FINANCIAL STATEMENTS 2018
SUNBORN FINANCE OYJ

sunborn

CONTENTS

REPORT OF BOARD OF DIRECTORS 2018

Key Figures (IFRS)

EUR thousand	**1 Nov 2017 – 31 Dec 2018**
Rental income	4 136
Operating profit	386
Investment property (Spa hotels)	63 500
Total Equity	6 374
Borrowings	48 883

General

Sunborn Finance Oyj owns Naantali Spa hotel located in Naantali by the Baltic Sea and Ruissalo Spa Hotel located in Turku by the scenic archipelago. Both properties have been leased to hotel operator Sunborn Saga Oy.

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.

In 2018, significant renovation of the hotel rooms was made in both spa hotels.

Financial summary 1 November 2017 - 31 December 2018

Sunborn Finance was established 1 November, 2017 through a partial demerger of Sunborn Oy. The Company’s operations consist of acting as a lessor of the spa hotels and also providing property and IT related facility services. Sunborn Finance has four employees.

Sunborn Finance receives lease income from the operator. Lease income for the first financial year 11/2017 – 12/2018 was 4.136 M€. The other services income refers to personnel costs for facility services and is a cost/income neutral line item.

The value of the Spa hotels is at Naantali Spa 54 M€ and at Ruissalo Spa 28.5 M€ (1/3 in Sunborn Finance assets) according the valuation reports.

Notable events during the reporting period

At December Sunborn Finance Oyj established a dormant subsidiary for administrative purposes thus became the parent company of the group.

Business environment

No significant changes in business environment.

Sunborn Finance Oyj was a SPV with no other purpose than owning the Naantali and Ruissalo spa hotel properties and providing property and IT related facility services.

The hotels are leased out to Sunborn Saga Oy through a lease agreement. Sunborn Saga Oy pays Sunborn Finance Oy a fixed sum per month in lease. Customer satisfaction continues to be good.

Estimate future development

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

Notable events after the end of the reporting period

The company completed the listing of the senior secured floating rate bond to NASDAQ Helsinki on 8th February 2019.

Short-term risks and uncertainties

The Company´s financial risks related to business are market risk (including interest rate risk), credit risk, liquidity risk and refinancing risk. Floating interest rate risk has not been hedged.

The management review financial risks on regular basis to manage financial risk position and decide on necessary actions.

Company's shares

Total number of Company´s shares is 400 and the Company has two classes of shares. A shares have 20 votes per share and B shares have one vote per share, otherwise the terms are the same. Shares have no nominal value.

Corporate Governance

Sunborn Finance Oyj's ownership, corporate structure, operational activities and related party transactions are described in notes to the financial statements.

The governance of Sunborn Finance Oyj is based on the Finnish Limited Liability Companies Act and Sunborn Finance Oyj's articles of association. The company's shares are not listed for public trading. Sunborn Finance Oyj has issued a secured bond that is listed by NASDAQ Helsinki Oy, and the company complies with its rules and regulations for listed bonds, the Securities Markets Act as well as the Financial Supervisory Authority's regulations.

The Annual General Meeting is the highest decision-making body in Sunborn Finance Oyj, deciding on matters laid down in the Finnish Limited Liability Companies Act. The AGM is held once a year, in June at the latest, on a date determined by the company's Board of Directors.

The Board of Directors of Sunborn Finance Oyj consists of four ordinary members, elected by the AGM for one year at a time. The Board of Directors decides on significant matters concerning the company strategy, investments and finance. In the reporting the Board had 2 meetings.

Members of the Board of Directors in 2018 were Ritva Niemi, Pekka Niemi ja Hans Niemi. There has not been any remuneration for the Board of Directors in 2018. Sunborn Finance Oyj has no committees.

Sunborn Finance Oyj's Board of Directors appoints the Chief Executive Officer. The CEO Pekka Niemi is responsible for the company's financial performance and for organizing business operations and administration according to legislation as well as instructions and orders issued by the Board.

The Annual General Meeting elects the authorized public accountants until further notice. Sunborn Finance Oyj auditors are PricewaterhouseCoopers Oy with Kalle Laaksonen, APA, as principal auditor since 2017.

Proposal for profit distribution

The Board of Directors proposes to the Annual General Meeting that the funds are carried forward to retained earnings.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)

EUR thousand	Note	1 Nov 2017 - 31 Dec 2018	Carve-out 1 Jan - 31 Oct 2017
Revenue	6,13	4 136	2 871
Changes in fair value of investment property	9	-2909	-622
Personnel expenses	7	-319	-86
Operating expenses	7	-523	-333
Operating profit		**386**	**1 830**
Interest expenses on borrowings		-4 548	-5 971
Result before taxes		**-4 162**	**-4 140**
Income tax expense		-	-
Change in deferred tax	8	832	370
Result for the period		**-3 330**	**-3 770**
Total comprehensive income for the period		**-3 330**	**-3 770**

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

CONSOLIDATED BALANCE SHEET (IFRS)

EUR thousand	Note	31 Dec 2018	Carve-out Restated 31 Oct 2017	Carve-out Restated 1 Jan 2017
Assets				
Non-current assets				
Investment property	9	63 500	63 500	63 500
Total non-current assets		**63 500**	**63 500**	**63 500**
Current assets				
Receivables from related party	4,14	25	601	285
Other receivables		497	-	-
Cash and cash equivalents		2 110	-	-
Total current assets		**2 631**	**601**	**285**
Total assets		**66 131**	**64 101**	**63 785**

EUR thousand	Note	31 Dec 2018	31 Oct 2017	1 Jan 2017
Equity and liabilities				
Invested equity	11	-	8 376	10 825
Share capital		3	-	-
Reserve for invested unrestricted equity		6 716	-	-
Retained earnings		-344	-	-
Total equity		6 374	8 376	10 825
Liabilities				
Non-current liabilities				
Borrowings	12	48 883	-	41 332
Deferred income tax liabilities	10	9 579	10 412	10 782
Total non-current liabilities		**58 462**	**10 412**	**52 114**
Current liabilities				
Borrowings	12	-	44 379	-
Trade and other payables	12	118	2	13
Payables to related party	14	730	622	812
Accrued expenses		447	311	21
Total current liabilities		**1 295**	**45 314**	**846**
Total liabilities		**59 757**	**55 726**	**52 960**
Total equity and liabilities		**66 131**	**64 101**	**63 785**

The above balance sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS)

EUR thousand	Note	Invested equity	Share capital	Reserve for invested unrestricted equity	Retained earnings	**Total equity**
Equity at 1 Jan, 2017		12 642	0	0	0	**12 642**
Restatement of the deferred tax liability	5	-1 816				**-1 816**
Equity at 1 Jan, 2017, Restated		10 826	0	0	0	**10 826**
Result for the period		-3 770				**-3 770**
Total comprehensive income		-3 770	0	0	0	**-3 770**
Equity transactions with Sunborn Oy		1 320	0	0	0	**1 320**
Total contributions by and distributions with Sunborn Oy, recognised directly in equity		1 320	0	0	0	**1 320**
Equity at 31 Oct, 2017		**8 376**	**0**	**0**	**0**	**8 376**
Impact of demerger on November 1, 2017						
Reclassification of invested equity to cash and cash equivalents in accordance with the partial merger plan		1 328	0	0	0	**1 328**
Reclassification of invested equity to share capital, reserve for invested unrestricted equity and retained earnings in accordance with the partial merger plan		-9 704	3	6 716	2 986	**0**
Equity at 1 Nov, 2017		0	3	6 716	2 986	**9 704**
Result for the period		0	0	0	-3 330	**-3 330**
Equity at 31 Dec, 2018		0	3	6 716	-344	**6 374**

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 Nov 2017 - 31 Dec 2018	Carve-out 1 Jan - 31 Oct 2017
Cash flows from operating activities			
Profit before tax		-4 162	-4 140
Adjustments for			
Change in fair value of investment property	9	2 909	622
Interest expenses on borrowings		4 548	5 971
Change of working capital			
Change in trade and other receivables	4,14	79	285
Change in trade and other payables	12	11	-212
Net cash flows from operating activities		**3 384**	**2 526**
Cash used in investing activities			
Capital Expenditure		-2 909	-
Net cash flows used in investing activities		**-2 909**	**0**
Cash flows from financing activities			
Proceeds from borrowings		50 000	-
Repayment of borrowings		-44 028	-
Contribution from Sunborn Oy		-	272
Transaction costs paid		-2 648	-175
Interest paid		-3 018	-2 623
Net cash flows from financing activities		**306**	**-2 526**
Cash and cash equivalents at the beginning of period		**1 328**	**-**
Change in cash and cash equivalents		**782**	**-**
Cash and cash equivalents at the end of period		**2 110**	-

The above statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS (IFRS)

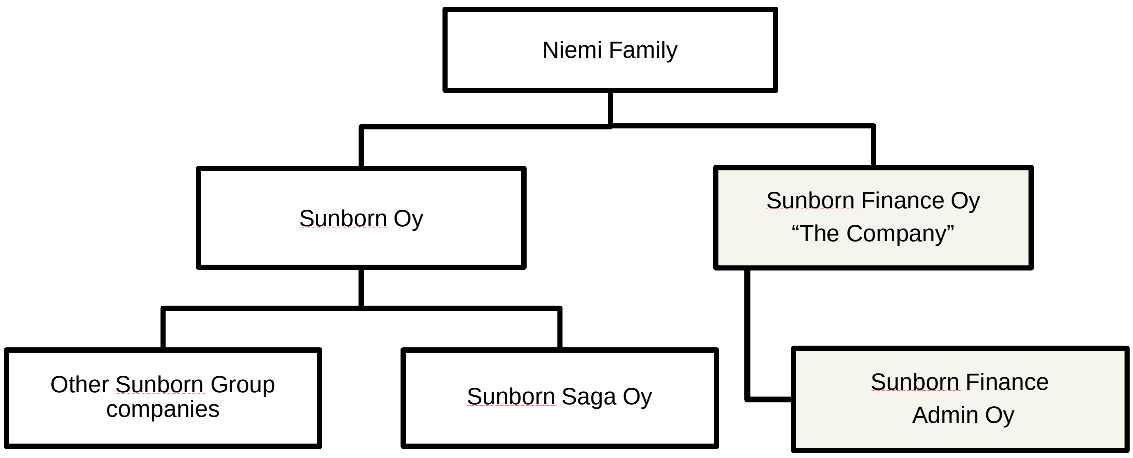
1. General information

Sunborn Finance Oyj is a public limited liability company ("the Company") 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" properties located in south west Finland. Naantali Spa has 218 and Ruissalo Spa 171 hotel rooms with several event rooms, restaurants, bars, café's 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 Oy prior to the partial demerger) and Sunborn Saga. Sunborn Finance provides also property management and IT support services and has four employees. Two of these employees were transferred to the Company in connection with the partial demerger and two were transferred from Sunborn Saga at the beginning of the year 2018.

Sunborn Finance is wholly owned by Pekka Niemi, Ritva Niemi, Hans Niemi and Jari Niemi (together, 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, Germany, Spain, Malaysia 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.

As at 27 December Sunborn Finance Oyj acquired dormant subsidiary for administrative purposes thus became the parent company of the group.

Sunborn companies and Sunborn Finance owned by Niemi family in 2018:



2. Summary of significant accounting policies

Basis of preparation

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, conforming with the IAS and IFRS standards as well as SIC and IFRIC interpretations applicable as per December 31, 2018.

International Financial Reporting Standards refer to the standards and interpretations applicable by corporations set out by the Finnish accounting ordinance and other guidance set out on the basis of this ordinance enforced for application in accordance with the procedure stipulated in the regulation (EC) No 1606/2002 of the European Parliament and of the Council. The notes to the consolidated financial statements also comply with the Finnish accounting and corporate legislation complementing the IFRS standards. In connection with the adoption of IFRS in its first financial statements for the 10 month period ended 31 October 2017, the group early adopted IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from contracts with customers*.

The investment property is measured at fair value. Measurement bases for other items are disclosed in connection with relevant accounting policies.

Preparation of consolidated financial statements 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 areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The consolidated 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.

Basis of accounting for the carve-out financial information

As the Company was established through demerger on November 1, 2017 the financial information of Sunborn Finance for the ten month period ended October 31, 2017 has been prepared on a carve-out basis from Sunborn Oy's standalone financial statements, which comply with Finnish Accounting Standards ("FAS"), comprising the historical income and expenses, assets and liabilities and cash flows attributable to the Sunborn Finance business and adjusted to comply with IFRS as adopted by the EU. As IFRS does not provide guidance for the preparation of carve-out financial statements, certain accounting conventions commonly used for the preparation of historical financial information have been applied in preparing the carve-out financial statements for the ten month period ended October 31, 2017. The application of these carve-out conventions has been described below.

The carve-out financial information may not be indicative of the Company's future performance and it does not necessarily reflect what its results of operations, financial position and cash flows would have been, had Sunborn Finance Oyj operated as an independent company and had it presented stand-alone financial statements during the periods presented.

The following summarises the main carve-out adjustments and allocations made in preparing the carve-out financial statements. Management of the Company considers that the allocations described below have been made on a reasonable basis, but are not necessary indicative of the costs that would have been incurred if Sunborn Finance had been independent company.

Related party transactions

Transactions with Sunborn Group, Niemi Family and Sunborn Finance business have been treated as related party transactions. All intercompany receivables and liabilities and income and expenses of Sunborn Group with the counterparty of Sunborn Finance business have been allocated to the Company.

Invested equity

Sunborn Finance Oyj did not before the partial demerger form a separate legal entity and accordingly it is not conceivable to present share capital separately from other equity balances including reserves. The Company's net assets prior to the partial demerger as at 31 October 2017 are represented by capital invested in Sunborn Finance business and shown in the carve-out financial statements as "invested equity". Changes in net assets allocated to Sunborn Finance business are presented separately in the statement of changes in invested equity through line "Equity transactions with Sunborn Oy" and in the statement of cash flows under "Contribution from/to Sunborn Oy" reflecting the internal financing between Sunborn Finance business and Sunborn Oy during the periods presented.

Cash Management and Financing

The working capital needs of Sunborn Finance business were financed through Sunborn Oy before the partial demerger. Also the cash inflows related to Sunborn Finance business were paid to the bank accounts of Sunborn Oy. Movements related to the Sunborn Finance business in those bank accounts are presented separately in the statement of changes in invested equity through line "Equity transactions with Sunborn Oy".

The external debt financing and related interest expenses of the demerging Sunborn Oy that were directly attributable to Sunborn Finance business were included in the carve-out financial information. The bridge loan facility was provided to the Company for the purpose of facilitating and arranging the bond issue and as such formed a part of the bond issuance process. The Spa hotels were pledged as guarantees for the bridge loan facility. The bridge financing was transferred to the Company in the partial demerger and is presented as "borrowings" on the balance sheet.

Centrally provided services

Sunborn Oy has provided property management and IT support services during the periods presented for Sunborn group companies. The income and expenses of Sunborn Oy have been allocated based on the employees transferred to Sunborn Finance in the partial demerger.

Leases

In the carve-out financial statements the non-cancellable operating lease allocated to Sunborn Finance business include the lease agreement related to the hotels between Sunborn Oy and Sunborn Saga and the land lease agreement between Sunborn Oy and city of Naantali. The minimum lease payments of these non-cancellable lease agreements of Sunborn Oy presented in the carve-out financial statements is equivalent with the minimum lease payments of the corresponding external lease agreements made by Sunborn Oy.

Income Tax

While Sunborn Finance business was part of Sunborn Oy, they operated as one tax payer. The taxes allocated to Sunborn Finance business from the demerging Sunborn Oy have been calculated as Sunborn Finance business had been a separate taxpayer. Therefore, the income tax for the carve out periods is the amount of tax payable or refundable based on the Company's hypothetical tax returns, and it is presented as current tax expense in the income statement. In the balance sheet these tax entries are presented as transactions through invested equity because any payable or refundable taxes will not arise to Sunborn

Finance Oyj due to these hypothetical taxes. Deferred taxes on temporary differences are recognised where such temporary differences exist.

Evaluation of the future impact of new standards and interpretations

Certain new or revised standards and interpretations have been issued that are not yet effective or early adopted by the group. The most significant one to the group is IFRS 16 *Leases.* The group will adopt the standard in its financial statements for the period beginning on 1 January 2019.

Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised for most lease contracts. The only exceptions are short-term and low-value leases. The group will use the simplified retrospective method for the adoption of the standard.

The land leases for Naantali Spa hotel from the city of Naantali are only lease agreements where the group acts as lessee. These have been accounted for operating lease under IAS 17. As at December 31, 2018, the group's non-cancellable lease payments related to the leases amounted to EUR 1.6 million. For these leases, the Company estimates to recognise a lease liability of approximately EUR 0.6 million on 1 January 2019. The Right-of-Use asset will be classified as investment property and measured using fair value model, as it is further subleased to Sunborn Saga under a 10 year long lease contract. The sub-lease of the land lease is assumed to be classified as operating lease.

Other lease contracts where the Company acts as lessor will also continue to be accounted for as operating leases and there are not expected to be any material changes.

Other issued new standards or amendments that the group has not yet adopted are not expected to have a material impact on the group's consolidated financial statements when they are adopted.

Investment property

Owned property that is held to earn rental are classified as investment property.

The group presents as investment property its investment in spa hotels (Naantali and Ruissalo Spas).

The spa hotels are leased out to Sunborn Saga (related party) that operates the spa hotels.

Investment property is measured initially at its cost. Directly attributable transaction costs are included in the initial measurement. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

After initial recognition, investment property is carried at fair value. Valuations are performed as of the financial reporting date by professional, external valuators who hold recognised and relevant professional qualifications. These valuations form the basis for the carrying amounts in the financial statements. The fair value of investment property reflects, among other things, rental income from current leases and other assumptions market participants would make when pricing the property under current market conditions. The current use of the investment property equates to the highest and best use.

Changes in fair values are recognized in the income statement. Investment properties are derecognized when they have been disposed.

Leases

Company as lessee

Company leases the land area for Naantali Spa hotel from the city of Naantali under a lease contract, which ends in 2055, and the water area under a contract which ends in 2035. The contracts are classified as operating leases, because the significant portion of the risks and rewards of ownership remain with the city of Naantali. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Company as lessor

The Company leases the Naantali Spa and Ruissalo Spa hotels to Sunborn Saga. The lease contract is between Sunborn Oy and Sunborn Saga. A new 10-year contract between the Company and Sunborn Saga were signed in connection with the demerger on November 1, 2017. The lease contracts are treated as operating leases, and the lease income from these contracts is recognised as income on a straight line basis over the lease term. The respective leased assets are shown as Investment Property on the balance sheet and measured at fair value.

Revenue recognition

Lease income generated from operating leases is recognised as revenue on a straight line basis over the lease term. Revenue from providing services property management and IT support services is recognised over time in the accounting period in which the services are rendered. The customers for such services receive and use benefits simultaneously.

Employee benefit expenses

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees’ services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

Financial assets at amortised cost

The group classifies all its financial assets as at amortised cost. The group’s financial assets comprise lease receivables and are held within a business model whose objective is to collect the contractual cash flows, and the financial assets’ contractual terms give rise to cash flows that are solely payments of principal and interest.

Receivables are included in current assets and recognised initially at fair value. They are subsequently carried at amortised cost less provision for impairment. Receivables are derecognised when the contractual rights to the cash flows from the financial asset expire or the group transfers the financial asset or the group of financial assets in question.

Impairment of financial assets at amortised cost

The group uses expected loss model to assess the impairment of the financial assets. The group’s receivables comprises lease receivables from Sunborn Saga. The group has assessed that the impairment calculated under the expected loss model is not material.

Financial liabilities

Financial liabilities of the group consist of borrowings and accounts payable. Financial liabilities are recognised initially at fair value, net of transaction costs incurred. A financial liability is derecognized when it is extinguished – that is when the obligation is discharged, cancelled or expired. The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Borrowings

Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement as interest expense over the period of the borrowings using the effective interest method.

Accounts payable

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Accounts payable are measured at amortised cost.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised directly in equity. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in Finland, the country where the group entities operate and generate taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Segment reporting

The group’s revenue is mainly generated from owning and leasing the Spa hotels. The chief operating decision maker is determined as the Board of Directors of the Company who monitor the result of the group at group level based on revenue less operating expenses and fair value changes of investment property. The group operates and all its assets are located in Finland.

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 Company applies fair value model to its investment property as explained in the accounting policies. The fair value of the Spa hotels 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 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. There have not been any changes in the inputs or the relevant market during the periods presented. Accordingly, there have not been any material changes to the fair values of the spa hotels.

Main inputs in the fair valuation model are:

Input	**Value 31 Dec 2018**		**Value 31 Oct 2017**	
	Naantali	**Ruissalo**	**Naantali**	**Ruissalo**
Fair value (mEUR)	54.0	9.5	54.0	9.5
Yield	7.4 %	8.1 %	7.5 %	8 %
Net yearly income	EUR 3.9 million	EUR 2.3 million	EUR 3.9 million	EUR 2.3 million

Based on the valuation report provided by the third party valuator, if the net yearly income for Ruissalo Spa is changed between 2.1 – 2.4 million EUR and the yield -/+ 0,5 percentage points, the value of the new part of Ruissalo Spa would vary between EUR 8.1 million – 10.7 million.

Based on the valuation report provided by the third party valuator, if the net yearly income for Naantali Spa is changed between 3.5 - 4.3 million EUR and the yield -/+ 0,25 percentage points, the value of the properties would vary between EUR 45.3 million – 59.9 million.

4. Financial risk management

The group´s financial risks related to business are interest rate risk, credit risk, liquidity risk and refinancing risk. Financial risk management carried out by the management of the group aims to protect the group against unfavourable developments in the financial markets and ensure the performance. The management reviews financial risks on regular basis to manage the financial risk position and decide on necessary actions.

Interest rate risk

The interest rate of the Company's borrowings during the periods presented is bound to Euribor but have a floor of 0 percentage point. In practice, due to the low interest rate levels, the Company has paid the floor interest and in substance the interest rate has been fixed. Had the Euribor been 50 basis points higher or lower during the periods presented, that would not have had material impact on the interest expense.

Credit risk

Credit risk is the risk that the other party to the group's financial assets will cause a financial loss for the Company by failing to discharge an obligation. The group's financial assets consist mainly of lease receivables from Sunborn Saga. Sunborn Saga is a long term lessor of the Spa hotels and the group has historically not generated any credit losses from the lease receivables. The group has assessed that the impairment loss calculated under the expected loss model is not material.

The table below shows the maturity analysis of the receivables:

EUR thousand	31 Dec 2018	31 Oct 2017
Not past due	25	308
1-30 days past due	-	285
31-90 days past due	-	7
Total	25	601

Cash and cash equivalents are held in reputable Nordic banks, whose credit ratings are strong. While cash and cash equivalents are also subject to the same impairment requirements as other receivables, the management has assessed that the impairment loss for them is immaterial.

Liquidity risk and refinancing risk

Liquidity risk is the risk that existing funds and borrowing facilities become insufficient to meet the group's business needs or high extra costs are incurred for arranging them. Refinancing risk is the risk that refinancing of the existing borrowings and/or rising new funding will not be available, or is available at high price.

Prudent liquidity risk management implies maintaining sufficient cash, and the availability of adequate funding. In the long–run the principal source of liquidity is expected to be the cash flow generated by the lease agreement. The Company's liquidity position is monitored by the management of the Company.

The business related to the Spa hotels is estimated to be profitable and the non-cancellable lease term in accordance with the lease agreement between Sunborn Saga and Sunborn Finance is for 10 years at inception of the contract at November 1, 2017. Since the companies are under the same ownership, it is unlikely that the contract would not be extended after the expiration date.

A summary table with maturity of the 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 at the balance sheet dates. The borrowings as at 31 October 2017 consist of bridge financing (bridge loan facility) which was withdrawn when the Company started the process of issuing bonds in year 2016. The bridge financing was repaid in 2018 with the proceeds received from the issuance of the bonds.

31 Dec 2018

Lease receivables	**< 1 year**	**1 to 2 years**	**2 to 3 years**	**3 to 5 years**	**Total**
Senior secured bond				50 000	50 000
Senior secured bond, interest payments	2 459	2 465	2 459	3 078	10 461
Trade and other payable	848				848
Total	3 307	2 465	2 459	53 078	**61 309**

31 Oct 2017

EUR thousand	**< 1 year**	**1 to 2 years**	**2 to 3 years**	**3 to 5 years**	**Total**
Bank loan – bridge facility	44 379				44 379
Trade and other payable	624				624
Total	45 003	0	0	0	**45 003**

Refinancing risk is managed by securing the refinancing early enough. Management believes that the committed, long term lease contract of the Spa hotels with Sunborn Saga safeguards the group's ability to obtain long term financing. As at 9 February 2018 the Company issued senior secured bonds with nominal amount of EUR 50 million to certain qualified institutional investors to finance all existing debt. The bonds mature on 9 February 2023 and at the balance sheet date carry interest 4.85 %. See more in note 12 Borrowings. The committed lease contract period continues after the maturity of the bonds issued after the balance sheet date for approximately 5 more years.

Capital management

Capital of the Group as monitored by the management consists of borrowings and equity as shown in the balance sheet.

Capital management is based on the evaluation of essential risks concerning the Company. Capital of the Company is managed by equity instalments between Sunborn Oy and Sunborn Finance business. In accordance with the terms of the bond, the Company is not allowed to raise external debt without permission.

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 hotel calculated by approved valuator appointed by the Company and approved by the bond trustee, divided by financial indebtedness of the Company. The Company has not breached the covenant. Other covenants are disclosed in note 12.

5. Restatement for correction of error in deferred tax liability

Equity and deferred tax liabilities have been restated retrospectively due to the deferred tax impact of the revaluation of Naantali Spa hotel in year 2007 which was not previously recognised. Deferred tax liability before the restatement was EUR 8.732 million at 1 Jan 2017, and after the restatement of 1.817 million deferred tax liability amounted to EUR 10.548 million, as described in note 10 Deferred income tax.

6. Revenue

The group's revenue consists mainly of rental income from its related party Sunborn Saga. In addition, the group derives service revenue from property management and IT support services.

EUR thousand	1 Nov 2017 - 31 Dec 2018	Carve Out 1 Jan – 31 Oct 2017
Rental income from operating leases with related party	3 894	2 782
Service income from related party	242	89
Total	**4 136**	**2 871**

7. Personnel and operating expenses

Personnel expenses relate to the personnel costs for the four employees providing property management and IT support services to Sunborn group.

Personnel expenses are presented in the table below:

EUR thousand	**1 Nov 2017 - 31 Dec 2018**	**1 Jan - 31 Oct 2017**
Salaries	263	72
Social security costs	6	2
Pension costs	50	11
Total	**319**	**86**

Operating expenses are presented in the table below:

EUR thousand	**1 Nov 2017 - 31 Dec 2018**	**1 Jan - 31 Oct 2017**
Property tax	242	204
Land lease	53	38
Insurance	71	49
Professional services	34	41
Administrative expenses	123	1
Total	**523**	**333**

Auditors' fees:

EUR thousand	**1 Nov 2017 - 31 Dec 2018**	**1 Jan - 31 Oct 2017**
Statutory fees	8	6
Other services	0	5
Total	**8**	**11**

8. Income tax expense

The effective tax rate in 2018 was 20 % and in 2017 was 8,9 %. The difference between the Finnish tax rate (20 %) and the effective tax rate in 2017 are due to the losses for which deferred tax has not been recognised, due to the uncertainty in the tax position after the partial demerger.

EUR thousand	**1 Nov 2017 - 31 Dec 2018**	**1 Jan - 31 Oct 2017**
Result before tax	-4 162	-4 140
Tax calculated using Finnish tax rate (20%)	832	828
Tax for losses not recognized	0	-458
Tax recognized in profit loss	832	370

The Company is in process of discussing the deductibility of losses of Sunborn Oy and how they are allocated between the Company and Sunborn in the partial demerger. Because of the final decision from the tax authorities is pending, no deferred tax assets for losses 2017 that were incurred before the demerger have been booked.

9. 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 63.5 million EUR. 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, 2018.

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

EUR thousand	**Spa hotels**
Fair value at January 1, 2017	63 500
Additions	622
Changes in Fair Value	-622
Fair Value at October 31, 2017	**63 500**

EUR thousand	**Spa hotels**
Fair value at November 1, 2017	63 500
Additions	2 909
Changes in Fair Value	-2 909
Fair Value at December 31, 2018	**63 500**

The Spa hotels have had an ongoing major renovation since before the Company's establishment on 1 November 2017. The renovations will continue in year 2019.

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

EUR thousand	**1 Nov 2017 - 31 Dec 2018**	**1 Jan - 31 Oct 2017**
Rental income	3 894	2 782
Direct operating expenses from property that generated rental income	333	339

Naantali Spa is located on a land owned by the city of Naantali and leased to the Company under a long-term lease contract. Ruissalo Spa is located on a land that is leased by the Niemi Family from city of Turku.

10. Deferred income tax

EUR thousand	Difference between fair value and tax value of investment property	Borrowings	Other	Total
Deferred tax assets:				
At January 1, 2017	-	-	-	-
Recognized in income statement	-	-121	-16	-137
Book value at October 31, 2017	0	-121	-16	-137
Deferred tax liabilities:				
At January 1, 2017	8 732	234	-	8 966
Restatement of the deferred tax liability	1 817	-	-	1 817
At January 1, 2017	10 548	234	0	10 782
Recognized in income statement	-	-234	-	-234
Book value at October 31, 2017	10 548	0	0	10 548
Deferred tax assets and liabilities, net October 31, 2017	**10 548**	**-121**	**-16**	**10 412**
Deferred tax assets:				
At November 1, 2017	-	-121	-16	-137
Recognized in income statement	-581	-	-596	-1 177
Book value at December 31, 2018	-581	-121	-611	-1 313
Deferred tax liabilities:				
At November 1, 2017	10 548	-	-	10 548
Recognized in income statement	-	344	-	344
Book value at December 31, 2018	10 548	344	0	10 892
Deferred tax assets and liabilities, net December 31, 2018	**9 967**	**223**	**-611**	**9 579**

Deferred tax assets and liabilities have been offset in the balance sheet.

11. Equity

Sunborn Finance Oyj was established in the partial demerger of Sunborn Oy on November 1, 2017. Thus, it is not possible to present share capital or an analysis of equity reserves for the ten-month financial period ended 31 October 2017 prior to the consummation of the partial demerger. The net assets of Sunborn Finance business are represented by capital invested in Sunborn Finance, presented under “invested equity” on the balance sheet prior to the partial demerger.

The share capital was increased by EUR 2 500 from the reserve of invested unrestricted equity. Number of the shares has been 400 shares since the establishment of the Company and the Company has two classes of shares. A shares have 20 votes per share and B shares have one vote per share, otherwise the terms are the same. Shares have no nominal value. The Company has not distributed any dividend and the bond agreement sets restrictions for distribution of dividend.

Sunborn Finance Oy decided to change the legal form of the Company from private limited company to public limited liability company in December 2018. At the same time, the Company decided to increase the share capital of the Company to meet the requirements of a public limited liability company under Finnish Companies Act (624/2006). Share capital was increased from reserves of the invested unrestricted equity by EUR 77 500 in January 2019. After this transaction, the Company's share capital amounts to EUR 80 thousand.

12. Borrowings and trade and other payables

EUR thousand	**31 Dec 2018**	**31 Oct 2017**
Senior secured bond	48 883	-
Bank loan – bridge facility	-	44 379
Total	**48 883**	**44 379**

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 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 5.45 %.

Before the issuance of the bonds the group had short term bridge financing, which had contractual interest consisting of cash interest 7.0 % plus 3-month Euribor (min 1.0 %) and capitalised interest 3.5 %. The facility, together with the capitalised interest, was repaid when bond was issued. The covenants of the bridge financing mainly related to Sunborn Oy's and Sunborn Saga's assets and shares. The Spa hotels were pledged as guarantees for the loan.

Collaterals and guarantees given on the bonds

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 issuer 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 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, Niemi Family has pledged its shares in the Company and Sunborn Oy has pledged its shares in Sunborn Saga to secure the repayment of the bonds. Pekka and Ritva Niemi have pledged all the existing and future 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 the 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 Issuer under the Lease Agreement.

The Spa hotels have had an ongoing major renovation since before the Company’s establishment on 1 November 2017. Since then, the Company relied on the Operator to manage and complete these major renovations. Accordingly, as of the Company’s establishment and through Q3 2018, the Company had accrued and waived Sunborn Saga’s requirement to make lease payments to the Company in light of Sunborn Saga extending its funds for purposes of this major renovation. Pursuant to the parties’ agreement regarding this major renovation, the parties reconciled and set-off their respective payment obligations as of 30 September 2018, which set-off is in an amount equal to the amount due in lease payments as of same date.

The set-off structure under FAS may not have met the IFRS requirements and accordingly, the Company could be required to redeem the bonds during the financial period in accordance with bond terms. During the reporting period, in December 2018, the Company and Sunborn Saga paid in full their respective amounts outstanding in respect of the set-off structure described above and the bonds could not be required to be redeemed at 2018 year-end anymore before the contractual maturity date.

Changes in liabilities from financing activities:

EUR thousand	**Borrowings due within 1 year**	**Borrowings due after 1 year**	**Total**
Liabilities as at January 1 2017			
Cash inflows		41 332	41 332
Accumulated interest	3 047		3 047
Other changes	41 332	-41 332	0
Liabilities as at October 31 2017	**44 379**	**0**	**44 379**
Liabilities as at November 1 2017	44 379	0	44 379
Senior secured bond		50 000	50 000
Cash outflows	-44 379	0	-44 379
Amortisation using effective interest method		-1 218	-1 218
Liabilities as at December 31 2018	**0**	**48 782**	**48 782**

Trade payables and other payables

The line item Trade and other payables includes mainly trade payables as at December 31, 2018 and October 31, 2017. For the payables to related parties, see Note 14 Related parties.

13. Operating lease commitments

Future minimum lease payments from the land lease contracts between the Company and the city of Naantali are as follows:

EUR thousand	31 Dec 2018	31 Oct 2017
No later than 1 year	46	46
Later than 1 year and no later than 5 years	184	184
Later than 5 years	1 350	1 396
Total	**1 580**	**1 626**

14. Related parties

Transactions with related parties

The group is owned by Niemi Family. Group's related parties are entities under the 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.

	1 Nov 2017 - 31 Dec 2018		**31 Dec 2018**	**31 Dec 2018**
EUR thousand	**Rental income from the operating lease**	**Service income**	**Receivable**	**Payable**
Sunborn Saga Oy	3 894	78	8	367
Other related parties	-	163	17	363
Total	**3 894**	**242**	**25**	**730**

	1 Jan - 31 Oct 2017		**31 Oct 2017**	**31 Oct 2017**
EUR thousand	**Rental income from the operating lease**	**Service income**	**Receivable**	**Payable**
Sunborn Saga Oy	2 782	61	601	622
Other related parties	-	28	-	-
Total	**2 782**	**89**	**601**	**622**

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. A new 10-year lease contract for the Spa hotels was signed between Sunborn Saga and the Company as at November 1, 2017. The old lease contracts were cancellable by both parties with 3 and 6 months' term of notice for Ruissalo and Naantali spas respectively. The rent in the contracts is set at market level.

The Company has paid management fee to Sunborn Oy as presented in the table above.

The following represents the maturity analysis of the lease payments by Sunborn Saga under the new lease contract as of December 31, 2018:

EUR thousand	**31 Dec 2018**
No later than 1 year	3 338
Later than 1 year and no later than 5 years	13 351
Later than 5 years	12 795
Total	**29 484**

15. Events after the balance sheet date

Share capital was increased from reserves of the invested unrestricted equity by EUR 77 500 in January 2019. After this transaction, the Company's share capital amounts to EUR 80 thousand.

The Company completed the listing of the Senior Secured Floating Rate Bond to Nasdaq Helsinki on 8th February, 2019.

INCOME STATEMENT (FAS)

		1 Nov 2017 - 31 Dec 2018 14 months
TURNOVER		3 894 128,00
Other income from business operations		241 722,14
Personnel expenses		
Salaries	-263 017,06	
Pension costs	-49 956,55	
Social security costs	-5 859,56	-318 833,17
Depreciation and impairment		
Planned depreciation		-1 201 588,75
Other operating charges		-522 992,03
		============
EBITA		2 092 436,19
Financial income and expenses		
Interest expenses and financial expenses	-6 269 946,33	-6 269 946,33
		============
PROFIT BEFORE ADJUSTMENT ITEMS AND TAXES		-4 177 510,14
Adjustment items		
Increase(-) / decrease(+) in depreciation difference		1 199 764,80
Income taxes		0,00
		============
Result for the period		-2 977 745,34

BALANCE SHEET (FAS)

ASSETS	31.12.2018	
FIXED ASSETS		
Intangible assets		
Other capitalized long-term expenses	6 634,52	6 634,52
Tangible assets		
Land and water	320 511,17	
Buildings	62 877 405,89	
Machinary and equipment	1 660 796,14	
Construction in process	1 173 785,64	66 032 498,84
Investments		
Shares		3 500,00
CURRENT ASSETS		
Receivables		
Current receivables		
Accounts receivable	24 800,00	
Other receivables	0,00	
Prepaid expenses and accrued income	497 062,27	521 862,27
Cash and bank receivables		2 106 036,15
TOTAL ASSETS		68 670 531,78

LIABILITIES	31.12.2018	
SHAREHOLDERS' EQUITY		
Share capital	2 500,00	
Reserve for invested non-restricted equity	6 715 688,33	
Profit for the period	-2 977 745,34	3 740 442,99
APPROPRIATIONS		
Accumulated depreciation difference		3 950 204,60
LIABILITIES		
Non-current liabilities		
Bonds	50 000 000,00	
Deferred tax liabilities	9 684 554,12	59 684 554,12
Current liabilities		
Accounts payable	510 231,54	
Other liabilities	338 046,32	
Accrued liabilities and deffered income	447 052,21	1 295 330,07
TOTAL LIABILITIES		68 670 531,78

NOTES TO THE FINANCIAL STATEMENTS (FAS)

1. ACCOUNTING PRINCIPLES

Presented financial period was 14 months (1 Nov 2017 - 31 Dec 2018), and it was the first one for the Company. Afterwards, the accounting period of the company is a calendar year.

Valuation principles for fixed assets

Investment property was measured in fair value as at 1 November, 2017 in accordance with Finnish Accounting Standards Chapter 5, Article 2. Afterwards, investment property is depreciated according to the predefined depreciation plan and valued at amortised cost. Planned depreciation is calculated according to the predefined depreciation plan as straight-line depreciation on the original acquisition cost of fixed assets.

Depreciation periods based on estimated economic working lives are as follows:

Other capitalized long-term expenses	10 years
Investment property	40 years
Machinery and equipment	8 - 10 years

Minor acquisitions (below EUR 850) are booked as costs for accounting period.

Deferred tax liability

Deferred tax liability, recognised in non-current liabilities in the financial statements, relate to revaluation (fair value) of Naantali Spa.

2. PERSONNEL

	2018
The average number of personnel during the financial period	4

3. DEPRECIATON AND DEPRECIATION DIFFERENCE

	Planned depreciation	Depreciation difference +/-	Total depreciation
Intangible assets	2 127,72	-303,77	1 823,95
Tangible assets	1 199 461,03	-1 199 461,03	0,00
Total	1 201 588,75	-1 199 764,80	1 823,95

4. OTHER OPERATING EXPENSES

	2018
Administrative expenses	97 730,53
Maintenance expenses	378 665,80
Other expenses	46 595,70
Total	522 992,03

5. FINANCIAL INCOME AND EXPENSES

	2018
Financial expenses	
Interest expenses	3 616 563,60
Other financial expenses	2 653 382,73
Total	6 269 946,33

6. AUDITOR'S FEES

	2018
Pricewaterhousecoopers Oy	
Audit fees	8 316,63

7. CHANGES IN FIXED ASSETS

Intangible assets:	Other capitalised long-term
Acquisition cost 1 Jan	8 762,24
Acquisition cost 31 Dec	8 762,24
Accumulated depreciation 1 Jan	0,00
Depreciation during the financial year	-2 127,72
Accumulated depreciation 31 Dec	-2 127,72
Book value 31 Dec	6 634,52

Tangible assets:	Land and water	Buildings	Machinery and equipment	Construction in process
Acquisition cost 1 Jan	320 511,17	24 659 377,40	0,00	0,00
Revaluation, fair value	0,00	39 340 622,60	0,00	0,00
Additions	0,00	59 185,89	1 678 477,17	1 173 785,64
Acquisition cost 31 Dec	320 511,17	64 059 185,89	1 678 477,17	1 173 785,64
Accumulated depreciation 1 Jan	0,00	0,00	0,00	0,00
Depreciation during the financial year	0,00	-1 181 780,00	-17 681,03	0,00
Accumulated depreciation 31 Dec	0,00	-1 181 780,00	-17 681,03	0,00
Book value 31 Dec	320 511,17	62 877 405,89	1 660 796,14	1 173 785,64

8. INVESTMENTS

Shares in subsidiaries	
Acquisition cost 1 Jan	0,00
Additions	3 500,00
Book value 31 Dec	3 500,00

Name	Number of shares	Holding %	Domicile
Sunborn Finance Admin Oy	1 000	100 %	Helsinki

The Company acquired dormant subsidiary in December 2018.
Consolidated statements have been prepared according to IFRS.

9. ACCRUED INCOME

	2018
Taxes	496 434,76
Social security costs accrued	627,51
Total	497 062,27

10. SHAREHOLDERS' EQUITY

	2018
Restricted equity	
Share capital, 1 Nov 2017	2 500,00
Share capital, 31 Dec 2018	2 500,00
Non-restricted equity	
Reserve for invested non-restricted equity, 1 Nov 2017	6 715 688,33
Reserve for invested non-restricted equity, 31 Dec 2018	6 715 688,33
Retained earnings, 1 Nov 2017	0,00
Result for the period, 31 Dec 2018	-2 977 745,34
Non-restricted equity total	3 737 942,99
Shareholders´ equity total	3 740 442,99

Distributable assets, 31 Dec 2018

Reserve for invested non-restricted equity	6 715 688,33
Retained earnings	0,00
Profit for the period	-2 977 745,34
Total	3 737 942,99

The number of company shares is 400. There are two classes of shares divided by voting rights, otherwise the terms are the same.

	Number of shares
A shares (20 votes per share)	24
B shares (1 vote per share)	376
Total	400

11. ACCRUED EXPENSES

	2018
Interest accrual	350 277,78
Social security costs accrued	61 353,72
Other accrued expenses	35 420,71
Total	447 052,21

12. COLLATERALS AND CONTINGENT LIABILITIES

	2018
Bonds	50 000 000,00
Mortgages	126 651 783,67
Floating charge	65 000 000,00

Company´s bank accounts have been pledged to secure the bond repayments, however the Company can use them by the terms of the bonds.

Auditor's Report (Translation of the Finnish Original)

To the Annual General Meeting of Sunborn Finance Oyj

Report on the Audit of the Financial Statements

Opinion

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial performance and financial position and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU

- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements in Finland and comply with statutory requirements.

What we have audited

We have audited the financial statements of Sunborn Finance Oy (business identity code 2834108-5) for the year ended 31 December, 2018. The financial statements comprise:

- the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies

- the parent company's balance sheet, income statement and notes.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or to cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Reporting Requirements

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Turku 30 April 2019

PricewaterhouseCoopers Oy
Authorised Public Accountants

Kalle Laaksonen
Authorised Public Accountant (KHT)

SUNBORN SAGA OY, INCOME STATEMENT (FAS)

	1.1.-31.12.2018 12 months		1.1.-31.12.2017 12 months	
TURNOVER		25 672 227		25 166 768
TURNOVER from divested business				1 574 774
Other income from business operations		316 723		388 267
Materials and services				
Materials, supplies and goods				
Purchases during the financial period	3 661 644		4 232 864	
Change in inventories	99 776		711 451	
External services	2 957 188	6 718 608	1 428 951	6 373 266
Personnel expenses				
Wages and salaries	6 536 359		7 395 994	
Mandatory pension costs	1 081 097		1 259 205	
Other social security costs	237 307	7 854 764	297 544	8 952 744
Depreciation				
Depreciation according to the plan		706 100		778 460
Other operating charges		7 300 971		7 510 821
Rents paid to Sunborn Finance Oy		3 337 824		2 780 311
Adm.expenses paid to Sunborn Oy		659 336		680 424
		============		============
OPERATING PROFIT		-588 653		53 784
Financial income and expenses				
Interest income and financial income	351		1 260	
Interest expenses and financial expenses	-1 521	-1 170	-4 633	-3 372
		============		============
PROFIT BEFORE ADJUSTMENT ITEMS AND TAXES		-589 823		50 411
Adjustment items				
Group contribution received(+) / paid(-)		655 000		-42 000
Income taxes		-1 066		-8 896
		============		============
PROFIT FOR THE PERIOD		64 111		-485

SUNBORN SAGA OY, BALANCE SHEET (FAS)

ASSETS	31.12.2018		31.12.2017	
FIXED ASSETS				
Intangible assets				
Intangible rights	8 010		12 261	
Other capitalised long term expenditure	1 932 156	1 940 167	2 458 219	2 470 479
Tangible assets				
Machinery and equipment	377 568		302 981	
Advance payments	0	377 568	843 855	1 146 836
Investments				
Other shares and similar rights of ownership		290		290
CURRENT ASSETS				
Inventories				
Raw materials and supplies	151 525		185 709	
Goods	243 035	394 560	308 626	494 335
Receivables				
Non-current receivables				
Receivables from group companies	4 804 685		3 912 034	
Other receivables	0	4 804 685	10 000	3 922 034
Current receivables				
Receivables from group companies	91 276		431 597	
Accounts receivable	1 498 213		1 289 920	
Other receivables	89 079		85 783	
Prepaid expenses and accrued income	397 819	2 076 388	163 086	1 970 386
Cash and bank receivables		553 875		429 704
TOTAL ASSETS		**10 147 532**		**10 434 065**

LIABILITIES	31.12.2018		31.12.2017	
SHAREHOLDERS' EQUITY				
Share capital	2 523		2 523	
Reserve for invested non-restricted equity	100 000		100 000	
Retained earnings	28 679		29 164	
Profit for the period	64 111	195 313	-485	131 202
LIABILITIES				
Non-current liabilities				
Other liabilities	4 566 569	4 566 569	4 704 596	4 704 596
Current liabilities				
Debt to group companies	421 360		207 138	
Short-term advance payments	1 912 140		1 691 940	
Short-term accounts payable	1 085 129		1 907 716	
Other liabilities	631 409		432 581	
Accrued liabilities and deferred income	1 335 612	5 385 650	1 358 892	5 598 268
TOTAL LIABILITIES		**10 147 532**		**10 434 065**

SUNBORN SAGA OY, CASH FLOW STATEMENT (FAS)

	1.1.-31.12.2018 12 months	1.1.-31.12.2017 12 months
Cash flow from operations		
Profit before adjustment items and taxes	65 177	8 411
Depreciation and amortization	706 100	778 460
Income taxes	-1 066	-8 896
Change in current receivables	-106 001	16 329
Change in inventories	99 776	711 451
Change in current non-interest-bearing liabilities	-212 618	782 470
Cash flow from operations (A)	551 367	2 288 225
Investing activities		
Change in tangible and intangible assets *	593 481	-1 059 189
Cash flow from investing activities (B)	593 481	-1 059 189
Financing activities		
Change in non-current receivables	-882 651	-1 055 283
Change in long-term borrowings	-138 026	-69 387
Cash flow from financing activities (C)	-1 020 678	-1 124 670
Change in cash and cash equivalents (A+B+C)	124 171	104 367
Cash and cash equivalents at beginning of period	429 704	325 338
Cash and cash equivalents at end of period	553 875	429 704

* Capital expenditure is done by Sunborn Saga, but the investments are transfered to Sunborn Finance.