

THE ONA p.l.c.

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

30th June 2023

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## **DIRECTORS' REPORT**

### **FOR THE PERIOD ENDED 30th JUNE 2023**

#### **Interim Directors' report pursuant to Listing Rules 5.75.2**

This interim report is published in terms of Chapter 5 of the Capital Markets Rules issued by the Malta Financial Services Authority and the Prevention of Financial Markets Abuse Act 2005. The underlying accounting policies are the same as those adopted by The Ona p.l.c. (the 'Company') in its published annual report. The interim financial information included in this report has been extracted from the Company's unaudited accounts for the period ended 30th June 2023, as approved by the Board of Directors on the 28th August 2023 and are prepared in accordance with IAS 34 'Interim Financial Reporting'

#### **Principal Activities**

The principal activity of the Company was set up to raise financial resources to primarily finance the development of a four-star hotel in Swieqi, in the limits of St. Julian's, and to finance the property development projects of one of the companies forming part of the group.

#### **Review of business**

##### ***The hotel project***

The hotel site was acquired by The Ona Real Estate Ltd. on 30th June 2022 and the hotel has started its operation on the 23 May 2023. The hotel, forms part of the AC Hotels by Marriott chain of hotels.

##### ***The residential projects***

###### ***Waterbank - M' Scala***

The Marsascula project development consists of 16 residential units.

As at 30 June 2023, out of 16 residential units, 14 units have been sold (contracted) and the remaining 2 units were subject to a preliminary agreement.

## DIRECTORS' REPORT - continued

### *Eden Grove - Qawra*

The Qawra project development consists of 15 residential units and as at 30th June 2023 all works have been completed.

As at 30th June 2023, all units have been sold.

### *The Birkirkara project*

The Birkirkara site was acquired on 29th July 2022 and works have commenced this year.

The Birkirkara development consists of 19 residential units and the expected date for the completion of its building is Quarter 4 of 2023.

### *The Mellieha project*

Due to unforeseen circumstances concerning the permits to undergo the project, The Group has decided that the Mellieha project will be forfeited.

The process to cancel the current promise of sale is underway.

### *The St. Paul's Bay Project*

In Quarter 1 2022, the Group entered into four promise of sale agreements for the purchase of the St. Paul's Bay site, which it intends to develop into 39 residential units and 35 lock-up garages. The Group expects to conclude the acquisition of the St. Paul's Bay site in Q4 2023.

### *The Mosta project*

In Quarter 2 2022, the Group entered into a promise of sale agreement for the purchase of the Mosta site, which it intends to develop into 11 residential units and 2 lock-up garages. The Group expects to conclude the acquisition of the Mosta site in Q3 2023.

## **Bonds in issue**

Pursuant to a prospectus published on the 31st May 2022, The Ona p.l.c. issued €16,000,000 4.5% Secured Bonds 2028 - 2034, having a nominal value of €100 per Bond and issued at par. The Bonds were admitted to listing on the Official List of the Malta Stock Exchange on 28th June 2022 and trading commenced on 30th June 2022.

Pursuant to a prospectus published on the 1st June 2023, The Ona p.l.c. issued €5,000,000 6.5% Unsecured Notes 2028, having a nominal value of €1,000 per note and issued at par. This offer has been fully subscribed.

## **DIRECTORS' REPORT - continued**

### **Principal risks and uncertainties**

The hotel is now in operation and the directors are aware that the company is still subject to several financial risk factors including the market, economic, counter-party, credit and liquidity risks amongst others that may affect the project and its timely completion. Additionally, the directors are monitoring closely inflationary risks resulting from the conflict in Ukraine and the aftermath of the COVID pandemic. The directors are confident that the company has robust measures in place to mitigate the likely possible effects of inflationary pressures. Where possible, the board provides principles for the overall risk management as well as policies to mitigate these risks in the most prudent way.

### **Results and dividends**

The results for the period ended 30th June 2023 are shown in the Statement of Comprehensive Income on page 6. The Group registered an EBIDTA of €378,818 (LY: €469,111). Group profit for the period, after tax, amounts €179,913 (LY: €365,568) while the Company registered a profit of €899 (LY : net loss of €4,522).

The directors do not recommend the payment of a dividend.

## DIRECTORS' REPORT - continued

### Statement of Directors' responsibilities

The directors are 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 period and of the profit or loss of the company for the period then ended. In preparing the financial statements, the directors should:

- Ensure that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the European Union;
- adopt the going concern basis unless it is inappropriate to presume that the company will continue in business;
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on the accruals basis; and

The directors are 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 directors to ensure that the financial statements comply with the Companies Act (Chap. 386). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. The directors are 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.

**DIRECTORS' REPORT - continued**

**Directors' Statement pursuant to Listing Rule 5.75.3**

The directors confirm that to the best of their knowledge:

The condensed consolidated interim financial statements, which have been prepared in accordance with IAS 34 Interim Financial Reporting give a true and fair value of the financial position of the company as at 30th June 2023, and its financial performance and cash flows for the period then ended.

The Interim Directors' report includes a fair review of the information required in terms of Capital Markets Rule 5.81.

On behalf of the Board of Directors:

  
George Muscat  
Director

  
Cliona Muscat  
Director

AC Hotel St. Julians  
13, Lourdes Lane  
St. Julians STJ 3311  
Malta

Date: 28th August 2023

INCOME STATEMENT

FOR THE PERIOD ENDED 30th JUNE 2023

	<u>Group</u> Jan - June 2023 €	<u>Group</u> Jan - June 2022 €	<u>Company</u> Jan - June 2023 €	<u>Company</u> Jan - June 2022 €
<b>Revenue</b>				
Turnover	585,906	-	-	-
Property Sales	764,000	1,851,250	-	-
Interest Income	-	-	429,291	-
<b>Total Turnover</b>	<u>1,349,906</u>	<u>1,851,250</u>	<u>429,291</u>	<u>-</u>
<b>Costs</b>				
Cost of Sales	(802,055)	(1,326,910)	-	-
<b>Gross Profit</b>	<u>547,852</u>	<u>524,340</u>	<u>429,291</u>	<u>-</u>
Administrative Expenses	(227,513)	(82,584)	(36,770)	(4,522)
Other Operating Income	58,480	27,355	-	-
<b>EBIDTA</b>	<u>378,818</u>	<u>469,111</u>	<u>392,521</u>	<u>(4,522)</u>
Finance Costs	(71,516)	(5,132)	(391,622)	-
Depreciation	(68,327)	-	-	-
<b>Profit/(Loss) before taxation</b>	<u>238,975</u>	<u>463,979</u>	<u>899</u>	<u>(4,522)</u>
Tax charge	(59,062)	(98,411)	-	-
<b>Profit/(loss) after taxation</b>	<u>179,913</u>	<u>365,568</u>	<u>899</u>	<u>(4,522)</u>

STATEMENT OF FINANCIAL POSITION - 30th JUNE 2023

	<u>Group</u> Jan - June 2023 €	<u>Group</u> Jan - June 2022 €	<u>Company</u> Jan - June 2023 €	<u>Company</u> Jan - June 2022 €
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	24,840,883	12,075,077	-	-
Investment property	2,700,000	2,700,000	-	-
Investment in subsidiaries	-	-	4,062,486	3,689,333
Loans and other receivables	-	-	20,830,071	14,761,316
<b>Total Non-Current Assets</b>	<u>27,540,883</u>	<u>14,775,077</u>	<u>24,892,557</u>	<u>18,450,649</u>
<b>Current assets</b>				
Inventory - Development project	3,377,359	2,837,834	-	-
Trade and other receivables	6,054,952	2,722,098	34,677	568,717
Cash and bank balances	4,948,318	6,166,627	3,119,355	4,252,327
<b>Total Current Assets</b>	<u>14,380,629</u>	<u>11,726,559</u>	<u>3,154,032</u>	<u>4,821,044</u>
<b>Total Assets</b>	<u>41,921,512</u>	<u>26,501,636</u>	<u>28,046,589</u>	<u>23,271,693</u>

STATEMENT OF FINANCIAL POSITION - 30th JUNE 2023

	<u>Group</u> Jan - June 2023 €	<u>Group</u> Jan - June 2022 €	<u>Company</u> Jan - June 2023 €	<u>Company</u> Jan - June 2022 €
<b>Capital and reserves</b>				
Share Capital	7,271,693	7,271,693	7,271,693	7,271,693
Other equity	(3,386,933)	370,088	373,153	-
Retained earnings / Accumulated losses	4,804,010	365,567	27,550	(4,522)
<b>Total equity</b>	<u>8,688,770</u>	<u>8,007,348</u>	<u>7,672,396</u>	<u>7,267,171</u>
<b>Non-current liabilities</b>				
Bank loans	2,198,750	390,000	-	-
Deferred tax	216,000	216,000	-	-
Debt securities in issue	20,291,727	16,000,000	20,291,727	16,000,000
<b>Total non-current liabilities</b>	<u>22,706,477</u>	<u>16,606,000</u>	<u>20,291,727</u>	<u>16,000,000</u>
<b>Current liabilities</b>				
Bank loans	70,000	70,000	-	-
Trade and other payables	10,182,030	1,758,860	45,749	2,250
Other financial liabilities	213,154	-	32,164	2,272
Taxation due	61,080	59,428	4,553	-
<b>Total current liabilities</b>	<u>10,526,265</u>	<u>1,888,288</u>	<u>82,466</u>	<u>4,522</u>
<b>Total liabilities</b>	<u>33,232,741</u>	<u>18,494,288</u>	<u>20,374,193</u>	<u>16,004,522</u>
<b>Total equity and liabilities</b>	<u>41,921,512</u>	<u>26,501,636</u>	<u>28,046,589</u>	<u>23,271,693</u>

The financial information on pages 6 to 10 were approved by the board of directors and were signed on its behalf by:

  
George Muscat  
Director

  
Cliona Muscat  
Director

Date: 28th August 2023

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE PERIOD ENDED 30th JUNE 2023**

	Share Capital €	Other Equity €	Fair Value gain reserve €	Retained Earnings €	Total €
<b>Group</b>					
Balance at 1st January 2023	7,271,693	(3,386,933)	836,052	3,788,045	8,508,857
<b>Comprehensive income</b>					
Profit for the period	-	-	-	179,913	179,913
<b>Balance at 30th June 2023</b>	<u>7,271,693</u>	<u>(3,386,933)</u>	<u>836,052</u>	<u>3,967,958</u>	<u>8,688,770</u>
<b>Company</b>					
Balance at 1st January 2023	7,271,693	373,153	-	26,651	7,671,497
<b>Comprehensive income</b>					
Profit for the period	-	-	-	899	899
<b>Balance at 30th June 2023</b>	<u>7,271,693</u>	<u>373,153</u>	<u>-</u>	<u>27,550</u>	<u>7,672,396</u>

**STATEMENT OF CASH FLOWS**

**FOR THE PERIOD ENDED 30th JUNE 2023**

	Group	Company
	Jan - June	Jan - June
	€	€
<b>Cash flows from operating activities</b>		
Net profit / (loss) before taxation	378,818	(7,101)
Adjustments for:		
Interest expenses	71,516	-
Depreciation	68,327	-
Taxation	59,062	-
Other income	(58,480)	-
<b>Operating profit / (loss) before working capital changes</b>	<u>519,243</u>	<u>(7,101)</u>
Trade and other receivables	(3,914,465)	3,689,937
Inventory - Development projects	(222,096)	-
Trade and other payables	7,014,191	(318,230)
<b>Cash generated from / (used in) operations</b>	<u>3,396,873</u>	<u>3,364,606</u>
Interest payable	(71,516)	-
Income tax paid	(50,203)	-
Other income	58,480	-
<i>Net cash from / (used in) operating activities</i>	<u>(63,239)</u>	<u>-</u>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(5,851,455)	-
<i>Net cash from / (used in) investing activities</i>	<u>(5,851,455)</u>	<u>-</u>
<b>Cash flows from financing activities</b>		
Bank loans (net)	284,433	-
Related parties	-	(6,445,148)
Bonds and debentures	4,885,271	4,885,271
<i>Net cash from / (used in) financing activities</i>	<u>5,169,704</u>	<u>(1,559,877)</u>
<b>Movement in cash and cash equivalents</b>	2,651,883	1,804,729
<b>Cash and cash equivalents at beginning of the year</b>	<u>2,296,435</u>	<u>1,314,625</u>
<b>Cash and cash equivalents at end of the period</b>	<u>4,948,318</u>	<u>3,119,355</u>

## NOTES TO THE FINANCIAL STATEMENTS - 30th JUNE 2023

### 1 General information

The Ona p.l.c. (the "Company") is a limited liability company and is incorporated in Malta, with its registered address at AC Hotel St. Julians, 13 Lourdes Lane, St. Julians. STJ 3311.

The Company was incorporated on 20th January 2022 and it acquired the entire share capital of The Ona Real Estate Ltd., The Ona Property Development Ltd., and The Ona Hospitality Ltd. on 28th April 2022.

### 2 Summary of significant accounting policies

#### 2.1 Basis of preparation

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

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.

## NOTES TO THE FINANCIAL STATEMENTS - 30th JUNE 2023

### 2 Summary of significant accounting policies - continued

#### 2.2 Consolidation

Subsidiary undertakings, which are those companies in which the Group, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies have been consolidated. Subsidiaries are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date of disposal. Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. The Group financial statements include the financial statements of the parent Company and all its subsidiaries.

#### 2.3 Inventory - Development project

One of the objects of the Group is the development of land acquired for development and resale. This development is intended in the main for resale purposes, and is accordingly classified in the financial statements as Inventory. Any elements of a project which are identified for business operation or long-term investment properties are transferred at their carrying amount to Property, plant and equipment or investment properties when such identification is made and the cost thereof can reliably be segregated.

The development is carried at the lower of cost and net realisable value. Cost comprises the purchase cost of acquiring the land together with other costs incurred during its subsequent development, including:

- (i) The cost incurred on development works, including demolition, site clearance, excavation,
- (ii) The cost of various design and other studies conducted in connection with the project,
- (iii) Any borrowing costs, including imputed interest, attributable to the development phases of the project.

## NOTES TO THE FINANCIAL STATEMENTS - 30th JUNE 2023

### 2 Summary of significant accounting policies - continued

#### 2.3 Inventory - Development project - continued

The purchase cost of acquiring the land represents the cash equivalent of the contracted price. This was determined at date of purchase by discounting to present value the future cash outflows comprising the purchase consideration.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

As stated in note 2.2 the Group accounts for business combinations using the acquisition method. Accordingly, at group level, the identifiable net assets acquired, including inventory held by the newly acquired subsidiary, are measured at fair value as at date of acquisition of subsidiary. Therefore, at consolidated group level, inventory cost represents the fair value of inventory held by the acquired subsidiary as at date of acquisition of subsidiary, together with additional development and borrowing costs incurred following date of acquisition.

### 3 Borrowings

In May 2022, the Company issued a Prospectus for the issue of a €16,000,000 million 4.5% secured bond at par which was fully subscribed. The bond is redeemable at par at any date falling between 21st June 2028 and 20th June 2034 at the sole discretion of the Issuer.

- The bond is secured for the full nominal value of the Secured Bonds and interests thereon as follows:

- First-ranking general hypothec over all the present and future assets of the Issuer.;

- First-ranking general hypothec over all the present and future assets of the Ona Real Estate Ltd and The Ona Hospitality Ltd.;

- First-ranking special hypothec over the Hotel site in Swieqi, limits of St. Julian's (and any developments and constructions thereon); and

- First-ranking special privilege for the amount of €6 million over the Hotel site in Swieqi, limits of St. Julian's.

Pursuant to a prospectus published on the 1st June 2023, The Ona p.l.c. issued €5,000,000 6.5% Secured Bonds 2028, having a nominal value of €1,000 per Bond and issued at par. This offer has been fully subscribed.

**NOTES TO THE FINANCIAL STATEMENTS - 30th JUNE 2023**

**4 Transactions with related parties**

All companies forming part of The Ona p.l.c. are considered by the directors to be part of the group of Companies. Companies having the same shareholders and directors are considered by the directors to be related parties.

During the course of the period ended 30th June 2023, the Company did not enter into transactions with related undertakings other than the financing of the purchase of the hotel site as explained in the "Review of business" on Page 1.

