilities

Bond	50 000 000	50 000 000
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Current liabilities

Short-term accounts payable	13 511	
Other liabilities	106 095	
Accrued liabilities and deferred income	7 868 125	7 987 730

TOTAL LIABILITIES		71 000 543
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SUNBORN FINANCE OY
CASH FLOW STATEMENT, EUR

1.1.-30.6.2018

Cash flow from operations	
Profit before adjustment items and taxes	-472 957
Depreciation and amortization	507 336
Interests	1 190 336
Income taxes	0
Change in current receivables	176 231
Change in current non-interest-bearing liabilities	-369 359
Cash flow from operations (A)	1 031 587
Investing activities	
Change in tangible and intangible assets	-1 385 965
Cash flow from investing activities (B)	-1 385 965
Financing activities	
Change in non-current receivables	
Interests	-1 190 228
Transaction costs	-2 647 733
Change in long-term borrowings	5 971 652
Cash flow from financing activities (C)	2 133 692
Change in cash and cash equivalents (A+B+C)	1 779 314
Cash and cash equivalents at beginning of period	1 026 190
Cash and cash equivalents at end of period	2 805 504

SUNBORN SAGA OY
INCOME STATEMENT, EUR

	1.1.-30.6.2018 6 months	1.1.-30.6.2017 6 months
TURNOVER	11 926 958	10 948 164
TURNOVER from divested business	0	882 228
Other income from business operations	73 546	187 592
Materials and services		
Materials, supplies and goods		
Purchases during the financial period	1 773 683	2 301 431
Change in inventories	34 761	-84 678
External services	1 174 368	313 656
Personnel expenses		
Wages and salaries	3 076 176	3 752 913
Mandatory pension costs	619 539	769 129
Other social security costs	196 537	262 968
Other operating charges	4 030 558	4 323 483
Rents paid to Sunborn Finance Oy	1 668 912	1 668 912
EBITDA	=====	=====
	-574 030	-1 289 830
Depreciation		
Depreciation according to the plan	0	0
Financial income and expenses		
Interest income and financial income	112	197
Interest expenses and financial expenses	-281	-1 755
	=====	=====
PROFIT BEFORE ADJUSTMENT ITEMS AND TAXES	-574 199	-1 291 388
Adjustment items		
Group contribution received(+) / paid(-)	0	0
Increase(-) / decrease(+) in depreciation difference	0	0
Income taxes	-5 138	-8 008
PROFIT FOR THE PERIOD	=====	=====
	-579 336	-1 299 396
	=====	=====

SUNBORN SAGA OY
BALANCE SHEET, EUR

	30.06.2018		30.06.2017	
ASSETS				
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	377 386		510 609	
Construction in process	54 102	431 487	652 215	1 162 824
Investments				
Other shares and similar rights of ownership		290		290
CURRENT ASSETS				
Inventories				
Raw materials and supplies	191 352		258 325	
Goods	268 223	459 574	1 005 009	1 263 334
Receivables				
Non-current receivables				
Receivables from group companies	4 026 128		3 001 667	
Other receivables		4 026 128		3 001 667
Current receivables				
Receivables from group companies	150 651		122 662	
Accounts receivable	2 959 799		1 053 052	
Other receivables	114 051		279 374	
Prepaid expenses and accrued income	61 002	3 285 503	23 892	1 478 980
Cash and bank receivables		503 032		259 919
TOTAL ASSETS		11 176 494		9 940 490

	30.06.2018		30.06.2017	
LIABILITIES				
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	-579 336	-448 135	-1 299 396	-1 167 710
LIABILITIES				
Non-current liabilities				
Debt to group companies	122 000		605 581	
Other liabilities	5 001 527	5 123 527	5 052 552	5 658 133
Current liabilities				
Debt to group companies	0		351 008	
Short-term advance payments	2 670 070		1 142 313	
Short-term accounts payable	1 942 576		2 362 213	
Other liabilities	678 349		305 764	
Accrued liabilities and deferred income	1 210 106	6 501 101	1 288 769	5 450 067
TOTAL LIABILITIES		11 176 494		9 940 490

SUNBORN SAGA OY
CASH FLOW STATEMENT, EUR

1.1.-30.6.2018 1.1.-30.6.2017

Cash flow from operations		
Profit before adjustment items and taxes	-574 199	-1 291 388
Depreciation and amortization	0	0
Income taxes	-5 138	-8 008
Change in current receivables	-1 315 116	507 736
Change in inventories	34 761	-57 548
Change in current non-interest-bearing liabilities	902 833	634 269
Cash flow from operations (A)	-956 858	-214 939
Investing activities		
Change in tangible and intangible assets	715 348	-599 714
Cash flow from investing activities (B)	715 348	-599 714
Financing activities		
Change in non-current receivables	-104 094	-134 916
Change in long-term borrowings	418 932	884 150
Cash flow from financing activities (C)	314 838	749 235
Change in cash and cash equivalents (A+B+C)	73 328	-65 419
Cash and cash equivalents at beginning of period	429 704	325 338
Cash and cash equivalents at end of period	503 032	259 919