SUNBORN FINANCE

FINANCIAL STATEMENTS Q1 2023
23/5/2023

sunborn

Key Figures (IFRS) - Sunborn Finance Oyj

EUR thousand	1 Jan- 31 Mar 2023	1 Jan- 31 Mar 2022	1 Jan- 31 Dec 2022
Revenue	1 035	949	3 802
EBITDA	832	771	3 093
Investment property (Spa Hotels)	62 223	61 759	62 195
Total equity	2 193	2 377	2 562
Bond	49 778	49 980	50 212

Key Figures (FAS)- Operator Sunborn Saga Oy

EUR thousand	1 Jan- 31 Mar 2023	1 Jan- 31 Mar 2022	1 Jan- 31 Dec 2022
Revenue	5 367	3 932	25 467
EBITDA before rent and group admin	509	162	4 602

Executive Director, Hans Niemi

"Sunborn Finance Oyj revenue for Q1 was 1.035 M€ (Q1 2022: 0.949 M€) and costs were in line with budget.

Operator's revenue in the period was 5.37 M€ (Q1 2022: 3.93 M€, +36.5 %) and EBITDAR 0.51 M€ (Q1 2022: 0.16 M€, +214 %). Whilst revenue and profitability increased, consumer behaviour shows impact from high rates, inflation and macroeconomic uncertainty impacting overall sentiment and average spending. Management focus continued on revenue management and profit margin improvement, both showing positive improvement YoY in the reporting period. Forward looking bookings are at good levels and indicate strong demand for peak summer season."

General

Sunborn Finance Oyj ("the company") owns the award winning Naantali Spa hotel located in Naantali by the Baltic Sea and Ruissalo Spa Hotel located in Turku by the scenic archipelago. The Company's operations consist of acting as a lessor of the spa hotels and providing property, facility and IT related services.

Both properties have been leased to hotel operator Sunborn Saga Oy. The hotel operations of the spa hotels are run by operator Sunborn Saga Oy under a lease contract. The hotels are well reputed and good performing assets with a strong management team.

Naantali Spa Resort has 218 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 centre, rehabilitation facilities, restaurants, bars, cafes and lounges. Significant renovation was made in both spa hotels during recent years and renovations continue in 2023.

Sunborn Finance Oyj Financial summary 1 January– 31 March 2023

Sunborn Finance revenue 1.035 M€ consists of fixed lease income from the operator and other services income. Lease income Q1 2023 was 0.965 M€ (Q1 2022: 0.884 M€). Other services income refers to personnel costs for facility services. Costs overall were in line with previous year.

According to December 2022 valuation reports the value of the Spa hotels is at Naantali Spa 52.6 M€ and at Ruissalo Spa 26.8 M€ (1/3 of Ruissalo Spa is owned by Sunborn Finance and shown as its assets).

Operator Sunborn Saga Oy Financial summary 1 January– 31 March 2023

First quarter is the lowest season in the Finnish travel industry. Expectations for Q1 2023 were mooted as domestic leisure market had shown signs of slowdown already since last summer. However, revenue increased by 37 % from Q1 2022 from 3.93 M€ to 5.37 M€ and exceeded even the budgeted level. A major boost was the increased level of business in the health travel segment and corporate groups. Management continued to focus on increasing profitability by reducing energy, COGS and salary costs making positive improvements during the period, increasing Operator profit margin by 214 %. In Q1 2022 the hotels were still impacted by Covid related restrictions, which should be considered when making YoY comparisons in this period.

While leisure travel has been steadily rebounding, however not yet to pre-pandemic levels, management team is pivoting strategy to focus on prospecting corporate accounts and volume contracts and searching for new creative opportunities. Corporate business continues to grow in both hotels. Similarly, revenue for medical rehabilitation courses increased throughout Q1 both in Naantali and in Ruissalo.

The war in Ukraine continues to cause uncertainty for many customers and has a clear impact on average spending on services such as treatments, food and beverage and other activities. Customers do travel but spend less than before whilst our cost base is increasing. New services and products need to be developed, and marketing inside the hotels and surrounding areas improved.

Covid and renovation closures during the first seven weeks of 2022 effected operator KPI´s and total room capacity. Total room revenue in Q1 increased 29 % in Naantali and 28 % in Ruissalo. Winter break in February succeeded in both hotels with higher occupancy and revenue through increased ADR. All KPI’s related to customer satisfaction improved from 2022.

Naantali Spa	Overall Q1 2023	Jan	Feb	March
ADR	+ 2 %	+ 28 %	- 2 %	- 2 %
Occupancy %	+ 10 %	+ 17 %	+ 9 %	+ 6 %
RevPar	+ 23 %	+ 98 %	+ 15 %	+ 9 %
Ruissalo Spa				
ADR	- 4 %	+ 2 %	- 5 %	- 6 %
Occupancy %	+ 2 %	+ 6 %	+ 6 %	- 1 %
RevPar	+ 0 %	+ 25 %	+ 8 %	- 8 %

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

As Q1 is historically the slowest period, various schemes to adapt staff resources and costs were implemented in January 2023 in both hotels. However, the number of bookings for Q1 in both hotels reached higher than expected. All three customer segments – leisure, corporate and medical rehabilitation – showed increasing figures. The war in Ukraine added heavily to the inflationary pressures building up in the euro area during the post-pandemic recovery and pushed up consumer prices for energy and food. This continues to effect customer spending especially in the restaurants, but also for treatments.

Renovations continued in Q1 2023. In Ruissalo conversion of 26 rehabilitation rooms to executive hotel rooms commenced and will add capacity and new products, ready for summer holidays. These rooms with Nordic design style will enable and drive higher room rates and increase customer satisfaction. This renovation will be followed by restaurant renovations in Naantali and lobby area refurbishment in Ruissalo. A completely new suite for Ruissalo is also under planning as customers seek for more luxurious accommodation and a trend of prioritizing higher room classes is apparent. A 3-year investment plan including also other renovations has commenced.

The burden of staffing shortages reported earlier in our various operations has eased. Both our hotels have been able to recruit new workers for different departments especially for the high season in summer. Management is also delighted to see many previous workers to return to our company. However, management continues to secure future availability through training of qualified staff and staff incentives.

The company foresees that Q2 will continue to show improvement in revenue and number of guests and that the summer season will be busy in both hotels. The demand for travel is increasing and booking forecasts are promising.

The 3-year ESG strategy implemented in 2022 starts to show results. Reductions in energy and water consumption in comparison to pre-covid figures are apparent. Changing the heating and cooling systems into more sustainable alternatives is the number one key priority for the company in the coming years. At the same time the management searches for other ways of producing energy eg. solar panels.

Business environment

Corporate business and rehabilitation show signs of improvement, whereas the inflation caused by the war in Ukraine still effects customer spending on food and beverage and treatment sales. The travelling industry continues to adapt at the same time as there is pressure to increase prices. Many customers will favor domestic travel due to environmental and security issues, whereas international travel especially from Asia and other than European continents will continue to remain absent. Luckily travel from Scandinavia and German speaking European countries is increasing.

Customer satisfaction of the hotels continues to be good. Net promotion score is on a high level in both hotels and is expected to improve as the renovation program continues.

Operator management will focus on increasing revenue and profitability, improving customer service and hotel property management system. More contactless technologies such as mobile check-in and check-out services and digital payments will be implemented within 2023. At the same time the management will continue to implement social responsibility initiatives to increase customer loyalty and retention and to stand out from the competition.

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.

Floating interest rate risk has not been hedged and may negatively and materially impact on Sunborn Finance Oyj liquidity.

In a written procedure initiated on 2 December 2022 and closed on 9 January 2023, a requisite majority of the holders of the Bonds gave their consent to certain requested amendments to the Terms and Conditions and extension of maturity for repayment until 9th February 2024. Management views the current high yield market conditions to be less favourable but refinancing to be available subject to terms and conditions.

Financial risk management carried out by the management of the Company aims to protect the Company 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.

Incidents relating to environmental or public health issues may cause the possible business interruptions of Operator. The war in Ukraine is not estimated to have a direct impact on the company's operations.

CONTENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS) 7
CONSOLIDATED BALANCE SHEET (IFRS) 8
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS) 9
CONSOLIDATED STATEMENT OF CASH FLOWS (IFRS) 10
NOTES TO THE FINANCIAL STATEMENTS (IFRS) 11
1. General information 11
2. Summary of significant accounting policies 11
3. Critical accounting estimates and management judgement 11
4. Revenue 12
5. Investment property 13
6. Borrowings 13
7. Transactions with related parties 15
8. Events after the balance sheet date 15
Appendix 1 SUNBORN SAGA (FAS) 16

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)

EUR thousand	Note	1 Jan - 31 Mar 2023	1 Jan - 31 Mar 2022	1 Jan - 31 Dec 2022
Revenue	4	1 035	949	3 802
Changes in fair value of investment property	5	-330	-415	-218
Personnel expenses		-79	-77	-299
Operating expenses		-124	-101	-410
Operating result		**502**	**357**	**2 875**
Interest expenses		-963	-683	-2 972
Result before taxes		**-461**	**-327**	**-97**
Change in deferred tax		92	65	19
Result for the period		**-369**	**-262**	**-78**
Total comprehensive income for the period		**-369**	**-262**	**-78**

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

CONSOLIDATED BALANCE SHEET (IFRS)

EUR thousand	Note	31 Mar 2023	31 Dec 2022	31 Mar 2022
Assets				
Non-current assets				
Investment property	5	62 223	62 195	61 759
Total non-current assets		**62 223**	**62 195**	**61 759**
Current assets				
Receivables from related parties	7	74	70	70
Other receivables		65	66	66
Cash and cash equivalents		937	859	609
Total current assets		**1 076**	**995**	**745**
Total assets		**63 299**	**63 190**	**62 504**

EUR thousand	Note	31 Mar 2023	31 Dec 2022	31 Mar 2022
Equity and liabilities				
Share capital		80	80	80
Reserve for invested unrestricted equity		6 638	6 638	6 638
Retained earnings		-4 526	-4 156	-4 341
Total equity		2 193	2 562	2 377
Liabilities				
Non-current liabilities				
Lease liabilities	2, 5	661	624	642
Deferred income tax liabilities		8 533	8 626	8 580
Total non-current liabilities		**9 194**	**9 250**	**9 221**
Current liabilities				
Borrowings	6	49 778	50 212	49 980
Lease liabilities	2, 5	9	8	8
Trade and other payables		154	193	454
Payables to related parties	7	1 309	404	8
Accrued expenses		663	562	455
Total current liabilities		**51 912**	**51 379**	**50 905**
Total liabilities		**61 106**	**60 629**	**60 127**
Total equity and liabilities		**63 299**	**63 190**	**62 504**

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 Jan, 2022	80	6 638	-4 080	2 638
Result for the period	0	0	-262	-262
Equity at 31 Mar, 2022	**80**	**6 638**	**-4 341**	**2 377**
Equity at 1 Apr, 2022	80	6 638	-4 341	2 377
Result for the period	0	0	184	184
Equity at 31 Dec, 2022	**80**	**6 638**	**-4 157**	**2 562**
Equity at 1 Jan, 2023	80	6 638	-4 157	2 562
Result for the period	0	0	-369	-369
Equity at 31 Mar, 2023	**80**	**6 638**	**-4 526**	**2 193**

CONSOLIDATED STATEMENT OF CASH FLOWS (IFRS)

EUR thousand	Note	1 Jan – 31 Mar 2023	1 Jan - 31 Mar 2022	1 Jan - 31 Dec 2022
Cash flows from operating activities				
Result before tax		-461	-327	-97
Adjustments for				
Change in fair value of investment property	5	330	415	218
Interest expenses on borrowings		963	683	2 972
Change of working capital				
Change in trade and other receivables		-3	-48	-49
Change in trade and other payables		925	245	334
Net cash flows from operating activities		**1 754**	**968**	**3 378**
Cash used in investing activities				
Capital Expenditure	5	-330	-415	-652
Net cash flows used in investing activities		**-330**	**-415**	**-652**
Cash flows used in financing activities				
Land lease agreement		-	-	-49
Transaction costs paid		-503	-	-
Interest paid		-842	-620	-2 494
Net cash flows used in financing activities		**-1 345**	**-620**	**-2 543**
Cash and cash equivalents at the beginning of period		859	676	**676**
Change in cash and cash equivalents		78	-67	**183**
Cash and cash equivalents at the end of period		937	609	**859**

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 Finance Oyj is a public limited liability company ("the Company") and together with its subsidiary "the Group" incorporated in Finland. The registered address of Sunborn Finance Oyj is Juhana Herttuan puistokatu 23, Turku, Finland. Sunborn Finance Oyj was established on November 1, 2017 through a partial demerger of Sunborn Oy. Sunborn Finance owns spa hotel "Naantali Spa" and approximately 30% of the "Ruissalo Spa" (together "hotels") properties located in southwest Finland. Naantali Spa has 218 and Ruissalo Spa 171 hotel rooms with several event rooms, restaurants, bars, cafés and lounges, spa facilities, pools and fitness centre. The Company was established for purpose of owning the hotels. The hotel operations of the spa hotels Naantali Spa and Ruissalo Spa, (together "Spa hotels"), are operated by Sunborn Saga Oy ("Sunborn Saga"), a subsidiary of Sunborn Oy, in accordance with a lease contract between Sunborn Finance and Sunborn Saga. Sunborn Finance also provides property management and IT support services and has four employees.

Sunborn Finance is wholly owned by the Niemi Family. The Niemi Family also controls the Sunborn Group, Sunborn Oy being the parent company of the Group. Sunborn Group's focus is on the development of luxury spa and yacht hotels, restaurants and other high-quality property in the hospitality sector. Sunborn Group currently has operations in Finland, Denmark, UK and Gibraltar, and operates under several individual brands. Sunborn Saga's operations consist of hotel, spa and restaurant operations in the Spa hotels and in other restaurants.

These interim financial statements are unaudited.

2. Summary of significant accounting policies

Basis of preparation

This condensed interim financial report for three months ended March 31, 2023 have been prepared in accordance with International Financial Reporting Standards (IFRS) and IAS 34 *interim Financial Reporting*, as adopted by the European Union.

The condensed interim year financial report does not include all the information and notes that are presented in the annual financial statements and should be read in conjunction with the consolidated financial statements for year ended 31 December 2022.

The accounting policies and measurement principles remain unchanged in comparison with as has been presented in Note 2 in the Annual Report 2022.

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.

3. Critical accounting estimates and management judgement

Preparation of the 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, 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.

Fair value measurement of the Spa hotels

The Group applies fair value model to its investment property as explained in the accounting policies in the financial statements. The fair value of the Spa hotels excluding the right of use assets of land and water areas is determined by a professional external valuator. The fair value is measured under income approach and reflects, among other things, rental income from current leases and other assumptions market participants would make when pricing the property under current market conditions.

In making the valuations, the investment property is considered in its highest and best use. The Group has ownership only in the new part of the Ruissalo Spa hotel. The fair value of the new part of the Ruissalo Spa is based on the fair value of the property as a whole and has been separated from the total fair value of the Ruissalo Spa based on management estimation which is based on the relative surface areas of the new part and the old part. The management estimation has also been supported by independent valuator.

Fair valuations are divided to levels 1-3 in fair value hierarchy depending on to what extent the value is based on observable inputs. Fair values of the group's investment property are classified in level 3, because the inputs in the valuation models are based on unobservable information.

Main inputs in the fair valuation model are presented in the table below.

Input	Value 31 Dec 2022		Value 31 Dec 2021	
	Naantali	Ruissalo	Naantali	Ruissalo
Fair value (mEUR)	52.6	8.9	52.2	8.9
Yield/NOI II	7.35 %/7.68 %	7.90 %/8.40 %	7.35 %/5,67 %	7.85 %/6,18 %
Net yearly income	EUR 4.1 million	EUR 2.3 million (includes also the old part)	EUR 2.9 million	EUR 1.6 million (includes also the old part)

Based on the sensitivity analysis provided by the third-party valuator if the yield and the yearly income for Naantali Spa and Ruissalo Spa are changed the value of Naantali Spa and the new part of Ruissalo Spa would vary.

Comparable figures, especially yearly revenues and yield/NO II in 2021, reflected the impact of Covid-19 pandemic.

According to the management judgement the fair value of the right of use assets of land and water areas is EUR 0.69 million (2022: EUR 0.65 million).

4. Revenue

The Group's revenue consists mainly of rental income from its related party Sunborn Saga. The Group is highly dependent on Sunborn Saga's ability to pay the rents as Sunborn Saga is the sole lessee and the main source of the group's cash inflows. In addition, the group derives service revenue from property management and IT support services.

EUR thousand	1 Jan – 31 Mar 2023	1 Jan – 31 Mar 2022	1 Jan – 31 Dec 2022
Rental income from operating leases with related party	965	884	3 534
Service income from related parties	70	66	268
	1 035	**949**	**3 802**

5. Investment property

The group presents the Spa hotels as investment property and measures them using the fair value model. The valuation has been prepared by an independent and recognized professional valuator. Fair value of the Spa hotels is approximately EUR 62.2 million including the right-of-use asset and lease liability which are separately presented under IFRS 16. The fair value measurement is based on non-observable inputs and accordingly, is classified in Level 3 in the fair value hierarchy. The most significant assumptions used in the calculations have not been changed after the end of the financial period ended December 31, 2022. Refer to significant estimation and judgement as disclosed in note 3 above.

The carrying value of the Investment property has changed as follows:

EUR thousand	Spa hotels
Fair value at January 1, 2022	61 759
Additions	415
Changes in Fair Value	-415
Fair Value at March 31, 2022	**61 759**

EUR thousand	Spa hotels
Fair value at April 1, 2022	61 759
Additions	237
Changes in Fair Value	197
Fair Value at December 31, 2022	**62 195**

EUR thousand	Spa hotels
Fair value at January 1, 2023	62 195
Additions	358
Changes in Fair Value	-330
Fair Value at March 31, 2023	**62 223**

The Spa hotels have had an ongoing major renovation since before the Company's establishment on 1 November 2017. Renovation has continued in 2023 with the refurbishment of 26 hotel rooms in Ruissalo and restaurant renovations in Naantali.

6. Borrowings

EUR thousand	31 Mar 2023	31 Dec 2022	31 Mar 2022
Current:			
Senior secured bond	49 778	50 212	49 980
Total	**49 778**	**50 212**	**49 980**

As at February 9, 2018 Sunborn Finance Oyj issued senior secured bonds ("the bonds") with nominal amount of EUR 50 million to certain qualified institutional investors mainly to refinance the existing debt. The remaining proceeds are used for the capital expenditure purposes. The Company completed the listing of the Senior Secured Floating Rate Bond to Nasdaq Helsinki on 8th February, 2019.

In a written procedure initiated on 2 December 2022 and closed on 9 January 2023, a requisite majority of the holders of the Bonds gave their consent to certain requested amendments to the Terms and Conditions and extension of maturity for repayment until 9th February 2024. The Company has the right to early repayment also. As a result of written procedure amendment and waivers, amendment fee of 50 bp incurred in Q1 2023.

The bonds are denominated in euros. The bonds shall be fully redeemed on maturity date at nominal amount +10 %. The Company has the right to early repayment before 1st April, 2023 at nominal amount +1 % or before 9 December, 2023 at nominal amount +4 %. The contractual interest is 4.85 % plus 3-month Euribor. The effective interest rate is 5.41 %.

The management estimated that the fair value of the borrowings approximates the carrying amounts of the bonds.

Collaterals and guarantees given

The bonds are secured by a 1st lien mortgage in the Spa hotels. Moreover, the Company has pledged all cash flows generated by the lease agreement on the Spa hotels, as well as the lease receivables. Insurance proceeds are also assigned to bond holders. The normal bank accounts of the Company have been pledged to secure the bond repayments, however they can be used by the Company in the ordinary course of business if no event of default occurs. The bond agreement sets some restrictions on the activities of the Company.

The Company's obligations of the bonds are secured with an on demand guarantees from Sunborn Saga and Sunborn Oy. Sunborn Oy's guarantee is limited to an amount corresponding the dividend or other contribution paid by Sunborn Saga to Sunborn Oy. Furthermore, Sunborn Saga's and Sunborn Oy's guarantee is limited in the mandatory provisions of the Finnish Companies Act.

The bonds are also secured by a 1st lien floating charge (in Finnish: yrityskiinnitys) registered on the Company’s and Sunborn Saga's movable assets in accordance with the Floating Charge Act. Sunborn Saga’s cash flows, as well as its bank accounts have been pledged and insurance proceeds are assigned to bond holders as security of the bonds.

Moreover, the shareholders have pledged shares in the Company and Sunborn Oy has pledged Sunborn Saga Oy shares to secure the repayment of the bonds. Owners have pledged lease receivables which they have from Sunborn Saga. The financial covenant is further described below.

The bond terms include an asset cover ratio covenant, which requires the Company to maintain the asset cover ratio of minimum 130.0 %. The covenant is calculated based on the market value of the Spa hotels calculated by approved valuator appointed by the Company and approved by the bond trustee, divided by financial indebtedness of the Company.

The bond terms include also a cash requirement covenant, which requires the Company to maintain the cash minimum of upcoming 3 months interest payment. The bond terms include an interest cover ratio covenant, which requires the Company to generate EBITDA minimum of 1.0 times the interest and a lease payment coverage covenant, which requires Sunborn Saga to generate EBITDA (before lease and internal management fees) minimum of 1.0 times the lease payment. Covenants are tested on a quarterly basis.

In accordance with the bond terms bond holders may declare outstanding bonds due and payable among others if the Company fails to pay an amount at the due date under the bond terms and conditions related other agreements, the Company or Sunborn Saga fails to comply with the covenants, any financial indebtedness of the Company or Sunborn Saga is not paid when due provided that amount due is less than EUR 2.000.000 and provided that it does not apply to any loans from the shareholders and Sunborn Saga fails to make a lease payment to the Company under the Lease Agreement.

7. Transactions with related parties

The Company is owned by Niemi Family. Company's related parties are entities under the common control of Niemi Family, the board of directors and key management of the Company, together with their close family members, and companies controlled by these individuals. Sunborn Group is controlled by Niemi Family.

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

	1 Jan - 31 Mar 2023			31 Mar 2023	
EUR thousand	Rental income from the operating lease	Service income	Management fee	Receivable	Payable
Sunborn Saga Oy	965	22	-	3	1 286
Other related parties	-	48	-14	71	23
Total	**965**	**69**	**-14**	**74**	**1 309**

	1 Jan - 31 Mar 2022			31 Mar 2022	
EUR thousand	Rental income from the operating lease	Service income	Management fee	Receivable	Payable
Sunborn Saga Oy	884	21	-	0	-
Other related parties	-	45	-13	69	8
Total	**884**	**66**	**-13**	**70**	**8**

	1 Jan - 31 Dec 2022			31 Dec 2022	
EUR thousand	Rental income from the operating lease	Service income	Management fee	Receivable	Payable
Sunborn Saga Oy	3 534	83	-	-	400
Other related parties	-	184	-53	70	4
Total	**3 534**	**268**	**-53**	**70**	**404**

The rental income of the Group arises from a lease contract related to the Spa hotels. Sunborn Finance has leased the Spa hotels to Sunborn Saga with a long term operative non-cancellable lease contract with a maturity date on November 1, 2027. The rent in the contracts is set at market level.

Sunborn Saga has guaranteed the senior secured bonds of the Company. Detailed information on the guarantee is given in Note 6 Borrowings.

The Company has paid management fee to Sunborn Oy.

8. Events after the balance sheet date

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

Appendix 1 SUNBORN SAGA (FAS)

Sunborn Saga Oy
INTERIM REPORT 1 January – 31 March 2023
(FAS)

Sunborn Saga's interim financial report has been prepared in accordance with the Finnish Accounting Standards (Finnish Accounting Act and Ordinance and related instructions and statements issued by the Accounting Board operating under the auspices of the Ministry of Economic Affairs and Employment). For the purposes of this interim financial information profit and loss statement, balance sheet and cash flow statement of Sunborn Saga have been presented as required by the terms of the bond issued by Sunborn Finance. Sunborn Saga is the guarantor of the bond.

SUNBORN SAGA OY

INCOME STATEMENT, tEUR

		1 Jan – 31 Mar 2023		1 Jan – 31 Mar 2022		1 Jan – 31 Dec 2022
TURNOVER		5 367		3 932		25 467
Other income from business operations		57		451		1 367
Materials and services						
Purchases during the financial period	-858		-528		-4 256	
Change in inventories	31		14		4	
External services	-190	-1 018	-121	-634	-1 429	-5 680
Personnel expenses						
Wages and salaries	-1 748		-1 635		-7 345	
Mandatory pension costs	-215		-175		-1 237	
Other social security costs	-46	-2 009	-42	-1 852	-273	-8 855
Other operating charges		-1 889		-1 733		-7 696
Rents paid to Sunborn Finance Oy		-965		-884		-3 534
Administrative expenses paid to Sunborn Oy		-175		-167		-666
		========		========		========
EBITDA		-630		-888		401
Depreciation						
Depreciation according to the plan		-123		-138		-562
Financial income and expenses						
Interest income and financial income	0		0		1	
Interest expenses and financial expenses	-13	-13	-18	-18	-83	-82
		========		========		========
RESULT BEFORE ADJUSTMENT ITEMS AND TAXES		-767		-1 044		-243
Adjustment items						
Group contribution received(+) / paid(-)		0		0		379
Income taxes		0		-1		0
		========		========		=========
RESULT FOR THE PERIOD		-767		-1 046		136

SUNBORN SAGA OY
BALANCE SHEET, tEUR

ASSETS	31.3.2023		31.12.2022		31.3.2022	
FIXED ASSETS						
Intangible assets						
Intangible rights	121		291		155	
Other capitalised long term expenditure	408	528	451	580	659	814
Tangible assets						
Machinery and equipment	894		897		603	
Advance payments	74	968	12	910	202	805
Investments						
Other shares and similar rights of ownership		0		0		0
CURRENT ASSETS						
Inventories						
Raw materials and supplies	190		179		187	
Goods	198	388	178	357	180	367
Receivables						
Non-current receivables						
Receivables from group companies		5 971		7 169		7 169
Current receivables						
Receivables from group companies	43		47		47	
Accounts receivable	954		792		673	
Other receivables	429		308		288	
Prepaid expenses and accrued income	133	1 559	603	1 750	477	1 485
Cash and bank receivables		484		1 500		593
TOTAL ASSETS		**9 899**		**12 266**		**11 017**

LIABILITIES	31.3.2023		31.12.2022		31.3.2022	
SHAREHOLDERS' EQUITY						
Share capital	3		3		3	
Reserve for invested non-restricted equity	100		100		100	
Retained earnings	377		241		240	
Profit for the period	-767	-288	136	479	-1 046	-703
LIABILITIES						
Non-current liabilities						
Borrowings	1 200		1 200		1 800	
Other liabilities	4 211	5 411	4 134	5 334	4 868	6 668
Current liabilities						
Debt to group companies	134		128		27	
Borrowings	600		600		600	
Short-term advance payments	2 367		3 040		2 388	
Short-term accounts payable	288		1 367		662	
Other liabilities	128		174		127	
Accrued liabilities and deferred income	1 258	4 775	1 145	6 453	1 248	5 052
TOTAL LIABILITIES		**9 899**		**12 266**		**11 017**

SUNBORN SAGA OY

CASH FLOW STATEMENT, tEUR

	1 Jan – 31 Mar 2023	1 Jan – 31 Mar 2022	1 Jan – 31 Dec 2022
Cash flow from operations			
Profit before adjustment items and taxes	-767	-1 044	-243
Depreciation and amortization	123	138	562
Income taxes	0	-1	0
Change in current receivables	191	-139	-404
Change in inventories	-31	-14	-4
Change in current non-interest-bearing liabilities	-1 678	-1 329	71
Other adjustments	0	0	1
Cash flow from operations (A)	-2 161	-2 389	-16
Investing activities			
Change in tangible and intangible assets	-130	-253	-548
Cash flow from investing activities (B)	-130	-253	-548
Financing activities			
Change in non-current receivables	1 197	-6	-220
Change in long-term borrowings	77	155	-1 179
Group contribution	0	0	379
Cash flow from financing activities (C)	1 275	149	-1 021
Change in cash and cash equivalents (A+B+C)	-1 016	-2 492	-1 585
Cash and cash equivalents at beginning of period	1 500	3 085	3 085
Cash and cash equivalents at end of period	484	593	1 500