

# **THE ONA HOSPITALITY LTD**

## **FINANCIAL STATEMENTS**

***FOR THE PERIOD ENDED 31<sup>st</sup> DECEMBER 2022***

**Company No. C-101371**

# THE ONA HOSPITALITY LTD

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# THE ONA HOSPITALITY LTD

## DIRECTOR'S REPORT FOR THE PERIOD ENDED 31ST DECEMBER 2022

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|                      |   |
|----------------------|---|
| Director: -          | Ms. Cliona Muscat   |
| Company Secretary: - | Mr. George Muscat   |
| Company number: -    | C-101371  |
| Registered Office: - | GAP Holdings Head Office,<br>Ċensu Scerri street,<br>Tigné, Sliema SLM 3060<br>Malta  |
| Bankers: -           | Bank of Valletta p.l.c.,<br>58, Zachary Street,<br>Valletta<br>Malta  |
| Auditors: -          | VCA Certified Public Accountants<br>Finance House, First Floor,<br>Princess Elizabeth Street<br>Ta' Xbiex XBX 1102<br>Malta |

The Director presents her report and the audited financial statements of The Ona Hospitality Ltd ('the Company') for the period ended 31 December 2022.

### Principal activities

The principal activity of the Company is to manage and operate a hotel forming part of the AC Hotels by Marriott in Malta, a 4-star hotel. The hotel's operations will commence in quarter 2 of FY 2023.

### Performance review

The Company was formed on 20<sup>th</sup> January 2022. The loss on the Company's activities for the period after taxation amounted to €3,168.

### Results and dividends

The results for the period ended 31 December 2022 are shown in the statement of profit or loss and other comprehensive income on page 6. The Director does not recommend the payment of a dividend and proposes to transfer the loss to reserves.

### Director

The Director in office at the end of the period is listed above. The Director served on the board throughout the period and in accordance with the Company's articles of association, the Director has to remain in office.

# THE ONA HOSPITALITY LTD

## DIRECTOR'S REPORT FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2022

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### Director's Responsibilities

The Director is required by the Companies Act (Chap. 386) to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the EU which give a true and fair view of the state of affairs of the Company at the end of each financial year and of the profit or loss for the year then ended.

In preparing the financial statements, the Director should: -

- Select suitable accounting policies and apply them consistently.
- Make judgements and estimates that are reasonable; and
- Prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Company will continue in business as a going concern.

The Director is responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company and which enable the Director to ensure that the financial statements comply with the Companies Act (Chap. 386). This responsibility includes designing, implementing and maintaining 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. The Director is also responsible for safeguarding the assets of the Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Auditors

A resolution to reappoint VCA Certified Public Accountants as auditors of the Company will be proposed at the forthcoming annual general meeting.

This report was approved by sole Director and authorized for issue on 28 April 2023 and signed on its behalf by:



Ms. Cliona Muscat  
Director

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE ONA HOSPITALITY LTD**

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### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of The Ona Hospitality Ltd ('the Company'), set out on pages 6 to 20, which comprise the Company's statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We are independent of the Company 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 our 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 we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

#### **Other Information**

The Director is responsible for the other information. The other information comprises the Director's report. Our opinion on the financial statements does not cover this information, including the Director's report. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Director's report, we also considered whether the Director's report includes the disclosures required by Article 177 of the Maltese Companies Act (Cap. 386). Based on the work we have performed, in our opinion:

- 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 the Maltese Companies Act (Cap.386).

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Director's report. We have nothing to report in this regard.

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE ONA HOSPITALITY LTD**

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### **Responsibilities of the Director**

The Director is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards 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.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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, we exercise professional judgement and maintain professional scepticism throughout the audit. We are also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Director.
- 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.
- 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.



CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE ONA HOSPITALITY LTD

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### Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### Report on Other Legal and Regulatory Requirements

Under the Maltese Companies Act (Cap. 386) we are required to report to you if, in our opinion:

- We have not received all the information and explanations we require for our audit.
- Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
- The financial statements are not in agreement with the accounting records and returns.

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

This copy of the audit report has been signed by:

A handwritten signature in blue ink, appearing to read 'Michael Curmi', is written over a horizontal line.

**MICHAEL CURMI**

for and on behalf of

**VCA CERTIFIED PUBLIC ACCOUNTANTS**

28 April 2023

# THE ONA HOSPITALITY LTD

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31ST DECEMBER 2022

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|  | <i>Notes</i> | 2022<br>(11 months)<br>€ |
|--|--------------|--------------------------|
| Interest income  | 5            | 59,407                   |
| Interest expense   | 5            | <u>(59,407)</u>          |
|  |              | -                        |
| Administrative expenses  | 6            | <u>(3,168)</u>           |
| <b>Loss before taxation</b>  |              | <b>(3,168)</b>           |
| Tax charge   | 7            | -                        |
| <b>Total comprehensive loss for the period</b>                                     |              | <b><u>(3,168)</u></b>    |
| <b>Total comprehensive loss attributable to:<br/>Equity holders of the Company</b> |              | <b><u>(3,168)</u></b>    |




# THE ONA HOSPITALITY LTD

## STATEMENT OF FINANCIAL POSITION

AS AT 31<sup>ST</sup> DECEMBER 2022

|                                     | <i>Notes</i> | 2022<br>€        |
|-------------------------------------|--------------|------------------|
| <b>ASSETS</b>                       |              |                  |
| <b>Non-Current</b>                  |              |                  |
| Loans and receivables               | 8            | 979,264          |
| <b>Current assets</b>               |              |                  |
| Loans and receivables               | 8            | 10,875           |
| Cash and cash equivalents           | 10           | 94,895           |
|                                     |              | <u>105,770</u>   |
| <b>Total Assets</b>                 |              | <u>1,085,034</u> |
| <b>EQUITY AND LIABILITIES</b>       |              |                  |
| <b>Capital and Reserves</b>         |              |                  |
| Share capital                       | 11           | 1,200            |
| Retained earnings                   |              | <u>(3,168)</u>   |
|                                     |              | <u>(1,968)</u>   |
| <b>Non-Current liabilities</b>      |              |                  |
| Borrowings                          | 12           | 1,081,984        |
| <b>Current liabilities</b>          |              |                  |
| Other payables                      | 9            | 5,018            |
| <b>Total liabilities</b>            |              | <u>1,087,002</u> |
| <b>Total Equity and Liabilities</b> |              | <u>1,085,034</u> |

These financial statements on pages 6 to 19 were approved for issue by the sole Director on the 28 April 2023 and signed on its behalf by:

  
\_\_\_\_\_  
Ms. Cliona Muscat  
Director

# THE ONA HOSPITALITY LTD

## STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2022

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|  | Share<br>capital<br>€ | Retained<br>earnings<br>€ | Total<br>€     |
|--|-----------------------|---------------------------|----------------|
| Balance as at 20 <sup>th</sup> January 2022  | -                     | -                         | -              |
| Cash issue of shares                         | 1,200                 | -                         | 1,200          |
| Loss for the period                          | -                     | (3,168)                   | (3,168)        |
| Balance as at 31 <sup>st</sup> December 2022 | <u>1,200</u>          | <u>(3,168)</u>            | <u>(1,968)</u> |

# THE ONA HOSPITALITY LTD

## STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2022

|   | <i>Notes</i> | 2022<br>(11 months)<br>€ |
|---|--------------|--------------------------|
| <b>Cash flows used in operating activities</b>              |              |                          |
| Loss before taxation  |              | (3,168)                  |
| <b><i>Operating loss before working capital changes</i></b> |              | <u>(3,168)</u>           |
| Movement in other receivables                               |              | (10,875)                 |
| Movement in other payables                                  |              | 5,018                    |
| <b><i>Net cash used in operating activities</i></b>         |              | <u>(9,025)</u>           |
| <b>Cash flows from financing activities</b>                 |              |                          |
| Advances to commonly controlled entity                      |              | (979,264)                |
| Advances from parent company                                |              | 1,081,984                |
| Proceeds from issuance of share capital                     |              | 1,200                    |
| <b><i>Net cash generated from financing activities</i></b>  |              | <u>103,920</u>           |
| <b>Net movement in cash and cash equivalents</b>            |              | 94,895                   |
| Cash and cash equivalents at the beginning of the period    |              | -                        |
| <b>Cash and cash equivalents at the end of the period</b>   | 10           | <u><u>94,895</u></u>     |

# THE ONA HOSPITALITY LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2022

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### 1. General information

The Ona Hospitality Ltd (the 'Company') is a limited liability Company domiciled and incorporated in Malta. The registered office of the Company is GAP Holdings Head Office, Censu Scerri Street, Tigné, Sliema.

These financial statements were approved for issue by the Director on 28 April 2023. The Company's presentation as well as functional currency is denominated in €.

The Company forms part of a Group of companies, the ultimate beneficial owner being The Ona p.l.c.

### 2. Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and in accordance with the requirements of the Companies Act, 1995.

These financial statements have been prepared under the historical cost basis and on the going concern basis.

#### ***Going concern basis***

As at date of signing these financial statements, based on the information currently available, the Director confirms that she has a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future. Accordingly, she continues to adopt the going concern basis in preparing these financial statements.

#### ***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 beginning on 20<sup>th</sup> January 2022. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the Company's accounting policies.

#### ***Standards, interpretations and amendments to published standards that are not yet effective.***

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for the Company's accounting periods beginning after 1 January 2023. The Company has not early adopted these revisions to the requirements of IFRS's as adopted by the EU and the Company's Director is of the opinion that there are no requirements that will have a possible significant impact on the Company's financial statements in the period of initial application.

### 3. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

#### ***Financial instruments***

##### ***Financial assets***

##### **Recognition and derecognition**

The Company recognises a financial asset initially at fair value in its statement of financial position when it becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

The Company's financial assets are measured at amortised cost in their entirety.

# THE ONA HOSPITALITY LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2022

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### 3. Significant accounting policies

#### *Financial instruments (continued)*

##### Classification and subsequent measurement

###### *Debt instruments*

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company's debt instruments principally comprise loans and advances to other undertakings and investments.

The Company's debt instruments are subsequently measured at amortised cost. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

###### *Financial assets measured at amortised cost*

Debt instruments that meet the following conditions are subsequently measured at amortised cost when:

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

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance, measured in accordance with the Company's accounting policy 'Impairment of financial assets' further below.

Changes in the carrying amount of financial assets carried at amortised cost, as a result of foreign exchange gains or losses, impairment gains or losses and interest income are recognised in profit or loss. On derecognition, any difference between the carrying amount and the consideration received is recognised in profit or loss and is presented separately in the line item 'Gains and losses arising from the derecognition of financial assets measured at amortised cost'.

##### Impairment of financial assets

In terms of IFRS 9, the Company applies an expected credit loss ("ECL") model. The Company has to assess on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost.

For its financial instruments, the Company uses the general approach, which requires an assessment as to whether the counterparty has experienced a significant increase in credit risk since initial recognition. This assessment forms the basis as to whether lifetime ECL should be recognised and is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring. See note 14 for further details.

###### *Financial liabilities*

The Company recognises a financial liability on its statement of financial position when it becomes a party to the contractual provision of the instrument. The Company's financial liabilities are classified as financial liabilities which are not at fair value through profit or loss. These financial liabilities are recognised initially at fair value, being the fair value of consideration received, net of transactions costs that are directly attributable to the acquisition or the issue of the financial liability. These liabilities are subsequently measured at amortised cost. The Company derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, cancelled or expired.

# THE ONA HOSPITALITY LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2022

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### 3. Significant accounting policies (continued)

#### *Financial instruments (continued)*

##### ***Other receivables***

Trade and other receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 90 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. Details about the Company's impairment policies and the calculation of the loss allowance are provided in policy 'Impairment of financial assets' and note 14.

##### ***Other payables***

Other payables are classified with current liabilities and are stated at their nominal value unless the effect of discounting is material, in which case trade payables are measured at amortised cost using the effective interest method.

##### ***Ordinary shares issued by the Company***

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

##### ***Cash and cash equivalents***

Cash and cash equivalents comprise cash on hand, demand deposits and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows and are presented in current liabilities on the statement of financial position. Bank deposits that the Director does not consider a component of cash equivalents, are presented separately in the statement of financial position.

##### ***Provisions***

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the Director's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Provisions are not recognised for future operating losses.

##### ***Taxation***

Current and deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also dealt with in other comprehensive income or in equity, as appropriate.

Current tax is based on the taxable result for the period. The taxable result for the period differs from the result as reported in profit or loss because it excludes items which are non-assessable or disallowed and it further excludes items that are taxable or deductible in other periods. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

# THE ONA HOSPITALITY LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2022

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### 3. Significant accounting policies (continued)

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current tax assets and liabilities are offset when the Company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to set off its current tax assets and liabilities and 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 which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### ***Employee benefits***

The Company contributes towards the state pension in accordance with local legislation. The only obligation of the Company is to make the required contributions. Costs are expensed in the period in which they are incurred.

#### ***Currency translation***

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Euro, which is the Company's functional and presentation currency. Transactions denominated in currencies other than the functional currency are translated at the exchange rates ruling on the date of transaction.

Monetary assets and liabilities denominated in currencies other than the functional currency are re-translated to the functional currency at the exchange rate ruling at year-end. Exchange differences arising on the settlement and on the re-translation of monetary items are recognised in profit or loss. Non-monetary assets and liabilities denominated in currencies other than the functional currency that are measured at fair value are re-translated using the exchange rate ruling on the date the fair value was determined. Non-monetary assets and liabilities denominated in currencies other than the functional currency that are measured in terms of historical cost are not re-translated. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the year.

#### ***Related parties***

Related parties are those persons or bodies of persons having relationships with the Company as defined in International Accounting Standard No. 24.

# THE ONA HOSPITALITY LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2022

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#### 4. Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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 Company's Director, except as follows, 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 IAS1 (revised).

##### Expected credit loss allowances on other receivables.

Credit loss allowance represent management's best estimate of expected credit losses in the financial assets subject to IFRS 9 impairment requirements at the balance sheet date. In this respect the Director is required to exercise judgement in defining what is considered to be a significant increase in credit risk and in making assumptions and estimates to incorporate relevant information about past events, current conditions and forecasts of economic conditions. The Company uses the PD, LGD and EAD models in assessing its financial assets of ECL. Under this method the ECL was deemed to be immaterial and hence no adjustments were made to these financial statements.

#### 5. Interest income and Interest expense

##### Interest income

The amount recognised within this line item includes interest income recognised using the effective interest method on loans advanced to the Company's subsidiary. The effective interest rate on the instrument is 5.3%

##### Interest expense

This amount represents interest expense on the bond proceeds advanced from the parent Company as set out in note 12 to these financial statements.

#### 6. Expenses by nature

|   | 2022<br>(11 months)<br>€ |
|---|--------------------------|
| Audit Fees                                  | 2,832                    |
| MBR Formation/Registration fees             | 317                      |
| Bank Charges                                | 19                       |
| Total Operating and administrative expenses | <u>3,168</u>             |



# THE ONA HOSPITALITY LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2022

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### 7. Income tax charge

Taxation is provided for at the rate of 35% for Company profits.

|   | 2022<br>(11 months)<br>€ |
|---|--------------------------|
| <b>Current taxation</b>                         |                          |
| Income tax on the taxable income for the period | —                        |
| <b>Deferred taxation</b>                        |                          |
| Transfer to deferred taxation account           | —                        |

Tax applying the statutory domestic income tax rate and the income tax expense for the period are reconciled as follows:

|   | 2022<br>(11 months)<br>€ |
|---|--------------------------|
| Loss for the period                     | (3,168)                  |
| Tax at the applicable rate of 35%       | (1,109)                  |
| <i>Tax effect of:</i>                   |                          |
| Expenditure disallowed for tax purposes | 1,109                    |
| Tax charge for the period               | —                        |

### 8. Loans and receivables

|                                  | 2022<br>€      |
|----------------------------------|----------------|
| <b>Non-current</b>               |                |
| Amounts due from related parties | 979,264        |
| <b>Current</b>                   |                |
| Other receivables                | 10,875         |
|                                  | <u>990,139</u> |

# THE ONA HOSPITALITY LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2022

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### 8. Loans and receivables

#### (i) Amounts due from related parties

By virtue of the Prospectus dated 31<sup>st</sup> May 2022, The Ona p.l.c. issued for subscription by the general public 160,000 Secured bonds having a nominal value of €100 each for an aggregate principal amount of €16,000,000.

€2,080,000 of these amounts have been loaned to the Company's at an annual rate of 5.3%, out of which €1,081,984 (refer to note 12) have been advanced as at 31 December 2022. The amount of €979,264 was loaned to the sister Company; The Ona Real Estate Limited at a rate of 5.3% per annum. These loans are secured and to be repaid in full by 21 June 2034.

The Company is the guarantor in respect of the bond issue and have undertaken to pay all amounts of principal and interest that will become due and payable by the Parent company to the bondholders.

The carrying amount of the loan is considered a reasonable approximation of its fair value.

No loss allowance has been recognised as any such impairment would be insignificant.

### 9. Other payables

|                      | 2022         |
|----------------------|--------------|
|                      | €            |
| Accruals             | 2,832        |
| Indirect tax payable | 2,186        |
|                      | <u>5,018</u> |

### 10. Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following amounts in the statement of financial position:

|                          | 2022          |
|--------------------------|---------------|
|                          | €             |
| Cash at bank and in hand | <u>94,895</u> |

The balances of cash equivalents are available for use by the Company in their entirety.

### 11. Share capital

|   | 2022         |
|---|--------------|
|   | €            |
| <b>Authorised</b>                               |              |
| 1,200 Ordinary Shares of €1 each                | <u>1,200</u> |
| <b>Issued</b>                                   |              |
| 1,200 Ordinary Shares of €1 each – 100% paid up | <u>1,200</u> |

# THE ONA HOSPITALITY LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2022

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### 12. Borrowings

|   | 2022             |
|---|------------------|
|   | €                |
| <b>Amounts falling due after more than one year</b> |                  |
| Amounts due to Parent Company (i)                   | <u>1,081,984</u> |

#### i. Amounts due to Parent Company

By virtue of the Prospectus dated 31<sup>st</sup> May 2022, The Ona p.l.c. issued for subscription by the general public 160,000 secured bonds having a nominal value of €100 each for an aggregate principal amount of €16,000,000. These bonds have been issued at par.

The bonds are subject to a fixed interest rate of 4.5% per annum payable on the 21 of June of each year up to redemption date. All bonds, unless previously purchased and cancelled, will be redeemable at par on 21 June 2034 or, at the sole option of the Group, any date falling between 21 June 2028 and 20 June 2034.

€2,080,000 of these amounts have been loaned to the Company's at an annual rate of 5.3%, out of which €1,081,984 have been advanced as at 31 December 2022.

### 13. Related party transactions

The ultimate parent Company of The Ona Hospitality Ltd is The Ona p.l.c.

Related party transactions are traded on a commercial basis with entities that are related by way of common shareholders who are able to exercise significant influence over the Company's operations. Related party transactions traded during the period which are considered to be substantial are wages and salaries recharged to commonly controlled entities of €12,232.

Movements in advances to/from related parties are set out in the Statement of Cash flows.

Year end balances with related parties are disclosed in notes 8 and 12 to the financial statements.

### 14. Financial risk management

The Company's activities potentially expose it to a variety of financial risks on its financial assets and financial liabilities. The key components of financial risks to the Company are credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

#### 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 is analysed in the respective notes in the financial statements.

|                           | 2022             |
|---------------------------|------------------|
|                           | €                |
| <b>Carrying amounts</b>   |                  |
| Loans and receivables     | 990,139          |
| Cash and cash equivalents | 94,895           |
|                           | <u>1,085,034</u> |

# THE ONA HOSPITALITY LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2022

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### 14. Financial risk management (continued)

#### Credit risk (continued)

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.

The Company assesses the credit quality of its customers taking into account financial position, past experience and other factors. Standard credit terms are in place for individual clients, however, wherever possible, new corporate customers are analysed individually for creditworthiness before the Company's standard payment and service delivery terms and conditions are offered. The Company's review includes external credit worthiness databases when available.

The Company assesses the credit quality of its other receivables taking into account financial position, past experience and other factors. The Company's review includes external credit worthiness databases when available.

#### *Impairment of financial assets*

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

- Loans and receivables
- Cash and cash equivalents.

#### *Loans and receivables*

The company monitor intra-group credit exposure on a regular basis and ensure timely performance of these assets in the context of its overall liquidity management.

The loss allowance for these financial assets is based on assumptions about risk of default and expected loss rates. The Director uses judgements in making these assumption, based on the counterparty-s past history, existing market conditions , as well as forward-looking estimates at the end of each reporting period.

As at year end, the Balances with related parties were on terms that allowed the Company to request repayment of the balance as at reporting date (re: repayable on demand). In such cases when assessing the ECL, the Director based its assessment on the assumption that the balance is deemed at reporting date.

After making the analysis, the Director concluded that the resulting loss-given -default rates are low, such that when applied the PD x LGD X EAD methodology to calculate the IFRS a ECC allowance, the resulting impairment charge required was deemed to be immaterial.

Other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 1 year past due.

#### *Cash and equivalents*

The Company's cash and cash equivalents are placed with reputable financial institutions, such that management does not expect any institution to fail to meet repayments of amounts held in the name of the Company. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was insignificant.

#### Liquidity risk

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 related parties amounts. 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.

# THE ONA HOSPITALITY LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2022

### 14. Financial risk management (continued)

#### Liquidity risk (continued)

The Director monitors liquidity risk by means of cash flow forecasts on the basis of expected cash flows over a twelve-month year. The carrying amount of the Company's assets and liabilities are analysed into relevant maturity groupings based on the remaining year at the balance sheet date to the contractual maturity date in the respective notes to the financial statements.

As at the balance sheet date, the Company is in a net current liability position of (€1,968). The Director of the Company believes that full support of its related parties and the ultimate shareholders will be available as part of the Company's effective financing strategy. As such, the Company is confident that it will meet its commitments as and when they fall due.

The table below analyses the Company's financial liabilities into relevant maturity grouping based on the remaining year at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

|                         | Carrying<br>amount<br>€ | Contractual<br>cash flows<br>€ | Within one<br>year<br>€ | 2-5<br>Years<br>€ | Over 5<br>years<br>€ |
|-------------------------|-------------------------|--------------------------------|-------------------------|-------------------|----------------------|
| <b>31 December 2022</b> |                         |                                |                         |                   |                      |
| Borrowings              | 1,081,984               | 3,402,880                      | 59,407                  | 440,960           | 2,902,513            |
| Other payables          | 5,018                   | 5,018                          | 5,018                   | -                 | -                    |
|                         | <b>1,087,002</b>        | <b>3,407,898</b>               | <b>64,425</b>           | <b>440,960</b>    | <b>2,902,513</b>     |

### 15. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may issue new shares or adjust the amount of dividends paid to shareholders.

The capital structure of the Company consists of net debt (other payables as presented in note 9 after deducting cash and bank balances, presented in note 10) and equity of the Company (comprising issued capital and retained earnings as presented in the Statement of Changes in Equity).

The Company monitors the capital structure on a periodic basis by monitoring the balances of assets and liabilities.

### 16. Fair values

At 31 December 2022, the carrying amounts of financial assets and financial liabilities classified with current assets and current liabilities respectively, approximated their fair values due to the short-term maturities of these assets and liabilities.

# THE ONA HOSPITALITY LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2022

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### 17. Cash flow information

#### Reconciliation of liabilities arising from financing activities

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Statement of Cash Flows as cash flows from financing activities.

|                          | As at 20 <sup>th</sup><br>January 2022 | Cash flows | Other liability<br>related changes | As at 31 <sup>st</sup><br>December 2022 |
|--------------------------|--|------------|------------------------------------|---|
|                          | €                                      | €          | €                                  | €                                       |
| Related party borrowings | –                                      | 1,081,984  | –                                  | 1,081,984                               |

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### 18. Ultimate parent Company

The ultimate parent Company of The Ona Hospitality Ltd is The Ona p.l.c., a Company registered in Malta, with its registered address at, GAP Holdings Head Office, Censu Scerri Street, Tigné Sliema.