

JUEL HOSPITALITY LIMITED

FINANCIAL STATEMENTS

31st DECEMBER 2023

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DIRECTORS' REPORT

FOR THE YEAR ENDED 31st DECEMBER 2023

The directors present their report and the audited financial statements of Juel Hospitality Limited for the year ended 31st December 2023.

Principal Activities

The principal activity of the company, which is unchanged since last year is the operation of a hotel. The hotel is currently in the construction and development stage and the hotel operation is expected to commence in Q4/2024.

Review of business

The Statement of profit or loss and other comprehensive income and the Statement of financial position for the year are set out on Page 7 and Page 8 respectively.

During the year under review the hotel property was still in the course of construction and therefore the company did not register any income. Capital expenditure was being financed through a loan agreement with the Company's Parent Company – Juel Group plc – which during the year issued Eur32,000,000 5.5% Secured Bonds for the acquisition and development of the said hotel. Construction and finishing works on the hotel are expected to be finished in Q4/24 in which period the hotel is expected to open for business.

Principal risks and uncertainties

A detailed review of these risks and uncertainties faced by the Company is included in Note 2 of the financial statements.

Results and dividends

The results for the year are shown in the Statement of Profit or Loss and Other Comprehensive Income on page 7.

The Directors do not recommend the payment of a final dividend.

Directors

The Directors of the Company as at 31st December 2023 who held office throughout the year were:-

Adrian Muscat
Mario Camilleri (appointed on 28th March 2023)

In accordance with the Company's memorandum and articles of association all the Directors remain in office.

DIRECTORS' REPORT - CONTINUED

Auditor

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

Approved by the Board of Directors and signed on its behalf by:



Adrian Muscat
Director



Mario Camilleri
Director

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

Date : 29 April 2024

STATEMENT OF THE DIRECTORS' RESPONSIBILITIES

Statement of the Directors' Responsibilities

The directors are 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 directors are 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 directors are 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. They are 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 Board of Directors and signed on its behalf by:


Adrian Muscat
Director


Mario Camilleri
Director

Date : 29 April 2024

Independent auditor's report

To the Shareholders of Juel Hospitality Limited.

Report on the Audit of the Financial Statements for the year ended 31st December 2023.

Opinion

I have audited the financial statements of Juel Hospitality Limited (the Company), set out on pages 7 to 31 which comprise the statement of financial position as at 31st December 2023 and the Statement of Profit or Loss and Other Comprehensive Income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of material 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 2023, its financial performance and its cash flows for the year 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.

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

The directors are responsible for the other information. The other information comprises the Directors' Report and the statement of the Directors' 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 Directors' Report, I also considered whether the Directors' 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 Directors' Report, in my opinion, based on the work undertaken in the course of the audit:

The information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

The Directors' 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 Directors' Report.

Independent auditor's report

To the Shareholders of Juel Hospitality Limited.

Responsibilities of the Directors

The directors are 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 directors 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 directors are 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 directors either intend 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 directors.
- Conclude on the appropriateness of the directors' 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 financial statements. I am responsible for the direction, supervision and performance of the Company 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 Directors 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 (Director) for and behalf of

TACS Malta Limited

Certified Public Accountant & Registered Auditor

1, Tal-Providenza Mansions

Main Street

Balzan

Malta

Date: 29 April 2024

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31st DECEMBER 2023

	Notes	2023 €	2022 €
Revenue	3	-	-
Cost of sales		-	-
Gross loss		-	-
Administrative expenses		(17,397)	(7,584)
Operating loss	4	(17,397)	(7,584)
Finance costs	6	(805)	(724)
Finance income	7	7,472	-
Loss before taxation		(10,730)	(8,308)
Tax expense	8	(1,121)	-
Loss for the year / period		(11,851)	(8,308)
Total Comprehensive loss		(11,851)	(8,308)
Earnings per share		0.00	0.00

The notes on pages 11 to 31 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION - 31st DECEMBER 2023

	Notes	2023 €	2022 €
ASSETS			
Non-current assets			
Property, plant and equipment	9	26,947,435	20,882,822
		26,947,435	20,882,822
Current assets			
Trade and other receivables	10	1,604,441	97,153
Cash and cash equivalents	11	664,818	276,885
		2,269,259	374,038
Total Assets		29,216,694	21,256,860
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	12	20,000	20,000
Accumulated losses		(20,159)	(8,308)
Total equity		(159)	11,692
Non-current liabilities			
Other financial liabilities	14	24,408,601	17,591,867
Total non-current liabilities		24,408,601	17,591,867
Current liabilities			
Trade and other payables	14	117,037	229,434
Other financial liabilities	14	4,691,215	3,423,867
Total current liabilities		4,808,252	3,653,301
Total liabilities		29,216,853	21,245,168
Total equity and liabilities		29,216,694	21,256,860

The notes on pages 11 to 31 are an integral part of these financial statements.

The financial statements on pages 7 to 31 were approved by the board of directors and were signed on its behalf by:


Adrian Muscat
Director


Mario Camilleri
Director

Date : 29 April 2024

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31st DECEMBER 2023

	Share Capital €	Accumulated Losses €	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>
Balance at 1st January 2023	20,000	(8,308)	11,692
Comprehensive loss			
Loss for the year	-	(11,851)	(11,851)
Balance at 31st December 2023	<u>20,000</u>	<u>(20,159)</u>	<u>(159)</u>

The notes on pages 11 to 31 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31st DECEMBER 2023

	2023	2022
	€	€
Cash flows from operating activities		
Net loss before taxation for the year / period	(10,730)	(8,308)
Adjustments for:		
Depreciation	871	517
Finance income	(7,472)	-
Finance costs	805	724
	(16,526)	(7,067)
Net cash used in operating activities		
Trade and other receivables	(1,322,288)	(97,153)
Trade and other payables	(112,397)	229,434
	(1,451,211)	125,214
Cash generated used in operations		
Finance costs	(805)	(724)
Income tax	(1,121)	-
	(1,453,137)	124,490
<i>Net cash (used in) / from operating activities</i>		
	(1,453,137)	124,490
Cash flows used in investing activities		
Purchase of fixed assets	(6,065,484)	(20,883,339)
Investment income	7,472	-
	(6,058,012)	(20,883,339)
<i>Net cash used in investing activities</i>		
	(6,058,012)	(20,883,339)
Cash flows from financing activities		
Proceeds from issue of share capital	-	20,000
Movement in related parties	1,082,348	3,423,867
Movement in other loans	6,816,734	17,591,867
	7,899,082	21,035,734
<i>Net cash from financing activities</i>		
	7,899,082	21,035,734
Movement in cash and cash equivalents	387,933	276,885
Cash and cash equivalents at beginning of the year	276,885	-
	664,818	276,885
Cash and cash equivalents at end of the year / period (note 11)	664,818	276,885

The notes on pages 11 to 31 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2023

1 Summary of material accounting policies

The material 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.

1.1 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 directors to exercise their 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 directors, 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 2023

In 2023, the Company adopted new standards, amendments and interpretations to existing standards that are mandatory for the company's accounting period on 1st January 2023.

The Company adopted *Disclosures of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement)* from 1st January 2023.

The amendments require the disclosure of 'material' rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entry specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Material Accounting Policies in certain instances in line with the amendments.

Other than the above, the adoption of these revisions to the requirements of the IFRSs as adopted by the EU did not result in substantial changes to the company's policies.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2023

1 Summary of material accounting policies

1.1 Basis of preparation (continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

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.

1.2 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.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2023

1 Summary of material accounting policies

1.3 Financial instruments

1.3.1 *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 asset 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.

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.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2023

1 Summary of material accounting policies

1.3 Financial instruments (continued)

iii. Derecognition

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.

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 2023 or 1st January 2023 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.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2023

1 Summary of material accounting policies

1.4 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.

1.5 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.

1.6 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.

1.7 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.

1.8 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.

1.9 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.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2023

1 Summary of material accounting policies

1.9 Property, plant and equipment - (Continued)

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
Buildings	50
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.

The hotel was not in operation in 2023 and so no depreciation was provided during the year.

1.10 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the nominal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within selling and other direct expenses.

When a receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against selling and other direct expenses in the income statement.

1.11 Cash and cash equivalents

Cash and cash equivalents as shown in the cashflow statement comprise of cash at bank and in hand and bank deposits.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2023

1 Summary of material accounting policies

1.12 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 2023

2 Financial risk management

Risks relating to the Company

The Company's Board of Directors has the responsibility for the establishment and oversight of the Company's risk management framework. Accordingly the Company's Board of Directors provides principles for overall Company risk management, as well as policies covering the risks identified.

2.1 Economic and Financial risks of the Company

i. Risks relating to the financing of the Company's Hotel Project

The Company is currently at the stage of constructing and developing its property into a hotel. Therefore it is not generating any income and is dependent on financing which is predominantly being granted by the Parent Company, Juel Group plc and other Group subsidiaries. The Group companies have in turn raised capital and loans from the capital markets and Banks.

The financing agreements of the Company impose financial covenants and terms and conditions which could limit the ability of the company to obtain future financing, incur capital expenditure, withstand a future downturn in business or economic conditions or otherwise inhibit the ability to conduct the necessary business activities. Delays for whatever reason to open the hotel as planned could also delay cash flow generation that could otherwise be applied towards such matters and/or servicing and repaying debt obligations of the Company.

ii. 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 is currently developing 'The Hyatt Centric Hotel'. The hotel industry necessitates the availability of a number of resources at cost-effective prices. This includes human resources, materials and utilities.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2023

2 Financial risk management - continued

2.1 Economic and Financial risks of the Company - continued

ii. Risks relating to rising costs for materials, resources, and utilities - continued

The Company's principal operational risks relate to its ability to deliver 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 liability for costs, expenses, losses, forfeit of or reduction in project revenue, or other liabilities.

Over the last 3 years, 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. 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 year 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.

The Company may be unable to maintain an adequate stock of the materials and resources it requires, including the appropriate workforce resulting in increased costs and delays. The Company's inability to comply with its obligations 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.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2023

2 Financial risk management - continued

2.1 Economic and Financial risks of the Company - continued

iii. Risks relating to aversion to travel due to wars and civil or political unrest

Due to ongoing issues around the world, regards to the travel industry, a reduction in tourist arrivals 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.

Prices in the travel industry including fuel prices are increasing and could potentially imply an increase in flight prices, which will make travelling to Malta costly and might affect the traveller's decisions.

The exact duration and effects of the ongoing issues and the financial and economic effects it will have on international travel and the hospitality industry is difficult to predict. Consequently, the Company's business, operations and financial performance remain susceptible to the risk of an increased aversion or appetite to travel.

2.2 Operational risks of the Company

i. 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.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2023

2 Financial risk management - continued

2.2 Operational risks of the Company - continued

i. Risks relating to Franchise Agreement - continued

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.

ii. 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, 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.

iii. Risks relating to property valuations and net realisable value

The valuations were prepared by external independent property valuers having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. However, the valuation of property is intrinsically subjective and based on several assumptions at a given point in time. In providing a market value of the respective property, the architect makes certain assumptions which ultimately may cause the actual values to be materially different from any future values that may be expressed or implied by such forward-looking statements or anticipated on the basis of historical trends as reality may not match the assumptions. Subsequently, the Company may purchase and, or have purchased property based on inaccurate valuations. Moreover, property valuations are largely dependent on current and, or, expected market conditions which may fluctuate from time to time. There can be no assurance that the property valuation and property-related assets will reflect actual market values.

iv. 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.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2023

2 Financial risk management - continued

2.3 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. 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:

- 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. 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.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2023

2 Financial risk management - continued

2.4 Legal, regulatory and compliance risks

i. Risks relating to the regulatory environment in which the Company operates

The Company's activities in the construction and development industry, as well as the Company's activities in the hospitality industry (including its operation of the Hotel, once complete), are subject to a vast array of rules and regulations, including but not limited to, environmental protection, property and rental law, construction, property acquisition, property development, consumer law, health, fire, and safety, among others. Furthermore, the regulatory environment in which the Company operates is constantly evolving, with the introduction of new rules and regulations, or the amendment or overhaul of existing ones. In addition, the Company is susceptible to changes in the application and, or interpretation of such rules and regulations, whether as a result of judicial interpretation or due to decisions, orders, directives, and, or guidelines issued by the competent regulatory authorities.

Laws and regulations, which may be amended over time, may also impose liability for the presence of certain materials or substances or the release of certain materials or substances into the air, land or water or the migration of certain materials or substances from a property investment, including asbestos, and such presence, release or migration could form the basis for liability to third parties for personal injury or other damages. These environmental liabilities, if realized, could have a material adverse effect on the Company's business, financial condition, and results of operations in the property development sector.

The inability of the Company to meet its ongoing regulatory and legal requirements, whether in whole or in part, or the inability of the Company to equip itself to comply with forthcoming legislation or regulation in a timely and suitable manner, may expose the Company to the risk of regulatory sanctioning, including but not limited to, the imposition of public reprimands, administrative or punitive fines or penalties, temporary suspension of activities, or even revocation of licences, permits, or other authorisations, whether in whole or in part. In addition, lack of compliance with legal and regulatory requirements may negatively affect the reputation and goodwill of the Company and may result in a loss of existing or potential business, and, or a weakened competitive advantage. If any of these risks were to materialise, they could have a material adverse effect on the operational results, financial performance, and financial position of the Company.

ii. 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.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2023

2 Financial risk management - continued

2.4 Legal, regulatory and compliance risks - continued

ii. Risks relating to personal data protection and privacy laws – continued

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 Group 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.

2.5 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 Company's business model is likely to become under increased scrutiny by investors, regulators, and the public at large.

The Company's business entails of hospitality and property development during the year. ESG considerations for the purposes of the Company's business may include, but are not limited to, energy performance, energy and resource efficiency, waste management, energy and water use, the use of renewables, as well as social and employment considerations of workers and the health and safety thereof.

In particular, risks relating to the impact of climate change, through physical and transitional channels, including but not limited to, physical risks related to severe weather events, the rise in sea level, and other natural disasters; and transition risks attributable to regulatory, technological, and market or pricing changes, could have economic, operational and financial impacts on the Company, and accordingly the failure by the Company to manage these risks over the short, medium, and long term could have a material adverse effect on the Company's business operations, financial performance and prospects.

From a governance perspective, risks may arise relating to lack of skilful management or good governance within the Company and the inadequacy of proper control. Said risks cover a wide spectrum of areas including financial crime, regulatory compliance, fraud, systems, and processes which would in turn affect income and capital. Failure to manage these risks may result in negative impacts on the Company's business and reputation.

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.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2023

2 Financial risk management - continued

2.6 Financial risk factors

(i) Liquidity risk

The Company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally trade and other payables and borrowings. Prudent liquidity risk management includes maintaining sufficient cash to ensure the availability of an adequate amount of funding to meet the Company's financial obligations and to safeguard the Company's ability to continue as a going concern, in particular to complete of the Company's projects in a timely manner.

In the next 12 months, the Company requires to raise further funding to finish its ongoing projects. The funding should be available from the Group. In the absence of that, the Company will seek bank finance. There is no certainty that the Company will be able to obtain the full capital it requires, and this may effect the ability of the Company to deliver the project in time.

Notwithstanding these challenges, the Company has ample experience in the industry and has always managed to obtain the appropriate funding and completed projects within pre-determined time-frames.

(ii) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern; to maximise the return to stakeholders through the optimisation of the debt and equity balance and to comply with the requirements of the Prospectus issued in relation to the 5.5% Secured Bonds 2035 of Juel Group p.l.c.

The capital structure consists of items presented within equity in the statement of financial position. The Company monitors the level of debt against total capital on an ongoing basis.

(iii) Credit risk

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

Credit risk mainly arises from cash and cash equivalents. Credit risk relating to financial assets is addressed through careful selection of the issuers of securities bought by the Company. All such transactions have been authorised solely by the Juel Group p.l.c.'s Trustee of the 5.5% Secured Bonds 2035.

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

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2023

3 Revenue

The Company had no revenue during the year / period, as the hotel was not yet in operation during

4 Operating Loss

The operating loss for the year / period is stated after charging :

	2023	2022
	€	€
Depreciation - Note 9	871	517
Audit fees	1,800	1,800

5 Employees

	2023	2022
	€	€
Employment costs comprise:		
Directors' Remuneration	5,000	-
Capitalised during the year / period	(5,000)	-
	-	-
The average weekly number of persons employed by the company during the year / period was:	1	-

6 Finance costs

	2023	2022
	€	€
Finance Charges	805	724
	805	724

7 Finance Income

	2023	2022
	€	€
Income from Investments	7,472	-
	7,472	-

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2023

8 Tax expense

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

	2023	2022
	€	€
Current income tax		
Income tax on the taxable profits for the year at 35%	-	-
Income tax on taxable income at 15%	1,121	-
	1,121	-
Tax charge	1,121	-

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

	2023	2022
	€	€
Net loss for the year / period	(10,730)	(8,308)
Income tax thereon at 35% (statutory local income tax rate)	(3,756)	(2,908)
Tax effect of:		
Deferred tax asset arising from claimable losses brought forward not taken as a deferred tax asset due to materiality	6,372	2,908
Difference resulting from different tax rates on bank interest received	(1,495)	-
	1,121	-

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2023

9 Property, plant and equipment

	Land & Buildings €	Office Equipment €	Total €
Cost			
At 1st January 2023	20,880,753	2,586	20,883,339
Additions during the year	6,063,714	1,770	6,065,484
At 31st December 2023	<u>26,944,467</u>	<u>4,356</u>	<u>26,948,823</u>
Depreciation			
At 1st January 2023	-	517	517
Charge for the year	-	871	871
At 31st December 2023	<u>-</u>	<u>1,388</u>	<u>1,388</u>
At 31st December 2023	<u>26,944,467</u>	<u>2,968</u>	<u>26,947,435</u>
At 31st December 2022	<u>20,880,753</u>	<u>2,069</u>	<u>20,882,822</u>

The hotel was not in operation in 2023 and so no depreciation was provided during the year.

10 Trade and other receivables

	2023 €	2022 €
Trade debtors	-	12,540
Other debtors	136,836	-
Prepayments	1,150,000	-
Bank Guarantees	19,177	17,997
Amounts due from shareholders	-	15,323
Amounts due from group companies	185,000	-
Other taxation	113,428	51,293
	<u>1,604,441</u>	<u>97,153</u>

All balances receivable from shareholders and group companies 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:

	2023 €	2022 €
Cash in hand	469	695
Cash at bank	664,349	276,190
	<u>664,818</u>	<u>276,885</u>

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2023

12 Share capital

	2023	2022
	€	€
Authorised		
20,000 Ordinary shares of €1 each	20,000	20,000
	20,000	20,000
Issued and fully paid up		
20,000 Ordinary shares of €1 each	20,000	20,000
	20,000	20,000

13 Earnings per share

Earnings per share is calculated by dividing the result attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year / period.

	2023	2022
	€	€
Loss for the year / period	(11,851)	(8,308)
Weighted average share in issue	20,000	20,000
Earnings per share	0.00	0.00

The Company has not issued any dilutive instruments in the past, and therefore the basic and diluted earnings per share are equal.

14 Creditors

	2023	2022
	€	€
Trade and other payables		
Trade creditors	114,687	227,634
Social security and Fss Tax	175	-
Accruals	2,175	1,800
	117,037	229,434
Other financial liabilities		
Amounts due to group companies	4,691,215	3,423,867
	4,691,215	3,423,867
Non-current liabilities		
Amounts due to corporate shareholder - Maturity date 2035	24,408,601	17,591,867
	24,408,601	17,591,867
Total trade and other creditors	29,216,853	21,245,168

The balances owed to directors and group companies are unsecured, interest free and repayable on demand.

The amount owed to the corporate shareholder of €24,408,601 (2022 - €17,591,867) is expected to be paid by May 2035. The amount payable is payable over a period of 12 years at an interest rate of 5.525%.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2023

15 Deferred taxation

The liability for deferred taxation is analysed as follows:

	2023	2022
	€	€
Unabsorbed capital allowances and tax losses carried forward	(9,279)	(2,908)
Deferred tax not accounted for	9,279	2,908
	-	-

16 Transactions with related parties

All Companies forming part of JUEL Group p.l.c. are considered by the directors to be related parties.

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

	2023	2022
	€	€
Amounts due from shareholders	-	15,323
Amounts due from group companies	185,000	-
Amounts due to group companies	4,691,215	3,423,867
Amounts due to corporate shareholder - Maturity date 2035	24,408,601	17,591,867

Key management personnel compensation consists of directors' remuneration as disclosed in Note 5 to the financial statements.

17 Contingent liabilities

On 27th June 2023, the parent company issued up to €32,000,000 5.5% Secured Bonds 2035. The 5.5% Secured Bonds 2035 are redeemable at par on 27 June 2035. The bond is secured for the full nominal value of the Secured Bond interests thereon as follows:

- (i) The first-ranking general hypothec for the amount is €32 million, over all the present and future property of Juel Group plc.
- (ii) The first-ranking general hypothec for the amount of €32 million, over all the present and future property of Juel Hospitality Limited.
- (iii) The first-ranking special hypothec granted by Juel Hospitality Limited for the amount of €32 million over the Hotel site (and any developments and constructions thereon).

In addition, there are joint and several guarantees granted by the subsidiaries within the Group.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2023

18 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 ultimate parent company of JUEL Hospitality Limited is JUEL Group plc, a company registered in Malta, with its registered address at Avian Hill, Triq l-Ispanjulett C/W Triq il-Gallina, Kappara, San Gwann.