

JUEL HOSPITALITY LIMITED**FINANCIAL STATEMENTS****31st DECEMBER 2022**

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DIRECTOR'S REPORT**FOR THE PERIOD FROM 18th OCTOBER 2021 TO 31st DECEMBER 2022.**

The director presents his report and the audited financial statements of Juel Hospitality Limited for the period from 18th October 2021 to 31st December 2022.

Principal Activities

The statement of comprehensive income for the period is set out on page 6.

The principal activity of the Company is the operation of a hotel.

Review of business

The company did not trade during the period. The company incurred administration expenses of Eur 8,308, which resulted into a loss before taxation of Eur 8,308.

Results and dividends

The results for the period are shown in the statement of comprehensive income on page 6.

The Director does not recommend the payment of a final dividend.

Director

The Director of the company as at 31st December 2022 who held office since incorporation was:-

Adrian Muscat

In accordance with the company's memorandum and articles of association the Director remains in office.

Auditor

The auditor of the company, TACS Malta Limited has expressed his willingness to continue in office and a resolution proposing his reappointment will be put before the members at the next annual general meeting.

Approved by the Director on behalf of the Board hereunder:

Adrian Muscat
Director

Avian Hill, Triq L-Ispanjulett C/W Triq Il-Gallina
Kappara
San Gwann

Date : 06 April 2023

STATEMENT OF THE DIRECTOR'S RESPONSIBILITIES

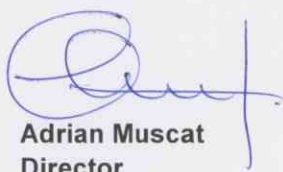
Statement of the Director's Responsibilities

The director is required by the Maltese Companies Act 1995 to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of each financial period and of its income statement for that period. In preparing the financial statements, the director is required to:-

- ensure that the financial statements have been drawn up in accordance with the International Financial Reporting Standards as adopted by the EU;
- make judgments and estimates that are reasonable and prudent;
- ensure that applicable accounting standards have been followed;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Maltese Companies Act 1995. He is also responsible for ensuring that an appropriate system of internal control is in operation to provide them with reasonable assurance that the assets of the company are properly safeguarded and that fraud and other irregularities will be prevented or detected.

Approved by the Director on behalf of the Board hereunder:



Adrian Muscat
Director

Date : 06 April 2023

Independent auditor's report

To the Shareholders of Juel Hospitality Limited.

Report on the Audit of the Financial Statements for the period ended 31st December 2022.

Opinion

I have audited the financial statements of Juel Hospitality Limited (the Company), set out on pages 10 to 30 which comprise the statement of financial position as at 31st December 2022 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and a summary of significant accounting policies.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of Juel Hospitality Limited as at 31st December 2022, and of the Company's financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and have been properly prepared in accordance with the requirements of the Companies Act (Cap. 386).

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to my audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap.281) in Malta, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

To the best of my knowledge and belief I have not provided any of the prohibited services as set out in the Accountancy Profession Act.

Information other than the Financial Statements and Auditor's Report thereon

The director is responsible for the other information. The other information comprises the Director's Report and the statement of the Director's Responsibilities.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

With respect to the Director's Report, I also considered whether the Director's Report includes the disclosure requirements of Article 177 of the Companies Act (Cap. 386).

In accordance with the requirements of sub-article 179(3) of the Companies Act (Cap. 386) in relation to the Director's Report, in my opinion, based on the work undertaken in the course of the audit:

The information given in the Director's Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and

The Director's Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, I have not identified any material misstatements in the Director's Report.

Independent auditor's report

To the Shareholders of Juel Hospitality Limited.

Responsibilities of the Directors

The directors is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs as adopted by the EU, and for such internal control as the director determines 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 director is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I 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 my 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.
- Conclude on the appropriateness of the 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 Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company 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 in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

Independent auditor's report

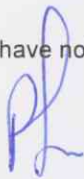
To the Shareholders of Juel Hospitality Limited.

Report on Other Legal and Regulatory Requirements

I am also responsible under the Companies Act (Cap. 386), I have responsibilities to report to you if, in my opinion:

- Adequate accounting records have not been kept, or that returns adequate for my audit have not been received from branches visited by me.
- The financial statements are not in agreement with the accounting records and returns.
- I have not received all the information and explanations I require for my audit.
- The information given in the Report of the Director is not consistent with the financial statements.

I have nothing to report to you in respect of these responsibilities.



This copy of the audit report has been signed by
Pamela Fenech (Partner) for and on behalf of

TACS Malta Limited

1, Tal-Providenza Mansions
Main Street
Balzan
Malta
Date: 06 April 2023

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM 18th OCTOBER 2021 TO 31st DECEMBER 2022.

	Notes	2022 €
Turnover	4	-
Cost of sales		-
Gross Loss		-
Administrative expenses		(7,584)
Operating loss	5	(7,584)
Finance costs	7	(724)
Loss before taxation		(8,308)
Tax expense	8	-
Loss for the period		(8,308)
Total Comprehensive loss		(8,308)


The notes on pages 10 to 26 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION - 31st DECEMBER 2022

	Notes	2022 €
ASSETS		
Non-current assets		
Property, plant and equipment	9	20,882,822
		<u>20,882,822</u>
Current assets		
Trade and other receivables	10	97,153
Cash and bank balances	11	276,885
		<u>374,038</u>
Total Assets		<u>21,256,860</u>
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	12	20,000
Accumulated losses		(8,308)
		<u>11,692</u>
Total equity		<u>11,692</u>
Non-current liabilities		
Other financial liabilities	13	17,591,867
Total non-current liabilities		<u>17,591,867</u>
Current liabilities		
Trade and other payables	13	229,434
Other financial liabilities	13	3,423,867
		<u>3,653,301</u>
Total current liabilities		<u>3,653,301</u>
Total liabilities		<u>21,245,168</u>
Total equity and liabilities		<u>21,256,860</u>

The notes on pages 10 to 26 are an integral part of these financial statements.

The financial statements on pages 6 to 26 were approved by the board of directors and were signed on its behalf by:


Adrian Muscat
Director

Date : 06 April 2023

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM 18th OCTOBER 2021 TO 31st DECEMBER 2022.

	Share Capital €	Profit and Loss Account €	Total €
Balance at 18th October 2021	-	-	-
Comprehensive loss			
Loss for the period	-	(8,308)	(8,308)
Transactions with owners			
Issue of share capital	20,000	-	20,000
Balance at 31st December 2022	<u>20,000</u>	<u>(8,308)</u>	<u>11,692</u>

The notes on pages 10 to 26 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM 18th OCTOBER 2021 TO 31st DECEMBER 2022.

	2022
	€
Cash flows from operating activities	
Net loss before taxation	(8,308)
Adjustments for:	
Depreciation	517
Interest expenses	724
	<hr/>
Operating loss before working capital changes	(7,067)
Movement in working capital	
Trade and other receivables	(97,153)
Creditors	(17,362,433)
	<hr/>
Cash generated from operations	(17,466,653)
Interest payable	(724)
	<hr/>
<i>Net cash used in operating activities</i>	<u>(17,467,377)</u>
Cash flows from investing activities	
Purchase of fixed assets	(20,883,339)
	<hr/>
<i>Net cash used in investing activities</i>	<u>(20,883,339)</u>
Cash flows from financing activities	
Increase in share capital	20,000
Related parties	21,015,734
Other loans	17,591,867
	<hr/>
<i>Net cash from financing activities</i>	<u>38,627,601</u>
Movement in cash and cash equivalents	276,885
Cash and cash equivalents at beginning of the period	-
	<hr/>
Cash and cash equivalents at end of the period (note 11)	<u>276,885</u>

The notes on pages 10 to 26 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2022**1 Company's incorporation**

The company was incorporated on 18th October 2021. The financial statements relate to the period from 18th October 2021 to 31st December 2022.

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) with the requirements of the the Maltese Companies Act, 1995. The financial statements are prepared under the historical cost convention, except as disclosed in the accounting policies below .

Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRSs requires the use of certain accounting estimates. It also requires the director to exercise his judgements in the process of applying the company's accounting policies. Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the director, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

Standards, interpretations and amendments to published standards effective in 2022

In 2022 the company adopted new standards, amendments and interpretations to existing standards that are mandatory for the company's accounting period on 18th October 2021. The adoption of these revisions to the requirements of the IFRSs as adopted by the EU did not result in changes to the company's accounting policies impacting the company's financial performance and position.

Standards, interpretations and amendments to published standards that are not yet adopted

At the date of authorisation of these financial statements, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the Company.

Management anticipates that all relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. The Company does not expect that new standards, interpretations and amendments will have a material impact on the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2022**2 Summary of significant accounting policies****2.2 Foreign currency translation****(a) Functional and presentation currency**

Items included in these Financial Statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). These Financial Statements are presented in Euro, which is the company's functional currency and presentation currency.

(b) Transactions and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Translation differences on non-monetary items, such as equities, are reported as part of the fair value gain or loss.

2.3 Financial instruments***i. Recognition and initial measurement***

Trade and other receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

ii. Classification and subsequent measurement***Financial assets***

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2022**2 Summary of significant accounting policies****2.3 Financial instruments (continued)***Financial liabilities - Classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

iii. Derocognition*Financial assets*

The company derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction which either:
 - substantially all of the risks and rewards of ownership of the financial assets are transferred; or
 - the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2022**2 Summary of significant accounting policies****2.3 Financial instruments (continued)***v. Impairment*

Simplified approach model

For trade and other receivables, the Company applies the simplified approach required by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The expected loss rates are based on the payment profiles of sales over a period before 31st December 2022 or 18th October 2021 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the liability of the customers to settle the receivable. Receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor. Impaired debts are derecognised when they are assessed as uncollectible.

2.4 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.5 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is possible that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

2.6 Revenue and cost recognition

Costs are recognised when the related goods and services are sold, consumed or allocated, or when their future useful lives cannot be determined.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2022

2 Summary of significant accounting policies**2.7 Trade and other payables**

Trade payables 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 (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.8 Other financial liabilities

Other financial liabilities are recognized initially at fair value of proceeds received, net of transaction costs incurred. Other financial liabilities are subsequently measured at amortised cost using the effective interest method unless the effect of discounting is immaterial. Any difference between the proceeds, net of transaction costs, and the settlement or redemption of other borrowings is recognised in profit or loss over the term of the borrowings, unless the interest on such borrowings is capitalised in accordance with the company's accounting policy on borrowing costs.

2.9 Property, plant and equipment

All property, plant and equipment are initially recorded at cost and subsequently stated at cost less depreciation.

Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Expenditure on repairs and maintenance of property, plant and equipment is recognised as an expense when incurred.

Property, plant and equipment are stated at cost or valuation less accumulated depreciation. Depreciation is provided for on the straight line method in order to write off cost over the expected useful economic lives of the assets as follows:

	Years
Office Equipment	5

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each statement of financial position date.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with the carrying amount, and are taken into account in determining operating profit.

An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

Land is not depreciated.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2022**2 Summary of significant accounting policies****2.10 Cash and cash equivalents**

Cash and cash equivalents as shown in the cashflow statement comprise cash in hand and deposits repayable on demand less bank overdrafts. Bank overdrafts are included in the statement of financial position as borrowings under current liabilities.

2.11 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred 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 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 tax 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 balance on a net basis.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2022**3 Financial risk management****3.1 Financial risk factors**

The company's activities are potentially exposed to a variety of risks: market risk, economic risk, counter-party risk, credit risk and liquidity risk. Where possible, the board provides principles for overall risk management, as well as policies to mitigate these risks in the most prudent way.

(i) Market risk

Market risk is the risk that changes in market prices, such as interest rates, and quoted prices, will affect the Company's income or financial position. The objective of the Company's market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(ii) Credit risk

Credit risk is the risk of financial loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations, and arises from cash and cash equivalents, as well as credit risk exposures to customers, including outstanding receivables and committed transactions. These financial instruments are subject to the Expected Credit Loss model. The Company's exposure to credit risk are analysed in the respective notes in the financial statements.

The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was other receivables and cash at hand at Eur 97,153 and Eur 276,885 respectively.

The Company banks only with local financial institutions with high quality standard or rating. The Company has no concentration of credit risk that could materially impact on the sustainability of its operations.

Impairment of financial assets

The Company's financial assets that are subject to the expected credit loss model include:

- Cash and cash equivalents;
- Other financial assets at amortised cost comprising of amounts due from commonly controlled entities, from directors, and from subsidiary undertakings in the case of the Company.

Other financial assets at amortised cost

The Company's other financial assets at amortised cost which are subject to IFRS 9's general impairment model include the following balances on amount due to the director of Eur 15,323.

As at 31 December 2022, the amount due to the director was repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2022

3 Financial risk management - continued**3.1 Financial risk factors - continued**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally of trade and other payables and other financial liabilities. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Other financial liabilities include amount due to related parties of Eur 17,591,867. This amount bears interest of 5.25% and is repayable over 12 years.

The Company monitors intra-group credit exposures at individual entry level on a regular basis and ensure timely performance of these assets in the context of its overall liquidity management. The loss allowances for these financial assets are based on assumptions about risk of default and expected loss rates. The Company's management uses judgement in making these assumptions, based on the counterparty's past history, existing market conditions, as well as forward-looking estimates at the end of each reporting period.

(iii) Risks relating to the financing of the Company's projects

The agreements regulating the bank debt of the companies forming part of the Company, impose significant financial covenants on the borrowing companies. These covenants could limit the ability of the said companies to obtain future financing, make capital expenditure, withstand a future downturn in business or economic conditions generally or otherwise inhibit the ability to conduct necessary corporate activities. Changes in banking risk appetite as a result of financial turmoil may decrease the willingness of banks to provide loans to companies and the terms thereof. As a result of the factors detailed herein, a Company may not be able to obtain the capital and financing it requires for the completion of a project and, or the operation of its business, on commercially viable terms, or at all.

(iv) Risks relating to rising costs for materials, resources, and utilities

The Company operates in the hospitality industry. As part of the property development component of the Company's business, the Company has plans to develop "The Hyatt Centric Hotel". As part of the hospitality component of its business, the Company will operate the Hotel, which necessitates the availability of certain resources (including human resources), materials and utilities, at cost-effective prices.

The Company's principal risk relates to its ability to deliver the project within agreed project deliverables, including project design specifications, quantity requirements, the involvement of qualified and skilled personnel, adequacy of resources and equipment, technical and industry standards, certification requirements, scheduled programme of works, fitting and finishing specifications and, ultimately, within project budgeted costs and stipulated project deadlines. Non-compliance with the Company's committed projected deliverables could result in significant penalties (including daily penalties for mere delay), fines, pre-liquidated damages, or other damages, and, or early termination of project contracts and related contracts. Furthermore, the Company may be susceptible to liability for costs, expenses, losses, forfeit of or reduction in project revenue, or other liabilities incurred to remedy defects or repairs.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2022**3 Financial risk management - continued****3.1 Financial risk factors - continued**

Since the beginning of the year 2020, the prices of raw materials have been subject to substantial increases caused by a combination of heightened market demand and low availability, ongoing global supply chain challenges, increase in shipping costs, shortages in containers, ships, and human resources. Accordingly, a surge in prices has been witnessed for, inter alia, aluminium, steel, copper, oil, wood, and paper. Furthermore, in respect of the Company's hospitality arm, the Company is also exposed to an increase in food prices. Should the volatility in prices continue in an upward trajectory over the rest of the period as well as subsequent years, the Company may be negatively affected if these increased costs are not capable of being reflected in increased charges for the delivery of certain products and services of the Company.

(v) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument leading to a financial loss.

The company is not significantly exposed to credit risk arising in the course of its principal activity relating to the sale of residential units in view of the way promise of sale agreements are handled through receipt of payments on account at established milestones up to delivery. The company monitors the performance of the purchases throughout the term of the related agreement in relation to meeting contractual obligations and ensures that contract amounts are fully settled prior to delivery of the residential unit.

Furthermore, the company manages its credit risk exposure in relation to receivables from fellow companies in an active manner, at arm's length and with interest charged thereon. The Board retains direct responsibility for affecting and monitoring the investments made by the fellow companies. The Board considers these receivables to be fully performing and recoverable.

The Company may be unable to maintain an adequate stock of the materials and resources it requires, including the appropriate workforce for the Company's development projects resulting in increased costs and project delays. The Company's inability to comply with its obligations in the hospitality sectors, could adversely impact the Company's relations with its customers and suppliers, prejudice its goodwill, prejudice its contractual commitments in terms of the Franchise Agreement and, or could result in a material adverse effect on the financial position, financial performance, and operational results of the Company.

(vi) Risks relating to aversion to travel due to the war in Ukraine

In response to the invasion of Ukraine by Russia, several industries implemented boycotts, bans and other forms of retaliation against Russia. With regards to the travel industry, a reduction in tourist arrivals (irrespective of nationality) may stem from a greater aversion to travel in times of political unrest and threats of conflict and war in other countries. Travellers may be reluctant to leave their home countries due to the uncertainty of the international situation and or may postpone any travel arrangements to a future date amid the ongoing crisis. Other events which could bring about a reduction in travel include actual or threatened acts of terrorism and civil unrest.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2022

3 Financial risk management - continued**3.1 Financial risk factors - continued**

The availability of flights at affordable rates may influence one's decision to travel to Malta over other destinations, specifically destinations which offer a similar experience. As a result of the invasion of Ukraine by Russia and the retaliatory efforts of other countries, the price of oil and gas soared and in turn fuel prices experienced an all-time high, potentially implying a greater cost for airlines. Increased costs for airlines may be subsequently borne by consumers through an increase in flight prices, rendering air travel more costly for interested travellers and thus serving as a deterrent for travel in general.

The exact duration and effects of the war in Ukraine and the financial and economic effects it will have on international travel and the local hospitality and tourism industry are inherently difficult to predict with any degree of accuracy. Consequently, the Company's business, operations, and financial performance remain susceptible to the risk of an increased aversion or appetite to travel directly or indirectly related to the effects of the war in Ukraine.

(vi) Risks relating to the Franchise Agreement

The Hotel will form part of the "HYATT CENTRIC®" chain of hotels, a reputable international brand which has hotels across the globe. Juel Hospitality shall operate the Hotel under the "HYATT CENTRIC®" brand in terms of the Franchise Agreement. Pursuant to the Franchise Agreement, the Franchisor granted Juel Hospitality the non-exclusive right and obligation to use certain intellectual property of the Franchisor (including the "HYATT CENTRIC®" brand) as well as its systems. Juel Hospitality (as franchisee) is required to comply with certain conditions as part of the Franchise Agreement, including but not limited to: (i) the timely construction, maintenance and opening of the Hotel; (ii) the satisfaction of performance thresholds under quality assurance programs to which it is subject under the Franchise Agreement; and (iii) compliance with certain required standards under the Franchise Agreement. The breach of any of the conditions in the Franchise Agreement could result in the termination of the Franchise Agreement prior to the expiration of its term or the suspension thereof. Moreover, the Franchisor may impose penalties seek to claim damages suffered as a result of the breach of any of the conditions of the Franchise Agreement. Accordingly, the success of the Hotel operations is dependent on the continuity of the contractual relationship with the Franchisor.

Should the Franchise Agreement be terminated or not renewed, the profitability and financial condition of the Company may be materially adversely affected in view of its inability to benefit from the reputation and standards of the "HYATT CENTRIC®" brand.

(viii) Risks relating to the loss of senior management and other key personnel

The Company believes that its growth is partially attributable to the efforts and abilities of its executive director, Adrian Muscat, and other key personnel, including members of senior management, sales, investment, and project management personnel and upon its ability to attract, develop and retain such key personnel to manage and grow the business.

If one or more of the members of this team were unable or unwilling to continue in their present position, particularly if such members are lost to competitors of the Company, the Company might not be able to replace them within the short term, which could have a material adverse effect on the Company's business, financial condition, and results of operations.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2022

3 Financial risk management - continued**3.1 Financial risk factors - continued***(ix) Risks relating to competing projects*

The local hospitality industry is highly competitive given the variety of temporary accommodation available on the market. Accordingly, once completed, the Hotel may compete with local hotels and facilities offering various types of lodging options and related services to the public. Although the Hotel gives a level of comfort through Hyatt Brand loyalty, there can be no assurances that the Hotel will not have strong competitors in the future in the surrounding areas in which it operates.

A reduction in reservations for hotel accommodation and, or the sale of units and prices which are lower than that projected may adversely effect the Company's business, financial condition, and results of operations.

(x) Risks relating to changes in consumer preferences and demand

The Company's success in the hospitality sector is dependent on its ability to offer products and services that have a strong consumer appeal. Such sector is susceptible to fluctuations in consumer trends because of changes in taste, consumer habits, general economic conditions, social trends, consumer attitude, consumer satisfaction and any other similar factors which are linked to consumer demand. In the case of the hospitality sector, consumer preferences are largely determined by brand image and reputation. Brand images are key to the business of the Company and thus the inability to maintain a positive brand image could have a material adverse effect on the Company's revenue and results of operations. It cannot be predicted whether advertising, marketing and promotional programs will have the desired impact on its products' and services' branding and on consumer preferences.

The Company's success in this sector is dependent on its ability to swiftly anticipate, capitalise and adapt to changes in consumer attitude and preferences. Should the Company fail to do so, it may experience a reduction in revenue which could have a material adverse effect on its operational results and financial condition.

(xi) Risks relating to the Company's insurance policies

No assurance can be given that the Company's current insurance coverage would be sufficient to cover all potential losses, regardless of the cause, nor can any assurance be given that an appropriate coverage would always be available at acceptable commercial rates. In addition, changes in legislation or judicial interpretation, or the issuance or alteration of directives, orders, or other measures (whether interim or otherwise), by the relevant authorities may impact the ability to recoup losses under insurance coverage held by the Company. Furthermore, the actions, or inactions of employees or other officials of the Company, or of contractors, sub-contractors, outsourcing parties, or other third parties engaged by the Company from time to time, may affect the ability of the Company to successfully make a claim under its insurance policies.

(xii) Risks specific to the hospitality and tourism industry

The Company's activities in the hospitality and tourism industries comprise the operation of the Hotel once completed and its rental activities under the brand "StayMela". The hospitality and tourism industries are susceptible to several factors which may impact the operations and revenue of owners and operators alike. Such factors include as follows:

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2022**3 Financial risk management - continued****3.1 Financial risk factors - continued**

- changes in travel patterns or seasonal variations, as well as consumer preferences concerning price, quality, location, and type of hospitality packages;
- any cutbacks and stoppages on Malta-bound air or sea travel routes, or increases in taxes, surcharges and other expenses associated therewith, as well as the imposition of travel restrictions, bans or other measures by the relevant authorities;
- changes in laws and regulations, including those concerning the management and operation of hotels and other hospitality outlets, employment, catering and entertainment establishments, health and safety, alcohol licensing, environmental concerns, fiscal policies and zoning and development, and the related costs of compliance.
- the maintenance of licences and other authorisations, as may be required from time to time, to operate and manage hospitality establishments;
- the impact of increased threats of terrorism or actual terrorist events, impediments to means of transportation (including airline strikes and border closures, or other travel restrictions), extreme weather conditions, natural disasters, travel-related accidents, outbreaks of diseases and health concerns, or other factors that may affect travel patterns and reduce the number of business and leisure travellers;
- increased competition from providers of alternative accommodation, including web-based booking channels that allow private accommodation to be made available by private individuals or via online peer-to-peer platforms, and other hospitality models such as bed and breakfasts (B&Bs), room-sharing and flexi-renting, and short-term lets of private property which may be offered at competitive rates.

The impact of any of these factors (or a combination of them) may adversely affect room rates and occupancy levels at the Hotel and, or the reservation of the residential units available for rent under the "StayMela" brand. In turn, this may cause a reduction in the income generated from the Company's hospitality division which would have a material adverse effect on the Company's business, financial condition, and results of operations and, in turn, on its ability to meet its obligations on time and in full.

(xiii) Risks relating to personal data protection and privacy laws

In the ordinary course of its activities, particularly with respect to the Company's hotel operations once the Hotel is completed, the Company receives, processes, transmits and stores information relating to identifiable individuals ("personal data"). As a result, the Company is subject to various local laws and EU regulations relating to the collection and processing of personal data. These laws impose operational requirements for companies receiving or processing personal data and provide for significant penalties for non-compliance. These requirements with respect to personal data have subjected and may continue in the future to subject the Company to, among other things, additional costs and expenses and have required and may in the future require costly changes to their business practices and information security systems, policies, procedures, and practices.

Security controls over personal data, the training of employees on data privacy and data security, and the policies, procedures, and practices implemented, or which may be implemented in the future, may not prevent the improper disclosure of personal data by the Company. Unauthorized access or improper disclosure of personal data in violation of personal data protection or privacy laws could harm the reputation of the Company, cause loss of consumer confidence, subject it to regulatory enforcement actions (including fines), and result in private litigation against the Company and, or Company companies, which could result in loss of revenue, increased costs, liability for monetary damages, fines and, or criminal prosecution, all of which could negatively affect the business and operating results of the Company.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2022

3 Financial risk management - continued**3.1 Financial risk factors - continued**

(xiv) Risks relating to the failure to implement environmental, social and governance considerations in the Company's business model

There is a growing expectation for companies to implement sustainability risks and consider sustainability factors in their day-to-day management and their decision-making process. With an increased emphasis on environmental, social and governance ("ESG") considerations at global level, the implementation of sustainable factors in the Issuer's business model is likely to become under increased scrutiny by investors, regulators, and the public at large.

Should the Company fail to operate its business in each sector in a sustainable manner, the failure to implement sustainable factors in the Company's business operations may also have a material adverse effect on the Company's reputation and public image in each sector as well as its relationship with clients, suppliers, business partners (including the Franchisor) and other stakeholders. This in turn, may have a material adverse impact on the Company's business activities, revenues, financial condition, and operations.

4 Turnover

The company had no turnover during the year.

5 Operating Loss

The operating loss for the period is stated after charging :

	2022
	€
Depreciation - Note 9	517
Audit fees	1,800

6 Employees

The company did not employ any employees.

7 Finance costs

	2022
	€
Interest and bank charges	724
	<u>724</u>

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2022

8 Tax expense

The company's income tax charge for the period has been arrived at as follows:

	<u>2022</u>
	€
Current income tax	
Income tax on the taxable profits for the period at 35%	-
Tax charge	<u>-</u>

The accounting profits and the tax charge for the period are reconciled as shown hereunder:

	<u>2022</u>
	€
Net loss for the period	<u>(8,308)</u>
Income tax thereon at 35% (statutory local income tax rate)	(2,908)
Tax effect of:	
Deferred tax asset arising from claimable losses brought forward not taken as a deferred tax asset due to not being material	<u>2,908</u>
	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2022

9 Property, plant and equipment

	Land & Buildings	Office Equipment	Total
	€	€	€
Cost			
Additions during the period	20,880,753	2,586	20,883,339
At 31st December 2022	20,880,753	2,586	20,883,339
Depreciation			
Charge for the period	-	517	517
At 31st December 2022	-	517	517
At 31st December 2022	20,880,753	2,069	20,882,822

10 Trade and other receivables

	2022
	€
Other debtors	12,540
Bank Guarantees	17,997
Amounts due from director	15,323
Other taxation	51,293
	97,153

All balances receivable from related parties are unsecured, interest free and have no fixed date for repayment.

11 Cash and cash equivalents

Cash and cash equivalents included in the cash flow statement comprise:

	2022
	€
Cash in hand	695
Cash at bank	276,190
	276,885

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2022

12	Share capital		2022
			€
	Authorised		
	20,000 Ordinary shares of €1 each		20,000
			20,000
	Issued and fully paid up		
	20,000 Ordinary shares of €1 each		20,000
			20,000
13	Creditors		2022
			€
	Trade creditors		227,634
	Accruals		1,800
			229,434
	Other financial liabilities		
	Amounts due to group companies		3,423,867
			3,423,867
	Non-current liabilities		
	Amounts due to related parties		17,591,867
			17,591,867
	Total trade and other creditors		21,245,168

The amounts due to the group companies and the related parties are interest free and repayable on demand.

The amount due to the parent company, Juel Group Limited, is expected to be paid in 12 years. The amount is unsecured and bears interest of 5.525%.

14	Deferred taxation		
	The liability for deferred taxation is analysed as follows:		
			2022
			€
	Unabsorbed capital allowances and tax losses carried forward		(2,908)
	Deferred tax charge not accounted for		2,908
			-

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2022

15 Transactions with related parties

Companies forming part of Juel Group Limited and Gap Group plc are considered by the director to be part of the group of companies. Companies having the same shareholders and directors are considered to be related parties.

During the course of the period the company entered into transactions with related undertakings all of which arise in the ordinary course of business. The related party transactions were :

	2022
	€
Amounts due from director	15,323
Amounts due to group companies	3,423,867
Amounts due to related parties	17,591,867

16 Statutory information

JUEL Hospitality Limited is a limited liability company and is incorporated in Malta, with its registered address at Avain Hill, Triq L-Ispanjulett C/W Triq Il-Gallina, Kappara, San Gwann.

The company's parent company is JUEL Group Limited, a company registered in Malta, with its registered address at Avian Hill, Triq l-Ispanjulett C/W Triq il-Gallina, Kappara, San Gwann. The financial statements of JUEL Hospitality Limited are included in the consolidated financial statements prepared by JUEL Group Limited.

**TRADING INCOME AND EXPENSES
FOR THE PERIOD FROM 18th OCTOBER 2021 TO 31st DECEMBER 2022.**

	<u>2022</u>
	€
Trading Income and expenses	
Administration expenses	
Meals and entertainment	2,515
Travel Expenses	978
Office stationery and supplies	59
Audit fees	1,800
Licences, permits and membership	1,185
Company registration fee	530
Depreciation of computers and electronic equipment	517
	<u>7,584</u>
OPERATING LOSS FOR THE PERIOD	<u>(7,584)</u>
OTHER INCOME / EXPENSES	
Finance costs	
Interest and bank charges	724
	<u>724</u>
LOSS FOR THE PERIOD	<u>(8,308)</u>