SUNBORN FINANCE

FINANCIAL STATEMENTS Q2 2021
26/08/2021

sunborn

Key Figures (IFRS) - Sunborn Finance Oyj

EUR thousand	1 Apr- 30 Jun 2021	1 Apr- 30 Jun 2020	1 Jan- 30 Jun 2021	1 Jan- 30 Jun 2020	1 Jan - 31 Dec 2020
Revenue	1 041	883	1 956	1 794	3 060
EBITDA	901	713	1 664	1 479	2 190
Investment property (Spa Hotels)			61 820	65 918	61 820
Total equity			2 707	6 559	2 587
Bond			49 758	49 476	49 616

Key Figures (FAS)- Operator Sunborn Saga Oy

EUR thousand	1 Apr- 30 Jun 2021	1 Apr- 30 Jun 2020	1 Jan- 30 Jun 2021	1 Jan- 30 Jun 2020	1 Jan - 31 Dec 2020
Revenue	5 168	1 684	8 369	6 483	18 454
EBITDA before rent and group admin	917	-74	1 053	-162	2 839

Executive Director, Hans Niemi

“Sunborn Finance Oyj income for Q2 was as expected at 1.0 M euros (0.9 M euros) and costs were in line with budget.

Covid restrictions continued in Q2 until a material opening of the industry was seen towards the end of the quarter and beginning of summer holiday period in June, clearly the aim of government policy requiring the closing of the restaurants and spas in Southern Finland. Hotel room operations were not restricted, but major parts of the usual services were limited and customer volumes lower than expected as consequence. Regardless, operations succeeded in adapting most services to the situation and still retained significant operating revenue resulting in 5.2 M€ Revenue (Q2 2020 1.7 M€) and 0.9 M€ in EBITDA. Summer bookings levels since end of Q2 have continued the good results seen in June and exceed management expectations.

The amended bond terms and conditions introduced an Operator covenant 80 % EBITDA vs 2019 Q2, which was passed at € 917 K or >85 % (€1 098K in Q2 2019).”

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. 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 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 November 1, 2017. Sunborn Finance Oyj is a SPV owning Naantali and Ruissalo spa hotel properties, acting as a lessor of the spa hotels and providing property and IT related facility services. Significant renovation of the hotel rooms was made in both spa hotels during 2018 and 2019.

Sunborn Finance Oyj Financial summary 1 April – 30 June 2021

Sunborn Finance revenue 1,04 M€ consists of fixed lease income from the operator and other services income. Lease income 4-6/2021 was 0,85 M€ (4-6/2020 0,85 M€). Other services income refers to personnel costs for facility services and cost support income related to Covid-19. Costs overall were in line with previous year.

According to December 2020 valuation reports the value of the Spa hotels is at Naantali Spa 52.2 M€ and at Ruissalo Spa 26.9 M€ (1/3 of Ruissalo Spa is owned by Sunborn Finance and shown as its assets).

Sunborn Saga Oy Financial summary 1 April– 30 June 2021

Total revenue Q2 2021 was 5.2 M€ (Q2 2020 1.7 M€). EBITDA in Q2 2021 was 0,9 M€ (Q2 2020 -0,1 M€).

Covid restrictions continued in Q2 and a material opening of the industry was only seen towards the end of the quarter and beginning of summer holiday period, clearly the aim of government policy that had required the closing of the restaurants, fitness centres and spa departments in Southern Finland. Hotel room operations were not restricted per se, but as major parts of the resort services were limited, customer volumes and pre-bookings dropped from expected levels as consequence. Regardless, operations succeeded in adapting most impacted services to the situation and still retained significant operating revenue and EBITDA not far behind pre covid levels seen in 2019.

Due to tightened restrictions Ruissalo Spa was inactive for ten days early April and thereafter concentrated on serving medical rehabilitation guests whilst the leisure segment was recovering.

Spas, fitness centres and restaurants were allowed to re-open April 19th with limited opening hours, which continued till mid-May impacting labour Day and Mother’s Day sales, typical peak days in the quarter. In May on the back of the gradual loosening of restrictions, hotel bookings started to recover rapidly in both hotels. Domestic leisure business dominated and particularly weekends ran with high occupancy rate. Expectedly, Corporate business and MICE remained low. In June, as the summer holiday period started, domestic travel market skyrocketed and June results already exceeded our expectations and forecast.

The amended bond terms and conditions introduced an Operator covenant 80 % EBITDA vs 2019 Q2, which was passed at € 917 K or >85 % (€1 098K in Q2 2019).

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

In March the Covid-19 situation in Finland was more severe than spring 2020. The government held back re-issuing a total lockdown, instead imposing localized and specific restrictions to restaurant and other services, travelling and gatherings. This caused a decline in bookings and number of overnight and daily visitors for the first two months of Q2, especially for April.

Q3 of 2021 performance has been at good levels with a strong domestic market focus as clients chose domestic holidays over foreign travel. Similarly, no improvement is seen yet in foreign incoming travel. Foreigner overnight stays by foreigners is still below -98 % in comparison to 2019. Pre-bookings predict a beginning of recovery in corporate business towards autumn.

A significant co-operation with Finland's largest and most diverse customer loyalty program “K-Plussa” began in April. This program offers access to more than 3.8 million people in almost 2.2 million households in Finland allowing us to target their loyalty program with offers and benefits for our services. This co-operation is expected to increase further our reach in the domestic leisure segment.

Q3 has seen some tightening of the restaurant industry restrictions but services and clients have largely adapted. Autumn is still difficult to forecast as vaccination cover is growing rapidly at 70 % of Finns received one and almost 50 % two vaccinations, but government could yet impose restrictions.

The whole industry - including our various operations - is suffering from severe staff shortages due to Covid 19 impacting opening hours, availability and standard of services. Management is reviewing company HR strategy to ensure availability of qualified staff in the future.

Business environment

The continuing Covid-19 cases and restrictions continue to negatively impact especially international travel and corporate business. International travel is not anticipated to recover before 2022. Major corporate groups and international conferences will remain absent at least until Q4/2021. In the meantime, our business will be focused on domestic leisure and rehabilitation segments, both of which are still affected by current and possible future restrictions.

Operator management will keep emphasis on safety of clients and staff with a renewed focus on company responsibility program to strengthen our position as a reliable and responsible operator in the travelling business. Consumers will continue making responsible choices and invest in health and domestic travelling will increase. Customer satisfaction of the hotels continues to be good and has not been negatively affected by the crisis. On the contrary net promotion score is raising in both hotels.

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.

The Covid -19 outbreak has severely and negatively affecting the tourism market globally. Prolonged Covid -19 restrictions could further impact the Company’s business through continued negative impact on the operator. Prolonged crisis could also in the long term impact the fair value of the spa hotels the Company holds as investment property.

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.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)

EUR thousand	Note	1 Apr - 30 Jun 2021	1 Apr - 30 Jun 2020	1 Jan - 30 Jun 2021	1 Jan - 30 Jun 2020	1 Jan - 31 Dec 2020
Revenue	4	1 041	883	1 956	1 794	3 060
Changes in fair value of investment property	5	-44	-127	-138	-323	-4 612
Personnel expenses		-63	-45	-120	-108	-228
Operating expenses		-77	-124	-171	-207	-642
Operating result		**857**	**587**	**1 526**	**1 156**	**-2 421**
Interest expenses		-682	-912	-1 375	-1 592	-2 981
Result before taxes		**175**	**-326**	**151**	**-437**	**-5 402**
Change in deferred tax		-35	65	-30	87	1 081
Result for the period		**140**	**-260**	**120**	**-349**	**-4 322**
Total comprehensive income for the period		**140**	**-260**	**120**	**-349**	**-4 322**

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

CONSOLIDATED BALANCE SHEET (IFRS)

EUR thousand	Note	30 Jun 2021	31 Dec 2020	30 Jun 2020
Assets				
Non-current assets				
Investment property	5	61 820	61 820	65 918
Total non-current assets		**61 820**	**61 820**	**65 918**
Current assets				
Receivables from related parties	7	94	74	1 025
Other receivables		4	4	5
Cash and cash equivalents		522	430	165
Total current assets		**620**	**508**	**1 195**
Total assets		**62 440**	**62 328**	**67 114**

EUR thousand	Note	30 Jun 2021	31 Dec 2020	30 Jun 2020
Equity and liabilities				
Share capital		80	80	80
Reserve for invested unrestricted equity		6 638	6 638	6 638
Retained earnings		-4 011	-4 132	-159
Total equity		2 707	2 587	6 559
Liabilities				
Non-current liabilities				
Borrowings	6	49 758	49 616	49 476
Lease liabilities	2, 5	631	635	661
Deferred income tax liabilities		8 662	8 632	9 625
Total non-current liabilities		**59 051**	**58 882**	**59 762**
Current liabilities				
Lease liabilities	2, 5	7	30	5
Trade and other payables		249	120	288
Payables to related parties	7	16	12	103
Accrued expenses		409	698	396
Total current liabilities		**682**	**859**	**792**
Total liabilities		**59 733**	**59 742**	**60 554**
Total equity and liabilities		**62 440**	**62 328**	**67 114**

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, 2020	**80**	**6 638**	**190**	**6 909**
Result for the period	0	0	-349	**-349**
Equity at 30 June, 2020	**80**	**6 638**	**-159**	**6 559**
Result for the period	0	0	-3 973	**-3 973**
Equity at 31 Dec, 2020	**80**	**6 638**	**-4 132**	**2 587**
Equity at 1 Jan, 2021	80	6 638	-4 132	**2 587**
Result for the period	0	0	120	120
Equity at 30 Jun, 2021	**80**	**6 638**	**-4 012**	**2 707**

CONSOLIDATED STATEMENT OF CASH FLOWS (IFRS)

EUR thousand	Note	1 Jan – 30 Jun 2021	1 Jan – 30 Jun 2020	1 Jan - 31 Dec 2020
Cash flows from operating activities				
Result before tax		151	-437	-5 402
Adjustments for				
Change in fair value of investment property	5	138	323	4 612
Interest expenses on borrowings		1 375	1 592	2 981
Change of working capital				
Change in trade and other receivables		-20	-1 026	-74
Change in trade and other payables		-143	153	195
Net cash flows from operating activities		**1 502**	**606**	**2 311**
Cash used in investing activities				
Capital Expenditure	5	-138	-323	-514
Net cash flows used in investing activities		**-138**	**-323**	**-514**
Cash flows from financing activities				
Land lease agreement		-47	-	-23
Interest paid		-1 226	-1 226	-2 452
Net cash flows from financing activities		**-1 273**	**-1 226**	**-2 475**
Cash and cash equivalents at the beginning of period		**430**	**1 108**	**1 108**
Change in cash and cash equivalents		**92**	**-943**	**-678**
Cash and cash equivalents at the end of period		**522**	**165**	**430**

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 south west 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 six months ended June 30, 2021 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 2020.

The accounting policies and measurement principles remain unchanged in comparison with as has been presented in Note 2 in the Annual Report 2020.

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.

Going concern

Since 13th March 2020, the spread of the coronavirus (Covid-19) has led to unprecedented and gradually worsening business situation in the hospitality sector all over the world including Finland. Covid-19 impacts Sunborn Finance Oyj's operations through the operator's ability to pay the agreed rental payments as the operator Sunborn Saga is the sole lessee and the main source of the Group's cash inflows.

As a result of Covid-19 impacts on the operator's activities Sunborn Finance written procedure to amend bond terms and conditions was accepted 25 June 2020 and secured certain waivers and amendments to the terms and conditions of the bonds.

The accepted waivers provide temporary relief on interest coverage ratio, minimum cash covenant and lease payment covenant allowing the lease payment obligations to be relaxed during financial years 2020-2021. The issuer Sunborn Finance Oyj provided the operator a two-month lease waiver during the financial year 2020 and was permitted to use cash reserves for liabilities falling due.

Sunborn Saga Oy secured a permitted EUR 3.0 million government and parent company backed working capital fund to ensure the operator has adequate increased working capital during the crisis and subsequent recovery and has received government support for business.

Despite of the Covid-19 situation the management is confident the properties are well placed to continue operations regardless of the changes in the operating environment. During the difficult time, the hotels have succeeded in managing their variable costs and performed well above the Finnish national hotel occupancies.

Prolonged Covid-19 restrictions could further impact the Company's business through continued negative impact on the operator and in the long term impact the fair value of the spa hotels the Company holds as investment property. The latest valuation of the properties shows a reduction in the fair value of the hotels the Company holds as investment property and the pandemic may further impact the fair value going forward.

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 in normal circumstances considered in its highest and best use. However due to the pandemic the latest valuation of the properties shows a reduction in the fair value of the hotels the Company holds as investment property.

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. The management and valuation agency continue to assess possible longer term impact of Covid-19 in the fair value of properties.

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

Input	**Value 30 Jun 2021**		**Value 31 Dec 2020**	
	Naantali	**Ruissalo**	**Naantali**	**Ruissalo**
Fair value (mEUR)	52.2	9.0	52.2	9.0
Yield	7.35 %	7.85 %	7.35 %	7.85 %
Net yearly income	EUR 2.9 million	EUR 1.6 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.

The fair value contains significant estimation and assumptions on the continued economic and business environment. The sensitivity analysis may not appropriately reflect the impact of extraordinary events, such as the Covid-19 pandemic. The yearly revenues applied yield assumptions and level of operating costs may materialise higher than expected variance to the historical or market performance data used as a basis for the sensitive analysis by the third-party valuation agency. Therefore, the sensitivity analysis may contain assumptions not fully accounting the impact of the ongoing pandemic and the sensitivity analysis will not be estimated here numerically as far as we have the covid-19 ongoing.

According to the management judgement the fair value of the right of use assets of land and water areas is 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 – 30 June 2021**	**1 Jan – 30 Jun 2020**	**1 Jan – 31 Dec 2020**
Rental income from operating leases with related party	1 704	1 701	2 835
Service income from related parties	126	93	225
Other income – cost support	126		
	1 956	**1 794**	**3 060**

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 61.8 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, 2020. Refer to significant estimation and judgement as disclosed in note 3 above.

EUR thousand	**Spa hotels**
Fair value at January 1, 2020	65 914
Additions	197
Changes in Fair Value	-197
Fair Value at June 30, 2020	**65 914**

EUR thousand	**Spa hotels**
Fair value at July 1, 2020	65 914
Additions	514
Changes in Fair Value	-4 612
Fair Value at December 31, 2020	**61 820**

EUR thousand	**Spa hotels**
Fair value at January 1, 2021	61 820
Additions	138
Changes in Fair Value	-138
Fair Value at June 30, 2021	**61 820**

The Spa hotels have had an ongoing major renovation since before the Company's establishment on 1 November 2017.

6. Borrowings

EUR thousand	**30 Jun 2021**	**31 Dec 2020**	**30 Jun 2020**
Senior secured bond	49 758	49 476	49 616
Total	**49 758**	**49 476**	**49 616**

As at February 9, 2018 the Company issued senior secured bonds ("the bonds") with nominal amount of EUR 50 million (less transaction costs of EUR 1.3 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.

The bonds are denominated in euros and mature on 9 February 2023. The bonds shall be fully redeemed on maturity date at nominal amount. The Company has the right to early repayment also. The contractual interest is 4.85 % plus 3-month Euribor. The effective interest rate is 5.41 %.

As a result of written procedure amendment and waivers, related amendment fee of 50 bp resulted in a modification loss in interest expenses for year 2020. The amount of borrowings was adjusted accordingly.

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 1.1 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.

Sunborn Finance written procedure to amend bond terms and conditions was accepted 25th June 2020 and secured certain waivers and amendments to the terms and conditions of the bonds. The waivers provide temporary relief due to Covid-19 on interest coverage ratio, minimum cash covenant and lease payment covenant. Accordingly, Sunborn Finance Oyj has been in compliance with all its covenants on reporting date.

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 – 30 Jun 2021			30 Jun 2021	30 Jun 2021
EUR thousand	**Rental income from the operating lease**	**Service income**	**Management fee**	**Receivable**	**Payable**
Sunborn Saga Oy	1 704	40	-	0	-
Other related parties	-	86	-37	94	16
Total	**1 704**	**126**	**-37**	**94**	**16**

	1 Jan – 30 Jun 2020			30 Jun 2020	30 Jun 2020
EUR thousand	**Rental income from the operating lease**	**Service income**	**Management fee**	**Receivable**	**Payable**
Sunborn Saga Oy	1 701	20	-	1 025	36
Other related parties	-	73	-37	-	67
Total	**1 701**	**93**	**-37**	**1 025**	**103**

	1 Jan - 31 Dec 2020			31 Dec 2020	31 Dec 2020
EUR thousand	**Rental income from the operating lease**	**Service income**	**Management fee**	**Receivable**	**Payable**
Sunborn Saga Oy	2 835	66	-	-	4
Other related parties	-	158	-74	74	8
Total	**2 835**	**225**	**-74**	**74**	**12**

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. The issuer Sunborn Finance Oyj provided the operator a two-month lease waiver for the financial year and was permitted to use cash reserves for liabilities falling due.

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 and Sunborn International Oy.

8. Events after the balance sheet date

Nothing to report.

Appendix 1 SUNBORN SAGA (FAS)

Sunborn Saga Oy
INTERIM REPORT 1 January – 30 June 2021
(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

	1.1.-30.6.2021		1.1.-30.6.2020		1.1.-31.12.2020	
TURNOVER		8 369		6 483		18 454
Other income from business operations		775		146		948
Materials and services						
Purchases during the financial period	-1 380		-960		-2 718	
Change in inventories	69		27		-39	
External services	-245	-1 557	-370	-1 302	-834	-3 591
Personnel expenses						
Wages and salaries	-2 987		-2 423		-6 063	
Mandatory pension costs	-417		-322		-876	
Other social security costs	-102	-3 506	-63	-2 807	-197	-7 135
Other operating charges		-3 028		-2 682		-5 837
Rents paid to Sunborn Finance Oy		-1 704		-1 701		-2 835
Administrative expenses paid to Sunborn Oy		-282		-317		-605
		========		========		========
EBITDA		-934		-2 180		-601
Depreciation						
Depreciation according to the plan		-273		-296		-589
Financial income and expenses						
Interest income and financial income	0		0		0	
Interest expenses and financial expenses	-49	-49	-29	-29	-67	-66
		========		========		========
RESULT BEFORE ADJUSTMENT ITEMS AND TAXES		-1 256		-2 505		-1 257
Adjustment items						
Group contribution received(+) / paid(-)		0		0		1 300
Income taxes		0		-1		-8
		=========		=========		=========
RESULT FOR THE PERIOD		-1 256		-2 505		35

SUNBORN SAGA OY
BALANCE SHEET, tEUR

ASSETS	30.06.2021		30.06.2020		31.12.2020	
FIXED ASSETS						
Intangible assets						
Intangible rights	161		59		182	
Other capitalised long term expenditure	865	1 025	1 225	1 284	1 038	1 220
Tangible assets						
Machinery and equipment	482		502		477	
Advance payments	55	537	168	671	55	531
Investments						
Other shares and similar rights of ownership		0		0		0
CURRENT ASSETS						
Inventories						
Raw materials and supplies	210		209		152	
Goods	177	386	176	384	166	317
Receivables						
Non-current receivables						
Receivables from group companies		6 629		5 236		6 637
Current receivables						
Receivables from group companies	44		43		114	
Accounts receivable	1 122		372		589	
Other receivables	97		59		42	
Prepaid expenses and accrued income	197	1 460	49	522	455	1 201
Cash and bank receivables		1 251		3 965		2 823
TOTAL ASSETS		**11 288**		**12 063**		**12 729**

LIABILITIES	30.06.2021		30.06.2020		31.12.2020	
SHAREHOLDERS' EQUITY						
Share capital	3		3		3	
Reserve for invested non-restricted equity	100		100		100	
Retained earnings	226		190		190	
Profit for the period	-1 256	-928	-2 505	-2 213	35	328
LIABILITIES						
Non-current liabilities						
Borrowings	2 100		3 000		2 100	
Other liabilities	4 990	7 090	4 943	7 943	4 681	6 781
Current liabilities						
Debt to group companies	31		243		26	
Borrowings	600				600	
Short-term advance payments	1 672		1 865		2 600	
Short-term accounts payable	1 350		2 648		954	
Other liabilities	301		140		151	
Accrued liabilities and deferred income	1 172	5 126	1 436	6 332	1 290	5 621
TOTAL LIABILITIES		**11 288**		**12 063**		**12 729**

SUNBORN SAGA OY
CASH FLOW STATEMENT, tEUR

	1.1.-30.6.2021	1.1.-30.6.2020	1.1.-31.12.2020
Cash flow from operations			
Profit before adjustment items and taxes	-1 256	-2 505	-1 257
Depreciation and amortization	273	296	589
Income taxes	0	-1	-8
Change in current receivables	-259	1 023	345
Change in inventories	-69	-27	39
Change in current non-interest-bearing liabilities	-495	540	-172
Cash flow from operations (A)	-1 806	-674	-463
Investing activities			
Change in tangible and intangible assets	-84	-194	-284
Cash flow from investing activities (B)	-84	-194	-284
Financing activities			
Change in non-current receivables	8	-175	-1 576
Change in long-term borrowings	310	3 310	2 147
Group contribution	0	0	1 300
Cash flow from financing activities (C)	318	3 135	1 871
Change in cash and cash equivalents (A+B+C)	-1 572	2 267	1 125
Cash and cash equivalents at beginning of period	2 823	1 698	1 698
Cash and cash equivalents at end of period	1 251	3 965	2 823