



SUNBORN LONDON

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HALF YEAR FINANCIAL REPORT H1/2024

1 January – 30 June 2024

23 August 2024

HALF YEAR REPORT 1 January – 30 June 2024
Key Figures – Sunborn London Oyj

	H1/2024	H1/2023	
	1 Jan – 30 Jun	1 Jan – 30 Jun	1 Jan – 31 Dec
EUR thousand	2024	2023	2023
Rental income	1 724	1 596	3 223
EBITDA	1 616	1 448	2 930
Operating profit	862	696	1 421
Investment property (Yacht hotel)	31 272	32 748	32 026
Total Equity	26 377	27 176	25 873
Borrowings	24 399	24 475	24 185

Key Figures – Operator Sunborn International (UK) Ltd

	H1/2024	H1/2023	
	1 Jan – 30 Jun	1 Jan – 30 Jun	1 Jan – 31 Dec
GBP thousand	2024	2023	2023
Revenue	4 994	5 282	10 548
EBITDAR	1 608	1 958	3 652

CEO Hans Niemi

“Charter income from the Operator, Sunborn International (UK) Ltd, was at budgeted level 1.724 MEUR (2023: 1.596 MEUR). Financial performance and debt service capacity of the Issuer is continuing at robust levels.

Hotel operations under Sunborn International (UK) Ltd during first half year began positively with modest growth in Q1, driven by slight increases across all revenue streams, leading to a 4 % year-over-year (YOY) revenue rise. However, Q2 was challenging, with a £375K YOY revenue decline due to occupancy drops and cancellations linked to the European Football Championships. Despite ADR growth, RevPAR faced a shortfall, though it remained above our competitive set by £2.55. Overall, H1 revenue was 4.994 MGBP (2023: 5.282 MGBP) down 5.44 %, primarily driven by the shifts in annual events calendar and a 7.66 % decline in onboard meetings and events. EBITDAR was 1.608 MGBP (2023: 1.958 MGBP). Looking forward, H2 holds promise to recover some of the Q2 headwinds, with strong bookings and the return of some events, also completion of Excel’s new event spaces in November is expected to boost business further.”

Financial summary 1 January – 30 June 2024

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. The monthly charter cost was increased with inflation to GBP 246,000 (2023: GBP 234,000) per month from 1.1.2024 onwards to account for updated capital cost, planned bond repayments, vessel insurance and classification costs.

Rental Income for the reporting period was 1.724 MEUR (1.596 MEUR). Rental income in EUR was slightly affected by exchange rate fluctuations. Operating costs were in line with the budget.

Book value of the yacht hotel as of 30 June 2024 approximates the fair value of the yacht hotel based on income approach using discounted cash flow analyses.

Operator Financial summary 1 January – 30 June 2024

The period began positively with modest growth across all revenue streams in Q1. Room sales showed a slight year-over-year (YOY) increase of £3.4K, remaining relatively stable compared to Q1 2023. The meetings and events segment performed notably well, delivering a YOY growth of £36K, while food and beverage income rose by £52K over the same period. As a result, total revenues for Q1 reached £2.26 million, representing a 4% YOY increase compared to £2.17 million last year. This growth was primarily driven by an increase in average daily rate (ADR), which rose by £1.06 YOY and outperformed our competitive set by over £4. Despite a slight decline in occupancy by 1.07 %, we maintained a strong position, exceeding market occupancy by 3.4 %.

The second quarter presented more challenges, with revenue declining across all income streams by £375K year-over-year (YOY). This trend was consistent with our competitive set, which experienced decreases in both occupancy and average daily rate (ADR), leading to a RevPAR drop of over £10. Despite this, our RevPAR outperformed the market, supported by a 4% increase in occupancy compared to our competitors, even though our own occupancy declined by 8.6% YOY. The occupancy shortfall is primarily attributed to key events from 2023 not recurring in 2024, as some shifted venues or cities due to the European Football Championships.

While we managed to grow ADR by £0.85 in Q2, the reduction in occupancy resulted in a RevPAR deficit of £12.14. Additionally, revenue in the meetings and events segment decreased by over £100K, while food and beverage income fell by £113K, contributing to a total shortfall of £376K YOY for Q2. However, we continued to outperform the market, with our RevPAR exceeding that of our primarily branded competitors by £2.55.

Looking at the first half overall, the losses in Q2 offset the gains made in Q1. Compared to 2023, total hotel revenue is down by 5.44 %, with the meetings and events segment contributing the largest decline at 7.66 %. Nonetheless, our occupancy remains 4.67% higher than our competitive set, delivering a RevPAR that is £1.66 above our peers.

The outlook for H2 is promising, with strong early business on the books and the return of some meetings and events (M&E) business. The budget has accounted for the absence of the DSEI event in 2024, which had positively impacted 2023 and is set to return in 2025. Additionally, the planned opening of Excel’s extended event space in November is expected to significantly increase the size and frequency of events, driving more business to the hotel.

KPI's for H1 2024 vs. H1 2023

	Overall H1 2024	Overall H1 2023	Diff
Total Revenue M€	£ 4.99	£ 5.28	- 5.4 %
EBITDAR M€	£ 1.62	£ 1.99	- 18.5 %
<i>Revenue split</i>			
Rooms Revenue	58.8 %	58.4 %	+ 0.4 %
Food and Beverage	34.5 %	34.0 %	+ 0.5 %
Other	6.5 %	7.4 %	- 0.9 %

Commentary:

Despite the challenges, our average rate was consistent with last year growing by 0.6 %, a reduction in occupancy of 4.6 % resulting on a reduction of Rev-Par of 5.3%.

Total Food and Beverage revenue was reduced by 4 % from 1.80 MGBP to 1.72 MGBP.

Cost and profitability have been affected by the drop of occupancy and loss of revenue. EBITDA as a percentage of revenue remains at +32.5 % under 2023 (H1 +38 %).

YoY change %	Overall H1 2024
ADR	+ 0.6 %
Occupancy %	+ 4.6 %
RevPAR	- 5.3 %

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 and Sunborn London Oyj's financial performance and debt service capacity to remain stable.

Management expects the expansion of Excel, the continued positive impact from the opening of the Elizabeth Line and the development of Silvertown quays area to continue positive increases in hotel room demand and ADR development. London Excel is also launching a new business concept onsite, Immerse LDN, set to be UK's largest immersive entertainment district. Parts of this development is already opening in Q3 2024 located on the waterfront promenade of Excel, in front of the hotel vessel. The additional footfall and hub of activity in direct vicinity of the hotel is expected to positively impact revenue going forward.

Short-term risks and uncertainties

Sunborn London's financial risks related to business are market risk (including interest rate risk and foreign currency risk), credit risk, liquidity risk and refinancing risk.

Sunborn London Oyj current senior bond is maturing for repayment on September 22, 2024. The company continues advanced stage negotiations and is in progress of pursuing refinancing or extension in advance of maturity. In this connection, the company is considering, among other options, commencing a written procedure in which it would seek the bondholders' consent for certain amendments to the terms and conditions of the bond, such as extending its maturity to February 2026, at maximum, and introducing new increasing amortisations. The financial market situation remains challenging, but management believes refinancing to be available due to the company strong performance and the fair value of the yacht in relation to the amount of refinancing. Refinancing has not been confirmed by the date of this interim report.

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.

The Company's financial risk management aims to protect it against unfavorable developments in the financial markets and ensure the performance. The management reviews financial risks on regular basis to secure the financial risk position and decide on necessary actions.

Incidents relating to environmental or public health may cause the Operator potential business interruptions.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)

EUR thousand	Note	1 Jan - 30 Jun 2024	1 Jan - 30 Jun 2023	1 Jan - 31 Dec 2023
Rental income from group companies	3, 7	1 724	1 596	3 223
Depreciation	4	-754	-752	-1 508
Other operating expenses		-108	-148	-293
Operating profit		862	696	1 421
Finance income	7	1 157	759	2 169
Finance costs		-1 389	-1 232	-2 613
Finance income and costs, net		-232	-473	-445
Profit before taxes		629	223	977
Income tax		-264	-118	0
Change in deferred tax		138	74	-195
Profit for the period		504	178	781
Total comprehensive income for the period		504	178	781

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

CONSOLIDATED BALANCE SHEET (IFRS)

EUR thousand	Note	30 Jun 2024	31 Dec 2023	30 Jun 2023
Assets				
Non-current assets				
Investment property	4	31 272	32 026	32 748
Receivables from group companies	7	26 365	24 138	25 435
Total non-current assets		57 637	56 164	58 183
Current assets				
Trade receivables from group companies	7	-	1	-
Trade and other receivables		15	21	23
Cash and cash equivalents		371	234	155
Total current assets		386	255	178
Total assets		58 023	56 419	58 361
Equity and liabilities				
Equity				
Share capital	5	80	80	80
Reserve for invested unrestricted equity		600	600	600
Retained earnings		25 697	25 193	26 496
Total equity		26 377	25 873	27 176
Liabilities				
Non-current liabilities				
Borrowings	6	-	-	23 975
Deferred income tax liabilities		6 138	6 276	6 483
Total non-current liabilities		6 138	6 276	30 458
Current liabilities				
Borrowings	6	24 399	24 185	500
Payables to group companies	7	784	-	47
Trade and other payables		17	26	16
Accrued expenses		308	58	165
Total current liabilities		25 508	24 270	728
Total liabilities		31 646	30 546	31 186
Total equity and liabilities		58 023	56 419	58 361

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 1.1.2023	80	600	26 317	26 998
Profit for the period			178	178
Total comprehensive income	0	0	178	178
Equity at 30.6.2023	80	600	26 496	27 176
Equity at 1.7.2023	80	600	26 495	27 176
Profit for the period			603	603
Total comprehensive income	0	0	603	603
Transactions with owner:				
Group contribution net of tax			-1 905	-1 905
Total contributions by and distributions to owners of the parent, recognised directly in equity	0	0	-1 905	-1 905
Equity at 31.12.2023	80	600	25 193	25 873
Equity at 1.1.2024	80	600	25 193	25 873
Profit for the period			504	504
Total comprehensive income	0	0	504	504
Equity at 30.6.2024	80	600	25 697	26 377

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 – 30 Jun 2024	1 Jan – 31 Dec 2023	1 Jan – 30 Jun 2023
Cash flows from operating activities				
Profit before tax		629	977	223
Adjustments for				
Depreciation	4	754	1 508	752
Finance income and costs, net		232	445	473
Change of working capital				
Change in trade and other receivables		7	3 574	1 192
Change in trade and other payables		775	-1 171	14
Net cash flows from operating activities		2 398	5 332	2 654
Cash used in investing activities				
Capital Expenditure	4	-	-46	-108
Net cash flows used in investing activities		-	-46	-108
Cash flows from financing activities				
Repayment of borrowings		-	-500	-
Contribution from/to Sunborn group companies	7	-1 081	-3 577	-2 561
Transaction / loan agent costs		-	-	6
Interest and finance costs paid		-1 186	-2 175	-1 010
Net cash flows from financing activities		-2 267	-6 252	-3 565
Cash and cash equivalents at the beginning of period		234	1 162	1 162
Effects of exchange rate changes on cash and cash equivalents		6	37	11
Change in cash and cash equivalents		137	-929	-1 007
Cash and cash equivalents at the end of period		371	234	155

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. Registered address of the Company 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”).

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 2024 and 2023. Sunborn London Oyj’s ultimate parent company Sunborn Oy provides management and administrative services to the Company. 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 over 50 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 30 June 2024 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 2023, as well as on the new and updated IFRS standards described in the financial statements for the year 2023. 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 2023.

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 2023.

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.

Going concern and liquidity risk

The Company's management has assessed the Company's ability to continue its operations in the future. The financial statements are prepared on the basis of the going concern.

Sunborn London Oyj current senior bond is maturing for repayment on September 22, 2024. The company continues advanced stage negotiations and is in progress of pursuing refinancing or extension in advance of maturity. In this

connection, the company is considering, among other options, commencing a written procedure in which it would seek the bondholders' consent for certain amendments to the terms and conditions of the bond, such as extending its maturity to February 2026, at maximum, and introducing new increasing amortisations. The financial market situation remains challenging, but management believes refinancing to be available due to the company strong performance and the fair value of the yacht in relation to the amount of refinancing. Refinancing has not been confirmed by the date of this interim report.

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.

The monthly charter cost was increased with inflation to GBP 246,000 (2023: GBP 234,000) per month from 1.1.2024 onwards to account for updated capital cost, planned bond repayments, vessel insurance and classification costs.

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

EUR thousand	30 Jun 2024	31 Dec 2023	30 Jun 2023
Within 1 year	1 744	1 698	1 636
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	1 744	1 698	1 636

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 30 June 2024 has been estimated to be EUR 35 million (31.12.2023: EUR 37 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 30 June 2024 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, 2023	45 432
Additions	108
Cost at June 30, 2023	45 540

Accumulated depreciation at January 1, 2023	12 040
Depreciation	752
Accumulated depreciation and impairment at June 30, 2023	12 792

Net book value at January 1, 2023	33 393
Net book value at June 30, 2023	32 748

EUR thousand	Yacht hotel
Cost at July 1, 2023	45 540
Additions	34
Cost at December 31, 2023	45 574
Accumulated depreciation at July 1, 2023	12 792
Depreciation	756
Accumulated depreciation and impairment at December 31, 2023	13 548

Net book value at July 1, 2023	32 748
Net book value at December 31, 2023	32 026

EUR thousand	Yacht hotel
Cost at January 1, 2024	45 574
Cost at June 30, 2024	45 574
Accumulated depreciation at January 1, 2024	13 548
Depreciation	754
Accumulated depreciation and impairment at June 30, 2024	14 302

Net book value at January 1, 2024	32 026
Net book value at June 30, 2024	31 272

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

EUR thousand	1 Jan – 30 Jun 2024	1 Jan – 30 Jun 2023	1 Jan – 31 Dec 2023
Rental income	1 724	1 596	3 223
Direct operating expenses from property that generated rental income	56	55	111

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	30 Jun 2024	31 Dec 2023	30 Jun 2023
Non-current:			
Senior secured bond	-	-	23 975
Current:			
Senior secured bond	24 399	24 185	500
Total	24 399	24 185	24 475

At 22 September 2021 the Company 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 shall be fully redeemed on maturity date at nominal amount in addition to 1 % call premium. The contractual interest is 5.5 % plus 3-month Euribor. The effective interest rate is 7.27 %.

Management estimates that the fair value of the bond payable approximates the carrying amount as credit standing of the Company has not changed significantly from the issue date.

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.

30 Jun 2024

EUR thousand	< 1 year	1 to 2 years	2 to 3 years	3 to 5 years	Total
Payables to group companies	784	-	-	-	784
Trade and other payables	17	-	-	-	17
Senior secured bond	24 500	-	-	-	24 500
Senior secured bond, interest payments	570	-	-	-	570
Total	25 871	-	-	-	25 871

31 Dec 2023

EUR thousand	< 1 year	1 to 2 years	2 to 3 years	3 to 5 years	Total
Payables to group companies	-	-	-	-	-
Trade and other payables	26	-	-	-	26
Senior secured bond	24 500	-	-	-	24 500
Senior secured bond, interest payments	1 762	-	-	-	1 762
Total	26 288	-	-	-	26 288

30 Jun 2023

EUR thousand	< 1 year	1 to 2 years	2 to 3 years	3 to 5 years	Total
Payables to group companies	47	-	-	-	47
Trade and other payables	16	-	-	-	16
Senior secured bond	500	24 500	-	-	25 000
Senior secured bond, interest payments	2 112	514	-	-	2 626
Total	2 675	25 014	-	-	27 689

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: "påkravsgaranti").

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 Jan – 30 Jun 2024			1 Jan – 30 Jun 2023		
	Rental income from the operating lease	Management fee	Interest income	Rental income from the operating lease	Management fee	Interest income
Ultimate parent - Sunborn Oy	-	-29	-	-	-28	-
Parent - Sunborn International Holding Oy	-	-	1 146	-	-10	722
Sunborn International Oy	-	-	-	-	-10	-
Sunborn UK	1 724	-	-	1 596	-	-
Total	1 724	-29	1 146	1 596	-48	722

EUR thousand	1 Jan – 31 Dec 2023		
	Rental income from the operating lease	Management fee	Interest income
Ultimate parent - Sunborn Oy	-	-55	-
Parent - Sunborn International Holding Oy	-	-25	2 116
Sunborn International Oy	-	-10	-
Sunborn UK	3 223	-	-
Total	3 223	-90	2 116

EUR thousand	30 Jun 2024		31 Dec 2023		30 Jun 2023	
	Receivables	Liabilities	Receivables	Liabilities	Receivables	Liabilities
Ultimate parent - Sunborn Oy	-	-	-	-	-	1
Parent - Sunborn International Holding Oy	26 365	-	24 138	-	25 435	12
Sunborn International Oy	-	-	-	-	-	12
Sunborn UK	-	784	1	-	-	21
Total	26 365	784	24 139	-	25 435	47

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 during the period, previously also to Sunborn International Holding Oy and Sunborn International Oy and received interest income from Sunborn International Holding Oy. The interest income arises from the receivable from the parent company 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, which is recognised as receivable from the parent company. The interest is in line with the interest of external financing and is at 9.2 % on 30 June 2024. Fair value of the loan receivable approximates it's carrying amount, as the management estimates that the credit standing of the debtor has not changed significantly from the issue date, and it carries interest rate based on market rate.

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

Nothing to report.

Appendix 1 Sunborn International (UK) Ltd

Sunborn International (UK) Ltd
HALF-YEAR UNAUDITED REPORT 1 January – 30 June 2024

STATEMENT OF COMPREHENSIVE INCOME (IFRS)

GBP thousand	Note	1 Jan – 30 Jun 2024	1 Jan - 30 Jun 2023	1 Jan – 31 Dec 2023
Revenue	3	4,994	5,282	10,548
Cost of sales		(1,200)	(1,232)	(2,528)
Depreciation	5	(230)	(163)	(365)
Bare Boat Charter	4	(1,476)	(1,404)	(2,808)
Administrative expenses		(2,186)	(2,092)	(4,368)
Operating profit		(98)	391	479
Finance income		13	22	41
Finance costs		(4)	(15)	(28)
Profit before taxes		(89)	398	492
Profit for the period		(89)	398	492
Total comprehensive income for the period		(89)	398	492

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

BALANCE SHEET

GBP thousand	Note	30-Jun-24	30-Jun-23	31-Dec-23
Assets				
Non-current assets				
Property, plant and equipment	4	371	414	391
Right-of-use assets	4	430	465	412
Total non-current assets		801	879	803
Current assets				
Inventories		122	113	115
Amounts due from group companies	6	687	21	-
Trade and other receivables		666	348	272
Cash and cash equivalents		533	1,822	2,040
Total current assets		2,008	2,304	2,427
Total assets		2,809	3,183	3,230
Equity and liabilities				
Share capital		150	150	150
Retained earnings		354	349	443
Total equity		504	499	593
Non-current liabilities				
Lease liability	5	315	380	330
Total non-current liabilities		315	380	330
Current liabilities				
Trade and other payables		1,545	1,770	1,832
Payables to group companies	6	-	37	69
Lease liability	5	123	101	96
Accrued expenses		322	396	310
Total current liabilities		1,990	2,304	2,307
Total liabilities		2,305	2,684	2,637
Total equity and liabilities		2,809	3,183	3,230

STATEMENT OF CHANGES IN EQUITY

GBP thousand	Share Capital	Retained Earnings	Total
Equity at 1.1.2024	150	443	593
Profit for the period	-	(89)	(89)
Total comprehensive income	150	354	504
Equity at 30.6.2024	150	354	504
Equity at 1.1.2023	150	(49)	101
Loss for the period	-	398	398
Total comprehensive income	150	349	499
Equity at 30.6.2023	150	349	499
Equity at 1.1.2023	150	(49)	102
Profit for the period	-	492	492
Total comprehensive income	150	443	593
Equity at 31.12.2023	150	443	593

STATEMENT OF CASH FLOW

GBP thousand	1 Jan to 30 Jun 2024	1 Jan to 30 Jun 2023	1 Jan to 31 Dec 2023
Cash flows from operating activities			
Profit for the period	(89)	398	492
Finance income	(13)	(22)	(41)
Finance cost	4	15	28
Depreciation	230	163	365
(Increase)/decrease in inventories	(6)	(1)	(3)
(Increase)/decrease in receivables	(1,081)	996	1,092
(Decrease)/increase in payables	(349)	(2,935)	(2,925)
Interest paid in cash	13	22	41
Net cash utilised in operating activities	(1,291)	(1,364)	(951)
Cash flows from investing activities			
Acquisition	(227)	(157)	(282)
Disposal	-	-	-
Net cash from investing activities	(227)	(157)	(282)
Cash flows from financing activities			
Repayment of lease liabilities	11	(66)	(136)
Net cash utilised in financing activities	11	(66)	(136)
Net increase in cash and cash equivalents	(1,507)	(1,587)	(1,369)
Cash and cash equivalents at beginning of period	2,040	3,409	3,409
Cash and cash equivalents at end of period	533	1,822	2,040

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 and Wales under the Companies Act. Its ultimate parent and holding Company is Sunborn Oy, an undertaking incorporated in Finland. 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. Since 2021 operations consist of acting as the charterer and operator of the Yacht hotel.

2. Summary of significant accounting policies

Basis of preparation

This half year financial report for six months ended 30 June 2024 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 2023, 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 2023.

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 2023. 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 10 years straight line
- Equipment 3 years straight line

GBP thousand	Improvements to property	Right to use asset	Equipment	Total
Cost at 1.1.2024	1,359	921	366	2,646
Addition	36	83	109	228
Disposal				
Cost at 30.6.2024	1,395	1,004	475	2,874
Accumulated depreciation at 1.1.2024	1,222	509	112	1,843
Depreciation	89	65	76	230
Accumulated depreciation and impairment at 30.6.2024	1,311	574	188	2,073
Net book value at 1.1.2024	137	412	254	803
Net book value at 30.6.2024	84	430	287	801
Cost at 1.1.2023	1,300	921	144	2,365
Addition	22	-	135	157
Disposal	-	-	-	-
Cost at 30.6.2023	1,322	921	279	2,522
Accumulated depreciation at 1.1.2023	1,057	402	20	1,479
Depreciation	80	54	30	164
Accumulated depreciation and impairment at 30.6.2023	1,137	456	50	1,643
Net book value at 1.1.2023	243	519	124	886
Net book value at 30.6.2023	185	465	229	879
Cost at 1.1.2023	1,300	921	144	2,365
Addition	59	-	222	281
Disposal	-	-	-	-
Cost at 31.12.2023	1,359	921	366	2,646
Accumulated depreciation at 1.1.2023	1,057	402	19	1,478
Depreciation	165	107	93	365
Accumulated depreciation and impairment at 31.12.2023	1,222	509	112	1,843
Net book value at 1.1.2023	243	519	124	886
Net book value at 31.12.2023	137	412	254	803

5. Lease liabilities

At 30 June 2024 the company is committed to £362k in future lease payments which relate to long-term mooring agreement. The carrying amount of the lease liabilities approximate the fair value.

GBP thousand	30 Jun 2024	30 Dec 2023	31 Jun 2023
Within 1 year	144	138	127
Between 1 and 2 years	144	138	127
Between 2 and 3 years	144	138	127
Between 3 and 4 years	48	115	127
Between 4 and 5 years	-	-	50
Later than 5 years	-	-	-
Total	480	529	558
Less unearned interest cost	-43	-104	-77
Lease liabilities	437	425	481

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 on 29 December 2020 renewed with a fixed sum of GBP 195,000 per month in lease to account for the changes of the ISS Settlement Agreement. The monthly fixed sum has increased to GBP 246,000 during 2024. 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 periods presented:

GBP thousand	30 Jun 2024		30 Jun 2023		31 Dec 2023	
	Receivables	Liabilities	Receivables	Liabilities	Receivables	Liabilities
Sunborn London Oy	687	-	21	-	7	-
Sunborn International Oy	-	-	-	37	-	-
Sunborn International Holding Oy	-	-	-	-	-	87
Sunborn Saga Oy	-	-	-	-	11	-
Total	687	-	21	37	18	87

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 Jan – 30 Jun 2024 Bareboat Charter	1 Jan – 30 Jun 2023 Bareboat Charter	1 Jan - 31 Dec 2023 Bareboat Charter
GBP thousand			
Sunborn London Oyj	1,476	1,404	2,808
Total	1,476	1,404	2,808

7. Events after the reporting date

The company operates all its activities onboard the Sunborn London Yacht Hotel, and therefore is reliant on the continued lease agreement of the asset and the successful continuation of financing of the Lessor, Sunborn London Oyj.

Sunborn London Oyj current senior secured bond is maturing for repayment on September 22, 2024 and the company continues advanced stage negotiations and is in progress of pursuing refinancing and extension solutions in advance of maturity.