MIZZI ORGANISATION

Combined Financial Statements
for the financial year ended 31 December 2025

Independent auditor's report

To the Owners of Mizzi Organisation

Report on the audit of the financial statements

Our opinion

In our opinion:

- The Combined financial statements give a true and fair view of the entities constituting the Mizzi Organisation, as set out in Note 1.1 – Basis of preparation, as at 31 December 2025, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU and on the basis set out in the said Note 1.1 to the combined financial statements.

What we have audited

The Mizzi Organisation's combined financial statements, set out on pages 6 to 104, comprise:

- the Combined statement of financial position as at 31 December 2025;
- the Combined income statement and combined statement of comprehensive income for the year then ended;
- the Combined statement of changes in equity for the year then ended;
- the Combined statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

Independence

We are independent of the Mizzi Organisation in accordance with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to audits of financial statements in Malta and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have also fulfilled our other ethical responsibilities in accordance with these Codes.

Emphasis of matters – basis of accounting and restriction on distribution and use

We draw attention to the fact that, as outlined in Note 1.1 – Basis of preparation, these combined financial statements have been prepared on the basis of the assumption that the Mizzi Organisation has operated as a legal group and a single consolidated entity. This financial information is not necessarily indicative of the Mizzi Organisation's financial position and financial performance that would have actually been presented had the Organisation actually operated as a legal group and a single consolidated entity. Our opinion is not modified in respect of this matter.

This report is solely intended for the information and use of the owners as referred to in Note 1.1 to these combined financial statements. Readers are cautioned that the combined financial statements may not be appropriate for any other purpose. We accept no responsibility to any other person in respect of, arising out of, or in connection with our work.

Responsibilities of the directors and those charged with governance for the combined financial statements

The directors of the entities constituting the Mizzi Organisation are responsible for the preparation of these combined financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and on the basis set out in Note 1.1 – Basis of preparation, 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 combined financial statements, the directors are responsible for assessing the Mizzi Organisation'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 Organisation or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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 Organisation's internal control.

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

Independent auditor's report - continued
To the Owners of Mizzi Organisation

- 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 Organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organisation 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

Stephen Mamo
Principal

For and on behalf of
PricewaterhouseCoopers
78, Mill Street
Zone 5, Central Business District
Qormi
Malta

30 April 2026

a) The maintenance and integrity of the Mizzi Organisation website is the responsibility of the directors of the entities constituting the Mizzi Organisation; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the combined financial statements since they were initially presented on the website.
b) Legislation in Malta governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Combined statement of financial position

	Notes	At 31 December 2025 €	2024 €
ASSETS			
Non-current assets			
Property, plant and equipment	4	**132,758,527**	135,392,941
Right-of-use assets	5	**17,159,896**	31,338,785
Investment property	6	**98,229,069**	98,441,700
Intangible assets	7	**418,644**	477,966
Investments in associates	8	**22,039,908**	22,546,472
Financial assets at FVOCI	9	**4,025,858**	2,850,553
Loans and advances	10	**6,350,918**	3,364,053
Trade and other receivables	11	**20,190,707**	21,214,595
Derivative financial instruments	23	**13,990**	68,059
Total non-current assets		**301,187,517**	315,695,124
Current assets			
Inventories	13	**47,430,353**	49,772,905
Loans and advances	10	**151,679**	196,859
Trade and other receivables	11	**42,131,198**	42,288,217
Current tax assets		**1,603,386**	1,495,258
Cash and cash equivalents	14	**12,466,781**	13,953,471
		103,783,397	107,706,710
Assets held for sale	34	**14,978,998**	-
Total current assets		**118,762,395**	107,706,710
Total assets		**419,949,912**	423,401,834

Combined statement of financial position - continued

	Notes	At 31 December 2025 €	2024 €
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	15	**8,407,633**	8,407,633
Capital contribution reserve	15	**2,000,000**	2,000,000
Revaluation reserves	16	**66,767,930**	66,549,113
Fair value gains and other reserves	17	**34,143,566**	34,213,949
Hedging reserve	18	**9,094**	44,239
Retained earnings		**90,651,428**	85,420,416
Total equity		**201,979,651**	196,635,350
Non-current liabilities			
Trade and other payables	19	**670,138**	765,900
Borrowings	20	**60,238,050**	66,051,255
Lease liabilities	21	**16,273,815**	31,002,102
Deferred tax liabilities	22	**17,841,234**	17,952,881
Employee benefit obligations	24	**214,767**	131,606
Total non-current liabilities		**95,238,004**	115,903,744
Current liabilities			
Trade and other payables	19	**68,846,646**	71,014,511
Borrowings	20	**37,774,714**	35,366,095
Lease liabilities	21	**2,111,812**	2,233,001
Employee benefit obligations	24	**-**	936,000
Current tax liabilities		**1,134,054**	1,313,133
		109,867,226	110,862,740
Liabilities relating to assets held for sale	34	**12,865,031**	-
Total current liabilities		**122,732,257**	110,862,740
Total liabilities		**217,970,261**	226,766,484
Total equity and liabilities		**419,949,912**	423,401,834

The notes on pages 13 to 104 are an integral part of these combined financial statements.

The combined financial statements on pages 6 to 104 were authorised for issue by the boards of directors of the entities constituting the Mizzi Organisation on 30 April 2026 and were signed on their behalf by:

Brian R. Mizzi
Director
Consolidated Holdings Limited
Mizzi Organisation Limited

Kenneth C. Mizzi
Director
Consolidated Holdings Limited
Mizzi Organisation Limited
Mizzi EV Limited

Combined income statement

	Notes	Year ended 31 December 2025 €	2024 €
Continuing operations:			
Revenue	26	**227,183,898**	228,791,484
Cost of sales	27	**(163,909,211)**	(166,760,205)
Gross profit		**63,274,687**	62,031,279
Selling and other direct expenses	27	**(28,367,600)**	(28,505,824)
Administrative expenses	27	**(24,099,660)**	(24,138,438)
Gains from changes in fair value of investment property	6	**516,920**	1,396,073
Other operating income	29	**3,093,293**	3,238,864
Operating profit		**14,417,640**	14,021,954
Investment and other related income	30	**119,954**	153,638
Finance income	31	**465,702**	120,086
Finance costs	32	**(5,311,207)**	(5,888,400)
Share of profits of associates	8	**688,434**	692,128
Gain on bargain purchase attributable to business combination	25	**-**	1,270,771
Profit before tax		**10,380,523**	10,370,177
Tax expense	33	**(2,089,047)**	(1,073,457)
Profit for the year from continuing operations		**8,291,476**	9,296,720
Loss for the year from discontinued operations	34	**(1,615,732)**	(1,782,523)
Profit for the year		**6,675,744**	7,514,197

The notes on pages 13 to 104 are an integral part of these combined financial statements.

Combined statement of comprehensive income

	Notes	2025 €	2024 €
		Year ended 31 December	
Profit for the year		**6,675,744**	7,514,197
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Revaluation surplus on land and buildings arising during the year, net of deferred tax	16	-	1,866,590
Movement in deferred tax liability on revalued land and buildings determined on the basis applicable to property disposals	16	**35,966**	39,160
Gains/(losses) from changes in fair value of financial assets at FVOCI	16	**1,175,305**	(97,101)
Share of other comprehensive income of associates:			
Share of revaluation surplus arising during the year on land and buildings of an associate, net of deferred tax	16	-	5,425,872
Share of movement in deferred tax liability on revalued land and buildings of an associate determined on the basis applicable to property disposals	16	**(958,565)**	-
Items that may subsequently be reclassified to profit or loss			
Cash flow hedges, net of deferred tax	18	**(35,145)**	(101,551)
Other comprehensive income for the year, net of tax		**217,561**	7,132,970
Total comprehensive income for the year		**6,893,305**	14,647,167
Total comprehensive income for the year arises from:			
Continuing operations		**8,509,037**	16,490,812
Discontinued operations		**(1,615,732)**	(1,843,645)
		6,893,305	14,647,167

The notes on pages 13 to 104 are an integral part of these combined financial statements.

Combined statement of changes in equity

	Notes	Share capital €	Capital contribution reserve €	Revaluation reserves €	Fair value gains and other reserves €	Hedging reserve €	Retained earnings €	Total €
Balance at 1 January 2024		8,407,633	-	64,774,353	39,574,245	145,790	69,586,162	182,488,183
Comprehensive income								
Profit for the year		-	-	-	-	-	7,514,197	7,514,197
Other comprehensive income:								
Revaluation surplus on land and buildings arising during the year, net of deferred tax	16	-	-	1,866,590	-	-	-	1,866,590
Movement in deferred tax liability on revalued land and buildings determined on the basis applicable to property disposals	16	-	-	39,160	-	-	-	39,160
Depreciation transfer, net of deferred tax	16	-	-	(33,889)	-	-	33,889	-
Losses from changes in fair value of financial assets at FVOCI	16	-	-	(97,101)	-	-	-	(97,101)
Transfer of fair value gains on investment property arising during the year, net of deferred tax movements determined on the basis applicable to property disposals	17	-	-	-	1,251,233	-	(1,251,233)	-
Transfer of movement in deferred tax liability on fair value gains on investment property determined on the basis applicable to property disposals	17	-	-	-	(92,680)	-	92,680	-
Realised fair value gains on investment property upon disposal, net of deferred tax movements determined on the basis applicable to property disposals	17	-	-	-	(6,518,849)	-	6,518,849	-
Cash flow hedges, net of deferred tax	18	-	-	-	-	(101,551)	-	(101,551)
Share of other comprehensive income of associates:								
Share of revaluation surplus arising during the year on land and buildings of an associate, net of deferred tax	16	-	-	5,425,872	-	-	-	5,425,872
Transfer to retained earnings upon realisation through acquisition of remaining shareholding in associate and achievement of control	16	-	-	(5,425,872)	-	-	5,425,872	-
Total other comprehensive income		-	-	1,774,760	(5,360,296)	(101,551)	10,820,057	7,132,970
Total comprehensive income		-	-	1,774,760	(5,360,296)	(101,551)	18,334,254	14,647,167
Transactions with owners								
Dividends relating to 2024	36	-	-	-	-	-	(2,500,000)	(2,500,000)
Capital contributions from shareholders - waiver of amounts due to shareholders	15	-	2,000,000	-	-	-	-	2,000,000
Total transactions with owners		-	2,000,000	-	-	-	(2,500,000)	(500,000)
Balance at 31 December 2024		8,407,633	2,000,000	66,549,113	34,213,949	44,239	85,420,416	196,635,350

Combined statement of changes in equity - continued

	Notes	Share capital €	Capital contribution reserve €	Revaluation reserves €	Fair value gains and other reserves €	Hedging reserve €	Retained earnings €	Total €
Balance at 1 January 2025		8,407,633	2,000,000	66,549,113	34,213,949	44,239	85,420,416	196,635,350
Comprehensive income								
Profit for the year		-	-	-	-	-	6,675,744	6,675,744
Other comprehensive income:								
Movement in deferred tax liability on revalued land and buildings determined on the basis applicable to property disposals	16	-	-	35,966	-	-	-	35,966
Depreciation transfer, net of deferred tax	16	-	-	(33,889)	-	-	33,889	-
Gains from changes in fair value of financial assets at FVOCI	16	-	-	1,175,305	-	-	-	1,175,305
Transfer of fair value gains on investment property arising during the year, net of deferred tax movements determined on the basis applicable to property disposals	17	-	-	-	465,228	-	(465,228)	-
Transfer of movement in deferred tax liability on fair value gains on investment property determined on the basis applicable to property disposals	17	-	-	-	(46,686)	-	46,686	-
Realised fair value gains on investment property upon disposal, net of deferred tax movements determined on the basis applicable to property disposals	17	-	-	-	(488,925)	-	488,925	-
Cash flow hedges, net of deferred tax	18	-	-	-	-	(35,145)	-	(35,145)
Share of other comprehensive income of associates:								
Share of movement in deferred tax liability on revalued land and building of an associate determined on the basis applicable to property disposals	16	-	-	(958,565)	-	-	-	(958,565)
Total other comprehensive income		-	-	218,817	(70,383)	(35,145)	104,272	217,561
Total comprehensive income		-	-	218,817	(70,383)	(35,145)	6,780,016	6,893,305
Transactions with owners								
Dividends relating to 2025	36	-	-	-	-	-	(1,549,004)	(1,549,004)
Total transactions with owners		-	-	-	-	-	(1,549,004)	(1,549,004)
Balance at 31 December 2025		**8,407,633**	**2,000,000**	**66,767,930**	**34,143,566**	**9,094**	**90,651,428**	**201,979,651**

The notes on pages 13 to 104 are an integral part of these combined financial statements.

Combined statement of cash flows

	Notes	Year ended 31 December 2025 €	2024 €
Cash flows from operating activities			
Cash generated from operations	37	**25,577,169**	32,925,504
Dividends received		**364,387**	389,193
Interest received	31	**465,702**	120,086
Interest paid	32	**(4,646,020)**	(5,373,852)
Tax paid		**(2,433,011)**	(3,873,555)
Net cash generated from operating activities		**19,328,227**	24,187,376
Cash flows from investing activities			
Payment for acquisition of subsidiaries, net of cash acquired	25	**-**	(6,855,283)
Investment in associate	8	**(8,000)**	-
Payments for property, plant and equipment	4	**(13,184,670)**	(15,026,437)
Proceeds from disposal of property, plant and equipment	4	**3,571,388**	2,542,918
Payments for investment property	6	**(1,213,489)**	(1,515,803)
Proceeds from disposal of investment property	6	**1,380,000**	12,901,875
Advances to associate	9	**(3,063,631)**	(2,550,000)
Repayments of advances to associate	9	**121,946**	191,227
Net cash used in investing activities		**(12,396,456)**	(10,311,503)
Cash flows from financing activities			
Proceeds from bank borrowings	20	**3,004,630**	9,608,544
Repayments of bank borrowings	20	**(12,242,015)**	(11,827,914)
Proceeds from loans from other related parties	20	**1,299,005**	1,000,000
Proceeds from borrowings from associate	20	**260,000**	135,000
Repayments of borrowings from associate	20	**-**	(190,000)
Principal element of lease payments	21	**(3,356,009)**	(3,102,500)
Dividends paid	36	**(1,549,004)**	(2,500,000)
Net cash used in financing activities		**(12,583,393)**	(6,876,870)
Net movements in cash and cash equivalents		**(5,651,622)**	6,999,003
Cash and cash equivalents at beginning of year		**(8,059,895)**	(15,058,898)
Cash and cash equivalents at end of year	14	**(13,711,517)**	(8,059,895)

The notes on pages 13 to 104 are an integral part of these combined financial statements.

Notes to the combined financial statements

1. Summary of material accounting policies

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

1.1 Basis of preparation

These combined financial statements have been prepared solely to assist the owners of the Mizzi Organisation to present the financial position and results of the entities forming part of the Mizzi Organisation.

These combined financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. The financial information has been prepared under the historical cost convention, as modified by the fair valuation of the land and buildings category within property, plant and equipment, investment property, and financial assets measured at fair value through other comprehensive income.

The preparation of combined financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires the directors of the entities forming part of the Mizzi Organisation to exercise their judgement in the process of applying the Organisation's accounting policies (see Note 3 - Critical accounting estimates and judgements).

Appropriateness of the going concern assumption in the preparation of the financial statements

As at 31 December 2025, the Organisation's current liabilities exceeded current assets by €3,969,862 (2024: €3,156,030). However, after excluding non-cash contract liabilities and other payments received in advance, the Organisation's current assets exceed current liabilities by €8,347,831 (2024: €6,098,520). On the basis of these considerations, the directors have a reasonable expectation, at the time of approving these financial statements, that the Organisation has adequate financial resources to continue in operational existence for the foreseeable future and that the Organisation will continue to manage its working capital position effectively within the context of a normalised liquidity management stance.

The Boards of Directors of Mizzi Organisation are comfortable with the financial position and performance of the companies forming part of the Organisation. The refinancing exercises effected in prior years have given the Organisation a fixed exposure when it comes to a significant portion of borrowing costs. This has created a hedge which will last for a number of years. Mizzi Organisation has over the years adopted highest levels of financial discipline which adds a layer of comfort to the Organisation's servicing obligations. Over the years, Mizzi Organisation Limited (a principal entity within the Organisation) has taken a treasury role within the Organisation which helps control and monitor the Organisation's overall loan exposure. The directors continue to adopt an approach of carrying out essential capital expenditure. The directors have also taken cognisance of the solid capital base and the diversity of the Organisation's business model of the companies within the Organisation. The directors consider the Organisation and all Mizzi Organisation companies to be a going concern. Hence the going concern assumption in the preparation of these financial statements is considered appropriate and there are no material uncertainties which may cast significant doubt about the ability of the Organisation and its companies to continue operating as a going concern.

1. **Summary of material accounting policies** - continued

1.1 **Basis of preparation** - continued

Standards, interpretations and amendments to published standards effective in 2025

In 2025, the Organisation adopted new standards, amendments and interpretations to existing standards that are mandatory for the Organisation's accounting period beginning on 1 January 2025. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the Organisation's accounting policies impacting the Organisation's financial results and position.

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 Organisation's accounting periods beginning after 1 January 2025. The Organisation has not early adopted these revisions to the requirements of IFRSs as adopted by the EU, and the Directors are of the opinion that there are no requirements that will have a possible significant impact on the Organisation's financial results and financial position in the period of initial application, other than what is described below.

IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027)

IFRS 18 (issued on 9 April 2024) was endorsed for use in the European Union on 16 February 2026 and is set to replace IAS 1 'Presentation of financial statements', introducing new requirements that will help to achieve comparability of the financial performance of similar entities, and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, particularly those related to the statement of financial performance. IFRS 18 will also require the disclosure of management-defined performance measures within the financial statements.

The Directors are currently assessing the implications of applying IFRS 18 on the financial statements.

The new standard will be applicable from its mandatory effective date of 1 January 2027, with retrospective application, meaning that comparative information will be restated to reflect the new presentation and disclosure requirements introduced.

The Mizzi Organisation

The Mizzi Organisation is not a legal entity and does not constitute an Organisation of companies within the meaning of the Maltese Companies Act (Cap. 386). The Organisation is a conglomerate of companies principally comprising Consolidated Holdings Limited and Mizzi Organisation Limited, together with all their respective subsidiaries, The General Soft Drinks Company Limited and GSD Marketing Limited, together with Mizzi EV Limited, which is considered to be an integral part of the Organisation's automotive business activity.

Ultimately, common individuals forming part of the Mizzi family and/or common individual companies owned by these individuals equally own the entities disclosed above. However these entities do not form a legal Organisation and fail to meet the definition of a 'Organisation' under the requirements of IFRSs as adopted by the EU. The financial results and financial position of these entities are not consolidated into the financial statements of a single legal company on a statutorily required basis, since no individual company owns or controls them. The companies constituting the Mizzi Organization are all owned by the same parties in the same proportions and are managed together as a single economic entity, notwithstanding the fact that a certain degree of autonomy and flexibility is granted to individual operating companies in the Organisation.

1. Summary of material accounting policies - continued

1.1 Basis of preparation - continued

These combined financial statements have been prepared on the basis of the assumption that the Mizzi Organisation has operated as a legal Organisation and a single consolidated entity. This financial information is not necessarily indicative of the Mizzi Organisation's financial position and financial performance that would have actually been presented had the Organisation actually operated as a legal Organisation and a single consolidated entity.

The combined financial statements for the Mizzi Organisation have been prepared by aggregating the consolidated financial statements of the companies constituting the Mizzi Organisation, since all these entities are under common management and control but do not form a legal Organisation. In terms of generally accepted accounting practice, all entities managed in this manner should be included in the combined financial statements.

The total authorised, issued and fully paid up share capital in the combined financial statements has been assumed to be the aggregate of all of the authorised, issued and fully paid up share capital of Consolidated Holdings Limited, Mizzi Organisation Limited, The General Soft Drinks Company Limited, GSD Marketing Limited and Mizzi EV Limited.

The aggregated financial information has been adjusted to eliminate the impacts of all intra-Organisation transactions and balances, and to reflect the appropriate classification of and accounting treatment for property owned by the Organisation taking cognisance of use of such assets from the Organisation's perspective. Accordingly, for the purposes of this combined financial information, property which is occupied by any company within the Mizzi Organisation is classified as property, plant and equipment and is accounted for in accordance with IAS 16 (refer to accounting policy 1.5) since such property would be considered as owner-occupied.

The entities forming part of the Mizzi Organisation, whose results and financial position affected the figures of the Organisation in these combined financial statements are shown below.

(i) <u>Consolidated Holdings Limited</u>

The principal activity of Consolidated Holdings Limited is the holding of investments. The registered address of the holding company is Mizzi Organisation Corporate Office, Testaferrata Street, Ta' Xbiex, Malta. The principal subsidiaries held directly by Consolidated Holdings Limited are as follows:

Name	**Principal activity**	**Registered office**	**Class of shares held**	**Percentage of shares held 2025 %**	**2024 %**
The Waterfront Hotel Limited	Owner and operator of 'The Waterfront Hotel'	Mizzi Organisation Corporate Office Testaferrata Street Ta' Xbiex Malta	Ordinary shares	**100**	100
			5% non-cumulative redeemable preference shares	**100**	100
Daka Ducting Manufacturing Limited	Provision of ducting works and other ancillary services	Mizzi Organisation Corporate Office Testaferrata Street Ta' Xbiex Malta	Ordinary shares	**100**	100

1. Summary of material accounting policies - continued

1.1 Basis of preparation - continued

(ii) Mizzi Organisation Limited

The principal activity of Mizzi Organisation Limited is the holding of investments and managing the affairs of the other companies within the Mizzi Organisation. This undertaking also acts as a financing function to the companies forming part of the Organisation. The registered address of the holding company is Mizzi Organisation Corporate Office, Testaferrata Street, Ta' Xbiex, Malta. The principal subsidiaries held directly by Mizzi Organisation Limited are as follows:

Name	Principal activity	Registered office	Class of shares held	Percentage of shares held 2025 %	2024 %
Mizzi Brothers Limited	Sale of clothes and similar goods from rented premises	Mizzi Organisation Corporate Office Testaferrata Street Ta' Xbiex Malta	Ordinary shares	**100**	100
Mizzi Estates Limited	Renting out of property, mainly to other companies forming part of the Mizzi Organisation, and sale of property development	Mizzi Organisation Corporate Office Testaferrata Street Ta' Xbiex Malta	Ordinary shares	**100**	100
Mizzi Organisation Finance p.l.c.	Finance and investment company in connection with the ownership, development, operation and financing of the business activities of the companies forming part of the Mizzi Organisation	Mizzi Organisation Corporate Office Testaferrata Street Ta' Xbiex Malta	Ordinary shares	**100**	100
Muscats Motors Limited	Importation and sale of motor vehicles and spare parts, together with the provision of other ancillary services	Muscats Garage Rue D' Argens Gzira Malta	Ordinary shares	**100**	100
Industrial Motors Limited	Importation and sale of motor vehicles and spare parts, together with the provision of other ancillary services	Antonio Bosio Street Msida Malta	Ordinary shares	**100**	100
United Acceptances Limited	Finance company which entails granting and administering hire purchase agreements	Mizzi Organisation Corporate Office Testaferrata Street Ta' Xbiex Malta	Ordinary shares	**100**	100

1. Summary of material accounting policies - continued

1.1 Basis of preparation - continued

Name	Principal activity	Registered office	Class of shares held	Percentage of shares held 2025 %	2024 %
Arkadia Marketing Limited	Owner and operator of shopping and commercial centres and the sale of foodstore and other goods	Mizzi Organisation Corporate Office Testaferrata Street Ta' Xbiex Malta	Ordinary shares	**100**	100
			5% non-cumulative redeemable preference shares	**100**	100
Arkadia Foodstores Ltd	Operator of a number of foodstore outlets	Mizzi Organisation Corporate Office Testaferrata Street Ta' Xbiex Malta	Ordinary shares	**100**	100
Continental Cars (Imports) Limited	Importation and sale of motor vehicles (non-trading)	Continental Garage Testaferrata Street Msida Malta	Ordinary shares	**100**	100
Continental Cars Limited	Importation and sale of motor vehicles and spare parts, together with the provision of other ancillary services	Continental Garage Testaferrata Street Msida Malta	Ordinary shares	**100**	100
Mizzi Lease Limited	Sale and leasing out of motor vehicles	Mizzi Lease Rue D'Argens Gzira Malta	Ordinary shares	**100**	100
Hubbalit Developments Limited	Owner of site for development (non-trading)	Mizzi Organisation Corporate Office Testaferrata Street Ta' Xbiex Malta	Ordinary shares	**100**	100
St. Paul's Court Limited	Owner of property (non-trading)	Mizzi Organisation Corporate Office Testaferrata Street Ta' Xbiex Malta	Ordinary shares	**100**	100

1. Summary of material accounting policies - continued

1.1 Basis of preparation - continued

Name	Principal activity	Registered office	Class of shares held	Percentage of shares held 2025 %	2024 %
Titan International Limited	Importation, sale and servicing of power, heating and ventilation equipment and lifts	Mizzi Organisation Corporate Office Testaferrata Street Ta' Xbiex, Malta	Ordinary shares	**100**	100
Mizzi Motors Limited	Sale and leasing out of motor vehicles	200, Rue D'Argens Gzira, Malta	Ordinary shares	**100**	100
Arkadia Retail Ltd.	Leasing out of retail spaces	Mizzi Organisation Corporate Office Testaferrata Street Ta' Xbiex, Malta	Ordinary shares	**100**	100
Mizzi Electric Auto Ltd.	Sale and leasing out of motor vehicles	203, Rue D'Argens Gzira, Malta	Ordinary shares	**40**	40

The latter entity is consolidated in these financial statements because it is deemed that Mizzi Organisation Limited has de facto control over the said entity taking cognisance of the rights to appoint all the members of the Board and of the actual composition of its Board. The remaining shareholding in Mizzi Electric Auto Ltd. is split between the other entities forming part of Mizzi Organisation as follows: Consolidated Holdings Limited 40% (2024: 40%) and Mizzi EV Limited 20% (2024: 20%).

The following subsidiary is held through Mizzi Lease Limited:

Name	Principal activity	Registered office	Class of shares held	Percentage of shares held 2025 %	2024 %
Institute of English Language Studies Limited	Provision of English language courses to foreign students and other related activities	IELS Matthew Pulis Street Sliema Malta	Ordinary shares	**100**	100

During the preceding financial year Mizzi Lease Limited acquired the remaining 50% shareholding and achievement of control in Institute of English Language Studies Limited, a former associate of the Organisation with 50% shareholding, (see Note 8), which hence became a wholly owned subsidiary of Mizzi Lease Limited and accordingly of Mizzi Organisation Limited. Information on this business combination is reflected within Note 25 to these financial statements.

1. Summary of material accounting policies - continued

1.1 Basis of preparation - continued

The subsidiaries held by Mizzi Organisation Limited through Mizzi Lease Limited, Continental Cars Limited and Muscats Motors Limited, in equal shareholding proportions of $33^1/_3$% each, are as follows:

Name	Principal activity	Registered office	Class of shares held	Percentage of shares held 2025 %	2024 %
All About Car Parts Limited	Importation and sale of motor vehicle spare parts	Mizzi Organisation Corporate Office Testaferrata Street Ta' Xbiex Malta	Ordinary shares	**100**	100
Mizzi Automotive Services Limited	Provision of panel beating, spray painting and other services in the automotive industry, together with sale of spare parts	Mizzi Organisation Corporate Office Testaferrata Street Ta' Xbiex Malta	Ordinary shares	**100**	100

(iii) The General Soft Drinks Company Limited

The principal activity of The General Soft Drinks Company Limited is the bottling of soft drinks and mineral water. The registered address of the company is Marsa Industrial Estate, Marsa, Malta.

(iv) GSD Marketing Limited

The principal activity of GSD Marketing Limited in the local beverage sector relates to the sale of bottled soft drinks, mineral water and other beverages together with the importation and sale of beer, other non-alcoholic beverages and consumables. The company acts as the sole point of focus for all customers of the Organisation's beverage activities. The registered address of the company is Marsa Industrial Estate, Marsa, Malta.

(v) Mizzi EV Limited

The principal activity of Mizzi EV Limited is the importation and sale and leasing of electrical motor vehicles. The registered address of the company is Mizzi EV, Rue D'Argens, Gzira, Malta.

1. Summary of material accounting policies - continued

1.1 Basis of preparation - continued

Associates of the Mizzi Organisation

The principal associates whose results, and financial position affected the figures of the Mizzi Organisation in this combined financial information are shown below.

(i) Consolidated Holdings Limited

Name	Principal activity	Registered office	Class of shares held	Percentage of shares held 2025 %	2024 %
Mizzi Associated Enterprises Limited	The ownership and operation of hotels, and the development of property for trading and rental purposes	Leisure House, 30, Archbishop Street Valletta Malta	Ordinary shares	**51**	51
Mellieha Bay Hotel Limited	Owner and operator of the 'Mellieha Bay Hotel'	Mellieha Bay Hotel Marfa Road, Ghadira Malta	Ordinary shares	**51**	51
AquaLuna Lido Ltd	Operator of a lido and related facilities	The Waterfront Hotel Triq ix-Xatt, Sliema Malta	Ordinary 'A' shares	**33 ⅓**	33 ⅓
Sliema Creek Lido Limited	Owns an emphyteutical grant concession for a lido	The Waterfront Hotel Triq ix-Xatt, Sliema Malta	Ordinary 'A' shares	**33 ⅓**	33 ⅓

The shareholding in AquaLuna Lido Ltd and Sliema Creek Lido Limited is held through The Waterfront Hotel Limited, a subsidiary of Consolidated Holdings Limited. All the other shareholdings are held directly by Consolidated Holdings Limited.

The proportion of the voting power held in Mizzi Associated Enterprises Limited and Mellieha Bay Hotel is 50%. Whilst the 51% shareholding in Mizzi Associated Enterprises Limited and Mellieha Bay Hotel Limited is held directly by Consolidated Holdings Limited, the other 49% shareholding is held by Alf. Mizzi & Sons Limited and Dunbar Holdings Ltd respectively. Neither of the shareholders of both entities are in a position to exercise a dominant influence on the respective company as they are only entitled under the company's Memorandum and Articles of Association to elect two directors each.

1. Summary of material accounting policies - continued

1.1 Basis of preparation - continued

ii) Mizzi Organisation Limited

Name	Principal activity	Registered office	Class of shares held	Percentage of shares held 2025 %	2024 %
The Players Group Limited	Holding of investment in Maltco Lotteries Limited	12, Office 03 Trejqet I- Imhazen Floriana, FRN 1143 Malta	Ordinary shares	**25**	25
Primax Limited	Holding of investments (non-trading)	Mizzi Organisation Corporate Office Testaferrata Street Ta' Xbiex Malta	Ordinary shares	**50**	50
Aqubix Limited	To deliver IT solutions and create and sell IT products	Office No. 6 Northlinik Business Centre Level 2 Triq Burmarrad, Naxxar, NXR 6345 Malta	Ordinary shares	**50**	50
Finopz Limited	To deliver IT solutions and create and sell IT products	111, Park street, Mayfair London, W1K 7JF United Kingdom	Ordinary shares	**50**	50
St. Julian's Maritime Finance Limited	The provision of lease contracts involving motor and sailing yachts and other maritime vessels	3201, Portomaso Portomaso Avenue, Portomaso Complex, St Julians, STJ 4011 Malta	Ordinary shares	**-**	22
St. Julian's Finance Limited	The provision of lease contracts involving motor and sailing yachts and other maritime vessels	3201, Portomaso Portomaso Avenue Portomaso Complex St. Julians STJ 4011 Malta	Ordinary shares	**19**	-

During the current year, the Organisation's shareholding in St. Julian's Maritime Finance Limited ("SJMF") was diluted from 22% to 19% as a result of shares issued to other shareholders on 9 May 2025. The effects of this deemed disposal on the consolidated and stand-alone financial statements are insignificant, also taking cognisance of the difference between the Organisation's share of the proceeds from the share issuance, and the proportion of the Organisation's carrying amount of the investment in "SJMF" prior to the share issuance, attributable to the decline in effective shareholding level. Following this transaction, on 18 July 2025, the Organisation Limited was allotted shares in St. Julian's Finance Limited ("SJF"), a newly incorporated entity, at the same proportion of holding as that of SJMF, i.e. 19% holding in SJF. Thereafter, on 14 November 2025, SJF issued further shares to its current shareholders to acquire SJMF through a share-for-share exchange. Accordingly, SJMF became wholly owned by SJF and the Organisation retained its 19% shareholding in SJF. The directors consider that the Group still retains significant influence over SJF in view of further shares that are held by a related party.

1. Summary of material accounting policies - continued

1.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the Organisation has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Organisation. They are de-consolidated from the date that control ceases.

The Organisation uses the acquisition method of accounting to account for business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Organisation. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Organisation recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Intra-Organisation transactions, balances and unrealised gains on transactions between entities forming part of Mizzi Organisation are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Organisation.

(b) Associates

Associates are all entities over which the Organisation has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. In the combined financial statements, investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Organisation's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment losses.

The Organisation's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Organisation's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Organisation does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Organisation and its associates are eliminated to the extent of the Organisation's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Organisation.

1. Summary of material accounting policies - continued

1.3 Functional and presentation currency

Items included in the financial statements of each of the Organisation's entities are measured using the currency of the primary economic environment in which each entity operates ('the functional currency'). The combined financial statements are presented in euro, which is the Organisation's functional currency and the presentation currency.

1.4 Business combinations involving entities under common control

Business combinations involving entities under common control are transactions in which all of the combining entities are controlled by the same party or parties before and after the transaction and that control is not transitory. The key feature of a transaction among entities under common control is that there is no change in the ultimate control of the combining entities as a result of the transaction. Control could be exercised by an Organisation of individuals that are all part of the same close family Organisation when they have the collective power to govern the financial and operating policies of the entity.

The Organisation has chosen to apply the pooling of interests method to account for transactions involving entities under common control. The Organisation accounts for business combinations involving entities under common control by recording:

a) the transaction as if it had already taken place at the beginning of the earliest period presented;
b) the assets and liabilities of the acquired entity using predecessor book values from the consolidated financial statements of the controlling party, and
c) the difference between the consideration given and the aggregate book value of the assets and liabilities of the acquired entity as an adjustment to equity.

When the controlling party does not prepare financial statements, the book values from the financial statements of the acquired entity are used.

1.5 Property, plant and equipment

All property, plant and equipment is initially recorded at historical cost. Land and buildings are subsequently shown at fair value, based on periodic valuations by professional valuers, less subsequent depreciation for buildings. Valuations are carried out on a regular basis such that the carrying amount of property does not differ materially from that which would be determined using fair values at the end of the reporting period. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is subsequently stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Borrowing costs which are incurred for the purpose of acquiring or constructing a qualifying asset are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway. Capitalisation of borrowing costs is ceased once the asset is substantially complete and is suspended if the development of the asset is suspended.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Organisation and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

1. **Summary of material accounting policies** - continued

1.5 Property, plant and equipment - continued

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as a revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged to other comprehensive income and debited against the revaluation reserve; all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to profit or loss) and depreciation based on the asset's original cost, net of any related deferred income taxes, is transferred from the revaluation reserve to retained earnings.

Depreciation is calculated using the straight-line method to allocate the cost or revalued amounts of the assets to their residual values over their estimated useful lives, as follows:

	%
Buildings	1 - 2
Improvements to premises	2 - 33⅓
Plant, machinery and operational equipment	5 - 33⅓
Furniture, fittings and office equipment	10 - 33⅓
Motor vehicles	10 - 33⅓

Freehold land is not depreciated as it is deemed to have an indefinite life. Assets in the course of construction and payments on account are not depreciated. Buildings and integral assets capitalised in respect of leasehold property are depreciated over the term of the property lease arrangement or over the estimated useful life of the assets if shorter than the lease term, ranging from ten to twenty years.

No depreciation is charged on linen, crockery, cutlery, glassware, uniforms and hotel loose tools. Normal replacements are charged to profit or loss.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Property, plant and equipment that suffered an impairment is reviewed for possible reversal of the impairment at the end of each reporting period.

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amount and are recognised in profit or loss. When revalued assets are disposed of, the amounts included in the revaluation reserve relating to the assets are transferred to retained earnings.

1. Summary of material accounting policies - continued

1.6 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Organisation, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property, when such identification is made. Investment property principally comprises land and buildings.

Investment property is measured initially at its historical cost, including related transaction costs and borrowing costs. Borrowing costs which are incurred for the purpose of acquiring or constructing a qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway. Capitalisation of borrowing costs is ceased once the asset is substantially complete and is suspended if the development of the asset is suspended. After initial recognition, investment property is carried at fair value, representing open market value determined annually. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Organisation uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections.

These valuations are reviewed regularly by a professional valuer. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value. Fair value measurement on property under construction is only applied if the fair value is considered to be reliably measurable. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Organisation and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

Changes in fair values are recognised in profit or loss. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its fair value at the date of the reclassification becomes its cost for subsequent accounting purposes. When the Organisation decides to dispose of an investment property without development, the Organisation continues to treat the property as an investment property. Similarly, if the Organisation begins to redevelop an existing investment property for continued future use as investment property, it remains an investment property during the redevelopment.

1. Summary of material accounting policies - continued

1.6 Investment property - continued

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation under IAS 16. Any resulting increase in the carrying amount of the property is recognised in profit or loss to the extent that it reverses a previous impairment loss; with any remaining increase recognised in other comprehensive income, directly to revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged to other comprehensive income against any previously recognised revaluation surplus; with any remaining decrease charged to profit or loss. Upon the disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

For a transfer from inventories to investment property, arising on changes in intended use as evidenced by commencement of an operating lease arrangement rather than sale, any difference between the property's fair value at the transfer date and its previous carrying amount within inventories shall be recognised in profit or loss.

1.7 Intangible assets

Franchise and licence rights

Franchise rights and licence rights are measured initially at historical cost. Franchise and licence rights have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of franchise and licence rights over their estimated useful lives (5 - 10 years).

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

1.8 Financial assets

Classification
The Organisation classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (through other comprehensive income); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will be recorded in other comprehensive income (OCI). For investments in equity instruments that are not held for trading, the Organisation is allowed to make an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Organisation reclassifies financial assets, comprising debt instruments when and only when its business model for managing those assets changes.

1. **Summary of material accounting policies** - continued

1.8 Financial assets - continued

Recognition and derecognition
The Organisation recognises a financial asset in its statement of financial position when it becomes a party to the contractual provisions of the instrument.

Regular way purchases and sales of financial assets are recognised on settlement date, the date on which an asset is delivered to or by the organisation. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Organisation has transferred substantially all the risks and rewards of ownership or has not retained control of the asset.

Measurement
At initial recognition, the Organisation measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset.

(a) Debt instruments
Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are subsequently measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented in the statement of profit or loss.

Accordingly, the Organisation subsequently measures its financial assets comprising of loans and advances, trade and other receivables and cash and cash equivalent at amortised cost.

(b) Equity instruments
The Organisation subsequently measures all equity investments at fair value. Where the Organisation's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss when the Organisation's right to receive payments is established.

Impairment
The Organisation assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Organisation applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables (see Note 2 for further details).

For hire purchase debtors and other receivables, the Organisation assesses on a forward-looking basis the expected credit losses ('ECL') on the basis of the 'three-stage' model for impairment outlined by IFRS 9, based on changes in credit quality since initial recognition (see Note 2 for further details).

1. **Summary of material accounting policies** - continued

1.8 Financial assets - continued

1.8.1 Trade and other receivables

Trade receivables comprise 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 normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less expected credit loss allowances.

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 Organisation holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

1.8.2 Amounts receivable from hire purchase debtors

An entity forming part of the Mizzi Organisation acquires and finances trade receivables arising from the sale of goods and services by other companies within the Organisation. These receivables are transferred to this entity upon origination, once hire purchase terms are granted upon sale of goods or services, at their face value with no rights of recourse whatsoever. Accordingly, credit loss allowances attributable to amounts receivable from hire purchase debtors are recognised in the entity's profit or loss.

Amounts receivable from hire purchase debtors are covered by bills of exchange for the face value of the debts financed together with the amount of the hire purchase interest element which would be earned over the entire period of credit. The interest element of the bills of exchange is accounted for as income and as a receivable from hire purchase debtors over the credit period as interest accrues with the passage of time. Acquired receivables are initially recognised at the face value or cost of the hire purchase debts financed. Subsequent to initial recognition, amounts receivable from hire purchase debtors are carried at the face value of the debts financed adjusted for the recognition of hire purchase interest income, less credit loss allowances in respect of these receivables. Provision for impairment of hire purchase receivables is further described in Note 2.

Receivables covered by bills of exchange factored out to bankers with an option to repurchase them at face value as they fall due are not derecognised from the Organisation's statement of financial position. The entity would have retained substantially all the risks and rewards of ownership of the hire purchase receivables which it factors out to bankers. The transferee does not have the ability to obtain the benefits of the receivables and the transferor retains substantially all the risks of the assets. Essentially these factoring facilities are accounted for as collateralised borrowings for an amount of the face value of the bills of exchange subject to interest charges.

Receivables covered by bills of exchange factored out to bankers without an option to repurchase them as they fall due are derecognised by the subsidiary since the transferor would have transferred substantially all the risks and rewards of ownership of the hire purchase receivables. The transferee has the ability to obtain the benefits of the underlying receivables i.e. the right to receive a stream of cash flows in the form of principal and interest amounts. The banker's right of recourse under this facility is limited to 15% of the value of the bills factored in the preceding six months, which is not deemed to be a transfer of risk in view of the limited recourse period. A financial liability would be recognised in this respect at fair value.

1. **Summary of material accounting policies** - continued

1.8 Financial assets - continued

1.8.3 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, bank overdrafts and the current portion of the factoring facility in respect of bills of exchange factored out. The bank overdrafts and the short-term portion of the facility in respect of bills of exchange factored out are shown within borrowings in current liabilities in the statement of financial position.

1.9 Inventories

Goods held for resale
Inventories are stated at the lower of cost and net realizable value. Cost is determined using the following methods:

- inventories of motor vehicles and motorcycles are valued by specifically identifying their individual costs;
- inventories of spare parts, stocks of goods held for resale and other stocks are valued on the weighted average cost method.
- inventories of hotel food, beverages and other related goods are valued using the first-in, first-out method.

The cost of inventories, including that of new materials, comprises the invoiced value of goods and, in general, includes transport and handling costs. The cost of manufactured finished goods comprises raw materials, direct labour, other direct costs and related production overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. In respect of container stocks, net realisable value is estimated by writing down the cost of these stocks to estimated residual values over their estimated useful life.

Property held for development and resale

When the main object of a property project is development for resale purposes, the asset is classified in the financial statements as inventories. Property is also classified as inventory, where there is a change in use of investment property evidenced by the commencement of development with a view to sale. Such property would be reclassified at the deemed cost, which is the fair value at the date of reclassification. Development property 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 costs incurred on demolition, site clearance, excavation, construction and other related activities. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. On disposal of a revalued asset, amounts in the revaluation reserve relating to that asset are transferred to retained earnings.

1. Summary of material accounting policies - continued

1.10 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. The composition of the share capital for the purpose of these combined financial statements is described in the Basis of preparation in Note 1.1.

1.11 Financial liabilities

The Organisation recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. The Organisation's financial liabilities, other than derivative contracts, are classified as financial liabilities measured at amortised cost, i.e. not at fair value through profit or loss under IFRS 9. Financial liabilities not at fair value through profit or loss are recognised initially at fair value, being the fair value of consideration received, net of transaction costs that are directly attributable to the acquisition or the issue of the financial liability. These liabilities are subsequently measured at amortised cost. The Organisation derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, is cancelled or expires.

1.11.1 Trade and other payables

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

1.11.2 Borrowings

Borrowings are recognised initially at the fair value of proceeds received, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Organisation has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

1.12 Derivative financial instruments and hedging

The Organisation elected to retain the provisions and accounting policies for derivative financial instruments that applied under IAS 39.

Derivative financial instruments consisting mainly of interest rate swap agreements, are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. The full fair value of hedging derivatives is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than twelve months, and as a current asset or liability if the remaining maturity of the hedged item is less than twelve months. Trading derivatives are classified as a current asset or liability.

1. **Summary of material accounting policies** - continued

1.12 Derivative financial instruments and hedging - continued

On the date a derivative contract is entered into, the Organisation designates certain derivatives as a hedge of a future cash flow attributable to a recognised asset or liability or a forecast transaction (cash flow hedge). Hedge accounting is used for derivatives designated in this way provided certain criteria are met. Under the requirements of IAS 39, the criteria for a derivative instrument to be accounted for as a cash flow hedge include:

- formal documentation of the hedging instrument, hedging item, hedging objective, strategy and relationship is prepared before hedge accounting is applied;
- the hedge is documented showing that it is expected to be highly effective in offsetting the risk in the hedged item throughout the reporting period; and
- the hedge is effective on an ongoing basis.

Accordingly, the Organisation documents at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives designated as hedges to specific assets and liabilities or to specific forecast transactions. The Organisation also documents its assessment, both at the hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that prove to be highly effective in relation to the hedged risk, are recognised in the hedging reserve in equity.

Where the forecast transaction results in the recognition of a non-financial asset or of a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Otherwise amounts deferred in equity are transferred to the income statement and classified as revenue or expense in the periods during which the hedged forecast transaction affects the income statement.

Certain derivative transactions, while providing effective economic hedges under the Organisation's risk management policies, do not qualify for hedge accounting under the specific rules in IAS 39 and are therefore treated as derivatives held for trading. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting under IAS 39 are recognised immediately in profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting under IAS 39, any cumulative gain or loss existing in equity at that time remains in equity and is recognised in profit or loss when the hedged forecast transaction affects profit or loss. However, if a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

The fair values of derivative instruments held for hedging purposes are disclosed in Note 23 to the financial statements.

1. Summary of material accounting policies - continued

1.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

1.14 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 the latter case, the tax is also recognised in other comprehensive income or directly in equity respectively.

Deferred tax is recognised in full, 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 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 substantially 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 on the fair valuation of property, plant and equipment is charged or credited directly to the revaluation reserve. Deferred tax on the difference between the actual depreciation on the asset and the equivalent depreciation based on the historical cost of the asset is realised through profit and loss.

Deferred tax assets are recognised 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 balances on a net basis.

1.15 Provisions

Provisions are recognised when the Organisation has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Costs related to the ongoing activities of the Organisation are not provided in advance. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

1. Summary of material accounting policies - continued

1.16 Revenue recognition

Revenues include all sales from the ordinary business activities of the Organisation. Ordinary activities do not only refer to the core businesses but also to other recurring sales of goods or rendering of services. Revenues are recorded net of value added tax. The Organisation's business includes various activities as disclosed in Note 26 'Revenue'.

(a) Sale of goods and services

Revenues are recognised in accordance with the provision of goods or services, provided that collectability of the consideration is probable.

IFRS 15 requires that at contract inception the goods or services promised in a contract with a customer are assessed and each promise to transfer to the customer the good or service is identified as a performance obligation. Promises in a contract can be explicit or implicit if the promise create a valid expectation to provide a good or service based on the customary business practices, published policies, or specific statements.

A contract asset must be recognised if an entity forming part of the Organisation recorded revenue for fulfillment of a contractual performance obligation before the customer paid consideration or before - irrespective of when payment is due - the requirements for billing and thus the recognition of a receivable exist.

A contract liability must be recognised when the customer paid consideration or a receivable from the customer is due before an entity forming part of the Organisation fulfilled a contractual performance obligation and thus recognised revenue.

Multiple-element arrangements involving the delivery or provision of multiple products or services must be separated into distinct performance obligations, each with its own separate revenue contribution that is recognised as revenue on fulfillment of the obligation to the customer. The total transaction price of a bundled contract is allocated among the individual performance obligations based on their relative - possibly estimated - standalone selling prices, i.e., based on a ratio of the standalone selling price of each separate element to the aggregated standalone selling prices of the contractual performance obligations.

Sales of beverages - wholesale

The Organisation manufactures and sells a range of beverage products in the wholesale market (including imported finished goods). Sales are recognised when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been delivered to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Organisation has objective evidence that all criteria for acceptance have been satisfied.

The beverage goods are also sold with retrospective volume discounts based on aggregate sales over a 12 months period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (within trade and other payables) would be recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present.

1. Summary of material accounting policies - continued

1.16 Revenue recognition - continued

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Sales of goods - retail

The Organisation sells goods on a retail basis across a number of business categories primarily motor vehicles and related spare parts, foodstore goods, clothing and other goods, and other equipment within the power, heating and ventilation sector. Sales of goods are recognised when the Organisation has delivered products to the customer and there are no unfulfilled obligations that could affect the customer's acceptance of the products. Delivery does not occur until the risks of obsolescence and loss have been transferred to the customer and the customer has accepted the products. Retail sales for foodstore goods, clothing and other goods is usually in cash or by credit card. Other sales can be either in cash or on credit.

Sales from services

The services offered by the Organisation, apart from services within the hospitality activity, are primarily those intrinsic to the goods sold on a retail basis noted above such as motor vehicles service and repair, and maintenance and repair services to the equipment within the power, heating and ventilation sector.

Revenue from services is generally recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Revenue arising from hospitality activities is recognised when the service is performed and/or when the goods (primarily food and beverage relating to restaurant and bar sales) are supplied upon performance of the service. Revenue is usually in cash, credit card or on credit.

Contracts - where revenue is recognised over time

When the outcome of a contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable; and contract costs are recognised when incurred.

When the outcome of a contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue and contract costs are recognised over the period of the contract, respectively, as revenue and expenses. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The Organisation uses the 'percentage of completion method' to determine the appropriate amount of revenue and costs to recognise in a given period. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed up to the end of the reporting period in relation to the estimated total costs for the contract. Costs incurred during the year that relate to future activity on a contract are excluded from contract costs in determining the stage of completion and are shown as contract work in progress within inventories.

The aggregate of the costs incurred and the profit or loss recognised on each contract is compared against the progress billings up to the end of the reporting period.

1. **Summary of material accounting policies** - continued

1.16 Revenue recognition - continued

The Organisation presents as a contract asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings, within trade and other receivables. The Organisation presents as a contract liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses), within trade and other payables.

IFRS 15 provides more detailed guidance on how to account for contract modifications. Changes must be accounted for either as a retrospective change (creating either a catch up or deferral of previously recorded revenues), prospectively with a reallocation of revenues amongst identified performance obligations, or prospectively as separate contracts which will not require any reallocation.

Customer loyalty programme

An organisation undertaking operates a loyalty programme where retail customers accumulate points for purchases made which entitle them to discounts on future purchases. A contract liability for the award points is recognised at the time of the sale. Revenue is recognised when the points are redeemed or when they are forfeited.

Property for development and resale

Sales of property are recognised when the significant risks and rewards of ownership of the property being sold are effectively transferred to the buyer. This is generally considered to occur at the later of the contract of sale and the date when all obligations relating to the property are completed such that possession of the property can be transferred in the manner stipulated by the contract of sale. Accordingly, revenue is recognised at a point in time when the legal title has passed to the customer. Amounts received in respect of sales that have not yet been recognised in the financial statements, due to the fact that the significant risks and rewards of ownership have not been transferred to the purchaser, are treated as contract liabilities – payments received in advance from customers and presented within trade and other payables.

Financing

The Organisation does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Organisation does not adjust any of the transaction prices for the time value of money.

(b) Rental income

Rents receivable and premia charged to clients are included in the financial statements as revenue. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments received under operating leases are credited to profit or loss on a straight-line basis over the period of the lease.

(c) Interest income

Interest income is recognised in profit or loss for all interest-bearing instruments as it accrues using the effective interest method. Bill commission income received upon commencement of a hire purchase agreement is in part refundable to the customer, in case of prepayments, on a proportional basis. Accordingly, these refundable fees are recognised in profit or loss on a straight- line basis over the term of the agreements.

1. **Summary of material accounting policies** - continued

1.16 Revenue recognition - continued

(d) Dividend income is recognised when the right to receive payment is established.

(e) Other operating income is recognised on an accrual basis unless collectability is in doubt.

1.17 Customer contract assets and liabilities

The timing of revenue recognition may differ from customer invoicing. Trade receivables presented in the statement of financial position represent an unconditional right to receive consideration (primarily cash), i.e. the services and goods promised to the customer have been transferred.

By contrast, contract assets mainly refer to amounts allocated per IFRS 15 as compensation for goods or services provided to customers for which the right to collect payment is subject to providing other services or goods under that same contract. Contract assets, like trade receivables, are subject to impairment for credit risk purposes. The recoverability of contract assets is also assessed, especially to address the risk of impairment should the contract be interrupted.

Contract liabilities represent amounts paid by customers before receiving the goods and/or services promised in the contract. This is typically the case for advances received from customers or amounts invoiced and paid for goods or services not transferred yet (previously recognised in deferred income).

1.18 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Organisation will comply with all attached conditions. Government grants related to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs they are intended to compensate.

Government grants related to assets, i.e. in respect of the purchase of property, plant and equipment, are included in liabilities as deferred government grants, and are credited to profit or loss on a straight-line basis over the expected lives of the related assets, presented under ‘Other operating income’.

Grants related to income are presented as a deduction in reporting the related expense.

1.19 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or a series of payments, the right to use an asset for an agreed period of time.

An undertaking is the lessee

At inception of a contract, an entity shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Organisation.

1. Summary of material accounting policies - continued

1.19 Leases - continued

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Organisation.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Organisation under residual value guarantees;
- the exercise price of a purchase option if the Organisation is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Organisation exercising that option.

Where property leases contain variable payment terms that are linked to sales generated from respective outlets, the related variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Organisation, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Organisation:

- where possible, uses recent third-party financing received by the lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Organisation, where there is no third party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received; and
- any initial direct costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Organisation is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

1. Summary of material accounting policies - continued

1.19 Leases - continued

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of properties, the following factors are normally the most relevant in considering to extend (or not terminate):

- if there are significant penalties to terminate (or not extend), the Organisation undertaking is typically reasonably certain to extend (or not terminate); and
- if any leasehold improvement are expected to have a significant remaining value, the Organisation undertaking is typically reasonably certain to extend (or not terminate).
- Otherwise, the Organisation undertaking considers other factors including historical lease durations and the costs and business disruption required to replace the leased assets.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Organisation becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

An undertaking is the lessor

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position and are accounted for in accordance with Note 1.5. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the lease term. The Organisation did not need to make any adjustments to the accounting for assets held as lessor as a result of the adoption of the new leasing standard.

1.20 Borrowing costs

Borrowing costs which are incurred for the purpose of acquiring or constructing qualifying property, plant and equipment or investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway, during the period of time that is required to complete and prepare the asset for its intended use. Capitalisation of borrowing costs is ceased once the asset is substantially complete and is suspended if the development of the asset is suspended. All other borrowing costs are expensed. Borrowing costs are recognised for all interest-bearing instruments on an accrual basis using the effective interest method. Interest costs include the effect of amortising any difference between initial net proceeds and redemption value in respect of interest-bearing borrowings.

1.21 Employee benefits

Post-employment benefits

The Organisation has set up a post-employment scheme in the form of a defined benefit plan. A defined benefit plan defines an amount of post-employment benefit that an employee will receive on retirement. In the case of the company, this amount is dependent on an employee' s final compensation upon resignation/end of contract, as well as completed months/years of service. The liability recognised in the statement of financial position in respect of a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period, together with adjustments for unrecognised past service costs.

1. Summary of material accounting policies - continued

1.21 Employee benefits - continued

A defined benefit obligation is calculated annually using the projected unit credit method. The present value of a defined benefit obligation is determined by discounting the estimated future cash outflows using interest rate yields of government or high- quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related post- employment benefit liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in profit or loss.

Long-term employee benefits

The Organisation has set up a long-term employee benefit scheme in the form of a defined benefit plan. Long-term employee benefits are employee benefits (other than post-employment benefits) that are not expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the service that gives rise to the benefit. Under the company's scheme, the long-term employee benefits are dependent on senior management employees' achievement of identifiable performance objectives and defined periods of service. Long-term employee benefits are accounted for in the same way as post-employment benefits referred to above, utilising the accounting principles applicable to defined benefit plans and obligations, with the exception that remeasurements are recognised immediately through profit or loss.

1.22 Dividend distribution

Dividend distribution to the shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the shareholders.

1.23 Assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

2. Financial risk management

2.1 Financial risk factors

The Organisation's activities potentially expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Organisation's overall risk management, covering risk exposures for all companies constituting the Mizzi Organisation, focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Organisation's financial performance. The board of directors governing all Mizzi Organisation entities provides principles for overall risk management, as well as policies covering risks referred to above and specific areas such as investment of excess liquidity. The Organisation uses derivative financial instruments to hedge certain interest rate risk exposures.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which are denominated in a currency that is not the respective entity's functional currency. A portion of the Organisation's purchases are denominated in US dollar, Japanese yen and sterling and accordingly the Organisation is exposed to foreign exchange risk arising from such purchases. The exposures from financial instruments attributable to such purchases and the resultant exchange differences recognised in profit or loss are not deemed material in the context of the Organisation's figures.

The Organisation's revenues, purchases and other expenditure, financial assets and liabilities, including financing, are mainly denominated in euro, except as outlined above. As outlined previously, management does not consider foreign exchange risk attributable to recognised liabilities arising from purchase transactions denominated in foreign currencies to be significant. Balances denominated in foreign currencies are settled within very short periods in accordance with the negotiated credit terms. Also, foreign exchange risk attributable to future transactions is not deemed to be material since the respective undertakings manage the related risk by reflecting, as far as is practicable, the impact of exchange rate movements registered with respect to purchases in the respective sales prices. Accordingly, the Organisation is not significantly exposed to foreign exchange risk, and a sensitivity analysis for foreign exchange risk disclosing how profit or loss and equity would have been affected by changes in foreign exchange rates that were reasonably possible at the end of the reporting period is not deemed necessary.

(ii) Cash flow and fair value interest rate risk

The Organisation's significant instruments which are subject to fixed interest rates primarily consist of certain loans and advances (Note 10), amounts receivable from hire purchase debtors (Note 12), bonds issued to the public (Note 20), certain bank borrowings as disclosed in Note 20, lease liabilities (Note 21) and certain other payables (Note 19). In this respect, the Organisation is potentially exposed to fair value interest rate risk in view of the fixed interest nature of these instruments, which are however measured at amortised cost.

The Organisation's interest rate risk principally arises from bank borrowings (Note 20), including bills of exchange factored out to bank, issued at variable rates, which expose the Organisation to cash flow interest rate risk. Management monitors the impact of changes in market interest rates on amounts reported in profit or loss in respect of these instruments. In prior years, the principal holding company of the Organisation entered into cash flow hedging agreements in respect of the variability of future floating interest payments on particular bank facilities. As at 31 December 2025, the notional amount of the outstanding interest rate swap contracts was €1.5 million (2024: €4.3 million) - refer to Note 23.

2. Financial risk management - continued

Based on this analysis, considering the extent of net floating rate instruments post hedging, management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the end of the reporting period, applied to the net floating rate instruments as at 31 December 2025, to be immaterial and accordingly the level of interest rate risk is contained. The Organisation's operating cash flows are substantially independent of changes in market interest rates.

(iii) Price risk

The Organisation is exposed to commodity price risk in relation to purchases of certain raw materials. The related entity enters into contractual arrangements for the procurement of these raw materials at variable market prices but at the end of the reporting period there were no outstanding contractual commitments in this respect. Management does not consider the potential impact of a defined shift in commodity prices on profit or loss to be significant, particularly in view of the weighting of purchases of such raw materials in relation to the Organisation's total purchases.

The Organisation is exposed to equity securities price risk in view of investments held by the Organisation which have been classified in the combined statement of financial position as financial assets at FVOCI. To manage its price risk arising from investments in equity securities, the Organisation diversifies its portfolio in terms of listing status and business sectors of investees.

A portion of the Organisation's investments are quoted on the Malta Stock Exchange (refer to Note 9) and are accordingly incorporated in the MSE equity index. The impact of a reasonable possible shift in the MSE equity index on the Organisation's income statement and revaluation reserve is not deemed significant in the context of the Organisation's reported figures. The analysis is based on the assumption that the equity indices had increased/decreased by 5% at the end of the reporting period, with all other variables held constant, and that all the equity instruments listed on the Malta Stock Exchange moved according to the historical correlation with the index. Another portion of the Organisation's investments are in unlisted private companies (refer to Note 9).

(b) Credit risk

Credit risk principally arises from cash and cash equivalents, advances to related parties and credit exposures to customers, including outstanding debtors and committed transactions. The Organisation's exposures to credit risk at the end of the reporting period are analysed as follows:

	2025	2024
	€	€
Financial assets measured at amortised cost:		
Loans and advances (Note 10)	**6,502,597**	3,560,912
Trade and other receivables (Note 11)	**55,419,429**	56,380,575
Cash and cash equivalents (Note 14)	**12,466,781**	13,953,471
	74,388,807	73,894,958

	2025	2024
	€	€
Financial assets measured at fair value:		
Derivative instruments (Note 23)	**13,990**	68,059

2. **Financial risk management** - continued

The maximum exposure to credit risk at the end of the reporting period in respect of the financial assets mentioned above is equivalent to their carrying amount as disclosed in the respective notes to the financial statements. The Organisation does not hold significant collateral as security in this respect. The figures disclosed in the table above in respect of trade and other receivables exclude advance payments to suppliers, prepayments and indirect taxation.

Derivative financial instruments

As noted in Note 2.1(a) the Organisation entered into interest rate swap agreements with a local financial institution having a high quality standard or rating. The resultant fair value asset as at 31 December 2025 exposes the Organisation to credit risk but no credit losses are expected with respect to the cash inflows arising from these hedging arrangements taking into account the credit quality of the counterparty. Information about the undiscounted cash inflows is disclosed in Note 2.1(c).

Cash and cash equivalents

Entities forming part of the Mizzi Organisation principally bank with local and European financial institutions with high-quality standing or rating. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified expected credit loss is insignificant.

Loans receivable from associates and other amounts owed by associates and other related parties

The Organisation's receivables include loans receivable from associates and other amounts owed by associates and other related parties (Notes 10 and 11). The Organisation monitors credit exposures with related parties at an individual entity level on a regular basis and ensures timely performance of these assets in the context of overall Organisation liquidity management. The Organisation assesses the credit quality of these related parties taking into account financial position, performance and other factors. The Organisation takes cognisance of the related party relationship with these entities and management does not expect any significant losses from non-performance or default.

The loans to associates are categorised as Stage 1 for IFRS 9 purposes (i.e. performing) in view of the factors highlighted above. The expected credit loss allowances on such loans are based on the 12-month probability of default, capturing 12-month expected losses, and hence are considered insignificant.

Since the other balances owed by associates and other related parties are repayable on demand, expected credit losses are based on the assumption that repayment of the balance is demanded at the reporting date. Accordingly, the expected credit loss allowance attributable to such balances is insignificant.

Trade and other receivables (including contract assets)

The Organisation's debtors comprise trade receivables arising from the core operations of the Mizzi Organisation companies, amounts receivable from hire purchase debtors in respect of financing provided by an undertaking and other receivables from customers in relation to contractual obligations. The Organisation assesses the credit quality of its customers, the majority of which are unrated, taking into account financial position, past experience and other factors. It has policies in place to ensure that sales of products, sales of services and financing transactions are effected with customers with an appropriate credit history. The Organisation monitors the performance of its trade, hire purchase and other receivables on a regular basis to identify incurred and expected collection losses, which are inherent in the Organisation's debtors, taking into account historical experience in collection of accounts receivable.

2. Financial risk management - continued

In view of the nature of the Organisation's activities and the markets in which it operates, a limited number of customers account for a certain percentage of the Organisation's trade and other receivables, particularly in respect of amounts receivable from hire purchase debtors and the other receivables from customers in relation to contractual obligations. Generally, these customers trade frequently with the respective entities forming part of the Mizzi Organisation and are deemed by management to have a positive credit standing, usually taking cognisance of the performance history without defaults.

The Organisation manages credit limits and exposures actively in a practicable manner such that past due amounts receivable from customers are within controlled parameters. The Organisation's receivables, which are not credit impaired financial assets, are principally debts in respect of transactions with customers for whom there is no recent history of default. Management does not expect any significant losses from non-performance by these customers.

Impairment of trade receivables (including contract assets)

The Organisation applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. Contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Organisation has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for contract assets.

The expected loss rates are based on the payment profiles of sales over a period of time before the reporting date 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 ability of the customers to settle the receivables. The Organisation adjusts the historical loss rates based on expected changes in these factors. Credit loss allowances include specific provisions against credit impaired individual exposures with the amount of the provisions equivalent to the balances attributable to credit impaired receivables. On that basis, the loss allowance for the Organisation's trade receivables as at 31 December 2025 and 2024 was determined as follows:

As at 31 December 2025	Up to 30 days past due	31 to 60 days past due	61 to 90 days past due	91 to 120 days past due	+120 days past due	Total
Expected loss rate	0.2% - 4.6%	0.3% - 5.7%	0.4% - 6.3%	0.5% - 25%	1% - 100%	
Gross carrying amount (€)	**17,177,605**	**2,293,650**	**1,650,398**	**504,564**	**8,982,396**	**30,608,613**
Loss allowance (€)	**491,130**	**53,292**	**54,707**	**23,015**	**3,818,649**	**4,440,793**

As at 31 December 2024	Up to 30 days past due	31 to 60 days past due	61 to 90 days past due	91 to 120 days past due	+120 days past due	Total
Expected loss rate	0.2% - 4.6%	0.3% - 5.7%	0.4% - 6.3%	0.5% - 25%	1% - 100%	
Gross carrying amount (€)	17,378,429	2,094,239	1,273,077	710,600	7,580,669	29,037,014
Loss allowance (€)	531,038	55,203	38,575	27,647	3,781,278	4,433,741

2. Financial risk management - continued

The Organisation engages in routine monitoring of the account activity and repayment patterns of its trade receivables. Customers are segmented based on shared credit risk characteristics predominantly by economic sector, and accordingly receivables pertaining to certain higher risk segments are subjected to more rigorous monitoring. The Organisation also engages in monitoring information available on macroeconomic factors affecting customer repayment ability, with a view to also assess the respective actual and projected repayment ability of the customers serviced by the Organisation. The Organisation determines expected credit loss rates by taking cognisance of the projected impact on the repayment ability of the Organisation's customers, the repayment pattern actually experienced, and the estimated life of trade receivables. As at 31 December 2025, the Organisation retained the same expected credit loss rates as those applied as at 31 December 2024.

The expected loss rates disclosed in the tables above reflect the fact that the 100% loss rate is triggered for receivables which are primarily past due by 365 days or more.

The Organisation established an allowance for impairment that represented its estimate of expected credit losses in respect of trade receivables. The individually credit impaired trade receivables mainly relate to a number of independent customers which are in unexpectedly difficult economic situations, and which are accordingly not meeting repayment obligations. Hence, provisions for impairment in respect of credit impaired balances with corporate trade customers relate to entities which are in adverse trading and operational circumstances. Reversals of provisions for impairment of credit impaired receivables arise in those situations where customers recover from unfavourable circumstances and accordingly start meeting repayment obligations. The Organisation does not hold any significant collateral as security in respect of the credit impaired assets. The movements in credit loss allowances of these receivables are disclosed in Note 27.

Trade receivables and contract assets 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 Organisation, and a failure to make contractual payments for a period of greater than a year past due. Credit losses on trade receivables and contract assets are presented as net expected credit losses and other impairment charges within administrative expenses under operating profit. Subsequent recoveries of amounts written off are credited against the same line item.

Ageing analysis of trade receivables

As at 31 December 2025, trade receivables of €2,504,977 (2024: €1,965,901) were past due but not credit impaired. Such past due debtors comprise mainly debts allocated to the over 180 days past due category. These past due debtors mainly relate to a number of independent customers for whom there is no recent history of default. Whilst a limited number of customers account for a certain percentage of the Organisation's past due debts, management has not identified any major concerns with respect to concentration of credit risk as outlined above.

Categorisation of receivables as past due is determined by the Organisation on the basis of the nature of the credit terms in place and credit arrangements actually utilised in managing exposures with customers. At 31 December 2025 and 2024, the carrying amount of trade receivables that would otherwise be past due or credit impaired whose terms have been renegotiated is not deemed material in the context of the Organisation's trade receivables figures.

2. Financial risk management - continued

Impairment of hire purchase debtors and other receivables

Entities within the Mizzi Organisation that carry hire purchase debtors and other receivables, assess on a forward-looking basis the expected credit losses ('ECL') on the basis of the 'three-stage' model for impairment outlined by IFRS 9, based on changes in credit quality since initial recognition as summarised below:

- Hire purchase debtors and other receivables that are not credit impaired on initial recognition are classified in 'Stage 1' and their credit risk is continuously monitored by the Organisation. Their ECL is measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the receivables are moved to 'Stage 2' but are not yet deemed to be credit impaired.
- If the receivables are credit impaired, they are then moved to 'Stage 3'.
- Instruments in 'Stage 2' or 'Stage 3' have their ECL measured based on expected credit losses on a lifetime basis. A description of inputs and assumptions used in measuring the ECL are outlined below.

The assessment of SICR incorporates forward-looking information and is reviewed on a periodic basis. As required by IFRS 9, the respective entities presumptively consider that a SICR generally occurs when an asset is more than 30 days past due. The entities determine days past due by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. The probability of default (PD) is also derived from internally compiled statistics and other historical data, adjusted to reflect forward-looking information.

The assessment to determine the extent of increase in credit risk attributable to hire purchase debtors and receivables since initial recognition is performed by considering the change in the risk of default occurring over the remaining life of the receivable. As a result, the definition of default is important and considers qualitative (such as non-adherence to terms and conditions of agreement and overdue status) and quantitative factors where appropriate.

The entities determine that a receivable is in default (or credit impaired and accordingly stage 3 for IFRS 9 purposes) by considering relevant objective evidence, primarily whether contractual payments of either principal or interest are past due for more than 180 days (2024: 180 days) for any material credit obligations and whether there are other indicators that the debtor is unlikely to pay.

The default definition has been applied consistently to model the probability of default (PD), exposure at default (EAD) and Loss Given Default (LGD) throughout the respective entity's expected loss calculations.

Impairment of hire purchase debtors and other receivables: Explanation of inputs

The ECL is measured on either a 12-month or on a lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit impaired. Expected credit losses are the product of the PD, EAD and LGD.

The PD represents the likelihood of a customer defaulting on its financial obligation either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. Accordingly, the 12-month and lifetime PDs represent the probability of default occurring over the next 12 months and the remaining maturity of the receivable, respectively.

2. Financial risk management - continued

EAD represents the expected exposure in the event of a default. The EAD of a financial asset is the gross carrying amount at default. The 12-month and lifetime EADs are determined based on the expected payment profiles.

LGD represents management's expectation of the extent of loss on a defaulted exposure. Hence, the LGD represents expected credit losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of any collateral value at the time it is expected to be realised and the time value of money.

The loss allowance for hire purchase receivables and other receivables from customers in relation to contractual arrangements as at 31 December 2025 and 2024 was determined as follows:

Hire purchase debtors

As at 31 December 2025	Stage 1	Stage 2	Stage 3	Total
Probability of default (PD)	**5%**	**22.5%**	**100%**	
Loss given default (LGD)	**100%**	**100%**	**100%**	
Gross carrying amount (EAD) - €	**15,783,641**	**3,316,414**	**5,827,930**	**24,927,985**
Loss allowance (€)	**789,182**	**746,193**	**5,827,930**	**7,363,305**

As at 31 December 2024	Stage 1	Stage 2	Stage 3	Total
Probability of default (PD)	5%	22.5%	100%	
Loss given default (LGD)	100%	100%	100%	
Gross carrying amount (EAD) - €	18,286,924	3,788,492	5,873,975	27,949,391
Loss allowance (€)	914,346	852,411	5,873,975	7,640,732

Other receivables from customers in relation to contractual arrangements

As at 31 December 2025	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Probability of default (PD)	**5-7.5%**	**20%**	**100%**	
Loss given default (LGD)	**100%**	**100%**	**100%**	
Gross carrying amount (EAD) - €	**5,543,384**	**499,023**	**1,364,982**	**7,407,389**
Loss allowance (€)	**379,483**	**99,805**	**1,364,982**	**1,844,270**

As at 31 December 2024	Stage 1	Stage 2	Stage 3	Total
Probability of default (PD)	7.5%	20%	100%	
Loss given default (LGD)	100%	100%	100%	
Gross carrying amount (EAD) - €	5,161,296	1,054,550	1,359,843	7,575,689
Loss allowance (€)	387,097	210,910	1,359,843	1,957,850

Credit loss allowances include specific provisions against credit impaired individual exposures with the amount of the provisions being equivalent to the balances attributable to credit impaired receivables.

2. **Financial risk management** - continued

The Organisation established an allowance for impairment that represented its estimate of expected credit losses in respect of hire purchase debtors and other receivables. The individually credit impaired receivables mainly relate to a number of independent debtors which are in unexpectedly difficult economic situations and which are accordingly not meeting repayment obligations. Reversals of provisions for impairment of credit impaired receivables arise in those situations where customers recover from unfavourable circumstances and accordingly start meeting repayment obligations. The Organisation does not hold any significant collateral as security in respect of the credit impaired assets. The movements in credit loss allowances of these receivables are disclosed in Note 27.

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 Organisation, and a failure to make contractual payments for a period of greater than a year past due. Credit losses are presented as net expected credit losses and other impairment charges within administrative expenses under operating profit. Subsequent recoveries of amounts written off are credited against the same line item.

Ageing analysis of hire purchase debtors

As at 31 December 2025 amounts receivable from hire purchase debtors of €2,927,173 (2024: €3,031,910) were past due but not credit impaired. These mainly relate to a number of independent customers for whom there is no recent history of default. Categorisation of hire purchase receivables as past due is determined by the Organisation on the basis of the nature of the credit terms in place and credit arrangements actually utilised in managing exposures with customers.

The ageing analysis of these past due but not credit impaired hire purchase receivables is as follows:

	2025	2024
	€	€
Up to 3 months	**2,328,995**	2,499,208
4 to 5 months	**598,178**	532,702
	2,927,173	3,031,910

2. Financial risk management - continued

Ageing analysis of other receivables from customers in relation to contractual arrangements

As at 31 December 2025 other receivables from customers in relation to contractual arrangements of €785,995 (2024: €843,640) were past due but not credit impaired. These mainly relate to a number of independent customers for whom there is no recent history of default. Categorisation of other receivables from customers in relation to contractual arrangements as past due is determined by the Organisation on the basis of the nature of the credit terms in place and credit arrangements actually utilised in managing exposures with customers.

(c) Liquidity risk

The Organisation is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise borrowings (Note 20), trade and other payables (Note 19) and lease liabilities (Note 21). Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the Organisation's obligations.

The Organisation's liquidity risk is actively managed by ensuring that net cash inflows from the Organisation's trading operations are monitored in relation to cash outflows arising from the Organisation's borrowings, principally bonds and bank borrowings, covering principal and interest payments as reflected in the table below. The key objective of the Organisation's liquidity management process is that of channelling a regular stream of net cash flows to fund bond and bank interest and capital repayment obligations and strengthening the Organisation's reserves with the residual amounts.

Management monitors liquidity risk by reviewing expected cash flows, and ensures that no additional financing facilities are expected to be required over the coming year. This is also performed at a central treasury function which controls the overall liquidity requirements of Mizzi Organisation within certain parameters. The Organisation's liquidity risk is actively managed taking cognisance of the matching of cash inflows and outflows arising from expected maturities of financial instruments, together with the Organisation's committed bank borrowing facilities and other financing that it can access to meet liquidity needs.

In this respect management does not consider liquidity risk to the Organisation as significant taking into account the liquidity management process referred to above.

The tables below analyse the Organisation's principal financial liabilities into relevant maturity groupings based on the remaining term at the end of the reporting period to the contractual maturity date. The amounts disclosed in the tables below are the contractual undiscounted cash flows relating to continuing operations. Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant.

2. Financial risk management - continued

	Less than 1 year €	Between 1 and 2 years €	Between 2 and 5 years €	Over 5 years €	Total €
At 31 December 2025					
Lease liabilities	**3,085,590**	**3,074,564**	**7,588,373**	**11,213,761**	**24,962,288**
Bank borrowings	**37,173,331**	**4,747,966**	**5,180,761**	**5,011,415**	**52,113,473**
Bonds issued to the general public	**1,642,500**	**1,642,500**	**4,927,500**	**46,642,500**	**54,855,000**
Loans from related party	**1,150,000**	**-**	**-**	**-**	**1,150,000**
Trade and other payables	**54,223,121**	**-**	**-**	**-**	**54,223,121**
At 31 December 2024					
Lease liabilities	3,537,980	3,375,217	9,856,264	37,850,630	54,620,091
Bank borrowings	35,405,221	10,798,917	6,822,735	6,505,238	59,532,111
Bonds issued to the general public	1,642,500	1,642,500	4,927,500	48,285,000	56,497,500
Loans from related party	990,000	-	-	-	990,000
Trade and other payables	59,127,768	-	-	-	59,127,768

The table below analyses the Organisation's derivative financial instruments that will be settled on a net basis into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table below are the projected contractual undiscounted cash flows.

	Less than 1 year €	Between 1 and 2 years €	Between 2 and 5 years €	Total €
At 31 December 2025				
Interest rate swaps				
- Inflows	**15,898**	**-**	**-**	**15,898**

	Less than 1 year €	Between 1 and 2 years €	Between 2 and 5 years €	Total €
At 31 December 2024				
Interest rate swaps				
- Inflows	63,278	10,957	-	74,235

2. Financial risk management - continued

2.2 Capital risk management

The Organisation's capital is managed at the level of Mizzi Organisation by reference to the aggregate level of equity and borrowings or debt as disclosed in the respective consolidated financial statements of Consolidated Holdings Limited and Mizzi Organisation Limited, together with the financial statements of The General Soft Drinks Company Limited, GSD Marketing Limited and Mizzi EV Limited. The capital of the entities forming part of the Mizzi Organisation, which have been mentioned above, is managed on an aggregate basis by the Organisation as if they were organised as one entity. The Organisation's objectives when managing capital are to safeguard the Organisation'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 entities forming part of the Organisation may issue new shares or adjust the amounts of dividends paid to shareholders.

The Organisation monitors the level of capital on the basis of the ratio of aggregated net debt to total capital. Net debt is calculated as total borrowings (as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as equity, as shown in the statement of financial position, plus net debt. The aggregated figures in respect of the Organisation's equity and borrowings are reflected below:

	2025	2024
	€	€
Total borrowings	**98,012,764**	101,417,350
Less: cash and cash equivalents	**(12,466,781)**	(13,953,471)
Net debt	**85,545,983**	87,463,879
Total equity	**201,979,651**	196,635,350
Total capital	**287,525,634**	284,099,229
Net debt/total capital	**30%**	31%

The Organisation manages the relationship between equity injections and borrowings, being the constituent elements of capital as reflected above, with a view to managing the cost of capital. The level of capital of the Organisation, as reflected in the combined statement of financial position, is maintained by reference to its respective financial obligations and commitments arising from operational requirements. In view of the nature of the Organisation's activities and the extent of borrowings or debt, the capital level at the end of the reporting period determined by reference to the combined financial statements is deemed adequate by the directors of the entities forming part of the Organisation.

2.3 Fair values of financial instruments

The Organisation is required by IFRS 7, 'Financial instruments: Disclosures' to disclose for financial instruments that are measured in the statement of financial position at fair value, fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly i.e. as prices, or indirectly i.e. derived from prices (level 2).
- Inputs for the asset or liability that are not based on observable market data i.e. unobservable inputs (level 3).

2. Financial risk management - continued

2.3.1 Financial instruments carried at fair value

The Organisation's interest rate swap agreements (refer to Note 23) are fair valued on the basis of a valuation technique based on discounted cash flows determined by reference to forward interest rates at the end of the reporting period. Accordingly, the derivative financial instruments are categorised as Level 2 instruments since initial recognition.

The fair value of financial assets at FVOCI consisting of equity securities traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer or broker and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Organisation is the current bid price. The fair value of financial assets at FVOCI consisting of equity securities that are not traded in an active market (for instance, investments in unlisted local private companies) is mainly estimated by reference to the net asset backing of the investee and the use of valuation techniques, principally discounted cash flow models. When the Organisation uses valuation techniques, it makes assumptions that are based on market conditions existing at the end of each reporting period. The underlying objective is that valuation techniques used are supported by observable market prices or rates, as much as possible, since their variables would include only data from observable markets. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The Organisation's financial assets comprising equity securities with a carrying amount of €1,092,393 (2024: €728,263) are categorised as level 1 instruments since these investments are listed in an active market. These assets have been categorised as level 1 since initial recognition. With respect to investments with a carrying amount of €2,933,468 (2024: €2,122,293) the fair value is determined by reference to level 2 categorisation and is deemed to approximate carrying amounts.

2.3.2 Financial instruments not carried at fair value

At 31 December 2025 and 2024 the carrying amounts of cash at bank, receivables, payables, accrued expenses and short-term borrowings reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation. The fair value of advances to related parties and other balances with related parties which are short-term or repayable on demand is equivalent to their carrying amounts.

The fair value of non-current financial instruments for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Organisation for similar financial instruments. The carrying amount of the Organisation's non-current advances to related parties and the Organisation's non-current hire purchase and other receivables fairly approximates the estimated fair value of these assets based on discounted cash flows. The fair value of the Organisation's non-current bank borrowings and borrowings from related parties, at the end of the reporting period is not significantly different from the carrying amounts. The carrying amounts of the other financial liabilities as at 31 December 2025, comprising lease liabilities, are reasonable estimates of their fair value. The current market interest rates utilised for discounting purposes, which were almost equivalent to the respective instruments' contractual interest rates, are deemed observable and accordingly these fair value estimates have been categorised as level 2 within the fair value measurement hierarchy. Information on the fair value of the bonds issued to the general public is disclosed in Note 20 to the financial statements. The fair value estimate in this respect is deemed Level 1 as it constitutes a quoted price in an active market.

3. Critical accounting estimates and judgements

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 combined 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.

As referred to in Notes 4 and 6 to this combined financial information, the Organisation's land and buildings category of property, plant and equipment and investment property are fair valued on the basis of professional advice.

4. Property, plant and equipment

	Land, buildings and improvements to premises	Plant, machinery and operational equipment	Furniture, fittings and office equipment	Motor vehicles	Assets in the course of construction and payments on account	Total
	€	€	€	€	€	€
At 1 January 2024						
Cost or valuation	121,179,314	43,876,901	38,275,531	23,907,963	126,255	227,365,964
Accumulated depreciation and impairment losses	(36,182,651)	(36,377,018)	(28,165,695)	(14,059,669)	-	(114,785,033)
Net book amount	84,996,663	7,499,883	10,109,836	9,848,294	126,255	112,580,931
Year ended 31 December 2024						
Opening net book amount	84,996,663	7,499,883	10,109,836	9,848,294	126,255	112,580,931
Revaluation surplus arising during the year (Note 16)	2,073,989	-	-	-	-	2,073,989
Additions	397,705	1,861,140	2,220,386	8,666,284	134,767	13,280,282
Business combinations (Note 25)	17,604,214	120,000	395,786	-	-	18,120,000
Reclassifications	-	-	261,022	-	(261,022)	-
Disposals	-	(169,069)	(601,677)	(4,069,544)	-	(4,840,290)
Depreciation charge	(1,812,529)	(1,778,848)	(2,455,236)	(2,814,625)	-	(8,861,238)
Depreciation released on disposals	-	155,381	588,799	2,295,087	-	3,039,267
Closing net book amount	103,260,042	7,688,487	10,518,916	13,925,496	-	135,392,941
At 31 December 2024						
Cost or valuation	141,255,222	45,688,972	40,551,048	28,504,703	-	255,999,945
Accumulated depreciation and impairment losses	(37,995,180)	(38,000,485)	(30,032,132)	(14,579,207)	-	(120,607,004)
Net book amount	103,260,042	7,688,487	10,518,916	13,925,496	-	135,392,941

4. Property, plant and equipment – continued

	Land, buildings and improvements to premises	Plant, machinery and operational equipment	Furniture, fittings and office equipment	Motor vehicles	Total
	€	€	€	€	€
Year ended 31 December 2025					
Opening net book amount	103,260,042	7,688,487	10,518,916	13,925,496	135,392,941
Additions	2,528,721	1,823,696	1,974,823	6,610,329	12,937,569
Disposals	-	(1,769,042)	(151,981)	(5,215,738)	(7,136,761)
Depreciation charge	(1,933,867)	(1,820,735)	(2,446,072)	(3,228,953)	(9,429,627)
Depreciation released on disposals	-	1,762,116	67,751	2,606,864	4,436,731
Classified as held for sale (Note 34)	(231,300)	(1,584,580)	(1,626,446)	-	(3,442,326)
Closing net book amount	**103,623,596**	**6,099,942**	**8,336,991**	**14,697,998**	**132,758,527**
At 31 December 2025					
Cost or valuation	133,426,104	42,245,125	38,271,656	29,833,047	243,775,932
Accumulated depreciation and impairment losses	(29,802,508)	(36,145,183)	(29,934,665)	(15,135,049)	(111,017,405)
Net book amount	**103,623,596**	**6,099,942**	**8,336,991**	**14,697,998**	**132,758,527**

Fair valuation of property

A specific property of the Organisation was last revalued on 31 December 2024 as reflected in the table above, while the other principal elements of the Organisation's land and buildings, within property, plant and equipment, were last revalued in preceding financial years. All valuations were carried out by independent professionally qualified valuers. The book values of these properties have been adjusted to the revaluation and the resultant surplus, net of applicable deferred income taxes, has been credited to the revaluation reserve in shareholders' equity (Note 16). These valuations were made on the basis of open market value taking cognisance of the specific location of the property, the size of the site together with its development potential, the availability of similar properties in the area, and whenever possible, having regard to recent market transactions for similar properties in the same location.

The Organisation is required to analyse non-financial assets carried at fair value by level of the fair value hierarchy within which the recurring fair value measurements are categorised in their entirety (Level 1, 2 or 3). The different levels of the fair value hierarchy have been defined as fair value measurements using:

- Quoted prices (unadjusted) in active markets for identical assets (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- Inputs for the asset that are not based on observable market data (that is, unobservable inputs) (Level 3).

4. **Property, plant and equipment** - continued

The Organisation's land and buildings, within property, plant and equipment, consists of operational premises that are owned and managed by companies forming part of the Organisation. The Organisation's investment property comprises property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies constituting the Organisation (refer to Note 6). All the recurring property fair value measurements at the end of each financial period presented use significant unobservable inputs and are accordingly categorised within Level 3 of the fair valuation hierarchy.

The Organisation's policy is to recognise transfers into and out of fair value hierarchy levels as of the beginning of the reporting period. There were no transfers between different levels of the fair value hierarchy during the current and preceding financial years.

A reconciliation from the opening balance to the closing balance of property for recurring fair value measurements categorised within Level 3 of the fair value hierarchy, for the current financial year, is reflected in the table above and in Note 6 for investment property.

Property classified within property, plant and equipment having a carrying amount of €36,550,000 (2024: €36,550,000) and other property classified within investment property with a carrying amount of €13,300,000 (2024: €13,300,000), have not been revalued since acquisition or initial recognition. The directors have assessed the fair values of these properties at 31 December 2025 and 2024, which fair values were deemed to fairly approximate the carrying amounts.

Structural and ancillary integral improvements to a particular property in Valletta are categorised within the land, buildings and improvements to premises category in property, plant and equipment. During 2025, the Organisation resolved to exit the business operation related to this property and the carrying amount of these improvements, together with other operational equipment within the same property, for an aggregate amount of €3,442,326, was classified as Assets held for sale (refer to Note 34 for further details in this respect). The carrying amount of the improvements referred to previously has been impaired in prior years so as to reflect the recoverable amount of the related assets, and the impairment charges were recognised in profit or loss. The recoverable amount of the assets was determined by reference to their value in use on the basis of discounted cash flows emanating from operations attributable to these assets. The principal assumptions used in the discounted cash flows were increased EBITDA levels to €379,000 by 2029. The free cash flows were discounted at a rate ranging from 8.4% and 10.3% after also considering working capital movements and capital expenditure. This property in Valletta is subject to a 65 year emphyteutical grant entered into in 2016. Management's assessment was based on a series of initiatives that the directors were contemplating to enhance the business operations in the future years but in the context of the current operational set up. Should the property be operated in a different way from its present use, with a different mode of operation, the recoverable amount of the property could give rise to a higher value. The recoverable amount might also be higher in the event of a disposal transaction, taking cognisance of the property's potential. As at 31 December 2025 the carrying amount of the said structural and integral improvements amounted to €0.2 million (2024: €0.3 million), whilst the carrying amount of other operational equipment and fittings within the same property amounted to €3.2 million (2024: €3.5 million).

4. Property, plant and equipment - continued

Valuation processes

The valuations of the properties are performed regularly on the basis of valuation reports prepared
by third party qualified valuers and other valuation assessments prepared by management. These reports are based on both:

- information provided by the Organisation which is derived from the respective company's financial systems and is subject to the Organisation's overall control environment; and
- assumptions and valuation models used by the valuers/management; with assumptions being typically market related and based on professional judgement and market observation.

The information provided to the valuers utilised by management, together with the assumptions and the valuation models used by the valuers/management, are reviewed by designated officers within the Mizzi Organisation. This includes a review of fair value movements over the period. When the designated officers consider that the valuation report or assessment is appropriate, the report is recommended to the Board of directors. The Board then considers the report as part of its overall responsibilities.

At the end of every reporting period, the designated officers assess whether any significant changes or developments have been experienced since the last valuation report or assessment. This analysis is usually supported by an assessment performed by the third-party property valuers or management depending on the complexity of the property being valued. The officers report to the Board on the outcome of this assessment, which might indicate the requirement of a valuation report by third party valuers.

Valuation techniques

The external valuations of the Level 3 property have been performed using a multi-criteria approach, with every property being valued utilising the valuation technique considered by the external valuer to be the most appropriate for the respective property. In those instances where the valuation technique applied to a specific property's fair valuation has been modified, this change was effected to attain a more representative measurement of fair value. Throughout this process, the highest and best use of certain properties has been revised taking cognisance of the outcome of the valuation method applied.

In view of a limited number of similar or comparable properties and property transactions, comprising sales or rentals in the local market, the valuations have been performed using unobservable inputs. The significant inputs to the approaches used are generally those described below:

- Adjusted sales comparison approach: a sales price per square metre related to transactions in comparable properties located in proximity to the respective property, with significant adjustments for differences in the size, age, exact location and condition of the property. The term airspace is a conceptual unit representing a packet of three-dimensional accessible, usable and developable space. The concept of sales price factor per airspace or square metre is the value expected to be fetched on the open market and represents the present value of the property after deduction of all development, refurbishment and related costs.

- Yield methodology: an annual rent rate per square metre (also related to comparable properties or transactions and adjusted as described above) together with a market capitalisation rate utilised for capitalisation of rental income streams. Where applicable, costs to completion (determined by reference to cost per square metre), which must be incurred for the property to generate the envisaged rental income streams, are also taken into account.

4. Property, plant and equipment - continued

- Discounted cash flow ("DCF") approach: considers the free cash flows arising from the projected income streams expected to be derived from the operation of the property, discounted to present value using an estimate of the weighted average cost of capital that would be available to finance such an operation. The significant unobservable inputs utilised with this technique include:

Earnings before interest, tax, depreciation and amortisation (EBITDA)	based on projected income streams less operating expenditure necessary to operate the property, but prior to depreciation and financing charges;
Growth rate	based on management's estimated average growth of EBITDA levels, mainly determined by projected growth in income streams;
Discount rate	reflecting the current market assessment of the uncertainty in the amount and timing of projected cash flows. The discount rate reflects the estimated weighted average cost of capital that would be available for financing such an operation. The discount rate is based on an assumed debt to equity ratio; estimation of cost of equity is based on risk free interest rates adjusted for country risk and equity risk premium adjusted for entity-specific risk factor; estimation of cost of debt is based on risk free interest rates adjusted for country risk and assumed credit spread.

4. Property, plant and equipment - continued

Information about fair value measurements using significant unobservable inputs (Level 3) as at 31 December 2025 for the Organisation's entire property portfolio:

Description by class based on highest and best use	Fair value at 31 December 2025 €000	Valuation technique	Significant unobservable input	Range of unobservable inputs (weighted average)
Current use as commercial premises	**500**	Adjusted sales comparison approach	Sales price per square metre (€)	700 - 2,000 (1,670)
	32,110	Yield methodology	Annual rent per square metre (€)	31 - 320 (190)
			Capitalisation rate (%)	6.5 - 9.0 (6.8)
	21,400	DCF approach	EBITDA	€1,526,000 in 2026
			Growth rate	3% per annum
			Discount rate	9% (post tax)
			Perpetuity yield	7%
	20,600	DCF approach	EBITDA	€3,130,000 in 2026
			Growth rate	3% per annum
			Discount rate	9.1% (post tax)
			Perpetuity yield	7.1%
Redevelopment into residential/commercial premises	**15,830**	Adjusted sales comparison approach	Residential and Commercial airspace sales price per square metre (€)	150 – 1,100 (800)
			Residential: sales price factor per square metre (€)	615 - 1,220 (780)
			Commercial: sales price factor per square metre (€)	880 - 1,550 (1,270)

4. **Property, plant and equipment** - continued

Description by class based on highest and best use	Fair value at 31 December 2025 €000	Valuation technique	Significant unobservable input	Range of unobservable inputs (weighted average)
Marketed for residential use	**11,100**	Adjusted sales comparison approach	Sales price per residential unit (€)	155,000 - 355,000 (236,000)
Development for commercial use	**3,900**	Adjusted sales comparison approach	Sales price per square metre (€)	1,100 - 3,600 (2,000)
Developable land for residential/commercial use	**18,200**	Adjusted sales comparison approach	Residential: sales price factor per square metre (€)	800
			Commercial: sales price factor per square metre (€)	450 - 480 (470)
			Sales price per car parking space (€)	22,000
Extended commercial premises	**18,630**	Yield methodology	Annual rent per square metre (€)	110 – 1,200 (900)
			Capitalisation rate (%)	7.5
	10,150	Adjusted sales comparison approach	Residential: sales price factor per square metre (€)	300
			Commercial: sales price factor per square metre (€)	660

4. Property, plant and equipment - continued

Information about fair value measurements using significant unobservable inputs (Level 3) as at 31 December 2024 for the Organisation's entire property portfolio:

Description by class based on highest and best use	Fair value at 31 December 2024 €000	Valuation technique	Significant unobservable input	Range of unobservable inputs (weighted average)
Current use as commercial premises	**510**	Adjusted sales comparison approach	Sales price per square metre (€)	700 - 2,000 (1,670)
	32,270	Yield methodology	Annual rent per square metre (€)	31 - 320 (190)
			Capitalisation rate (%)	6.5 - 9.0 (6.8)
	21,200	DCF approach	EBITDA Growth rate Discount rate Perpetuity yield	€1,485,000 in 2025 3% per annum 9% (post tax) 7%
	20,480	DCF approach	EBITDA Growth rate Discount rate Perpetuity yield	€3,160,000 in 2025 3% per annum 9.2% (post tax) 7.1%
Redevelopment into residential/commercial premises	**15,860**	Adjusted sales comparison approach	Residential and Commercial airspace sales price per square metre (€)	615 - 1,220 (800)
			Residential: sales price factor per square metre (€)	615 - 1,220 (780)
			Commercial: sales price factor per square metre (€)	540 - 1,550 (1,270)

4. **Property, plant and equipment** - continued

Description by class based on highest and best use	Fair value at 31 December 2024 €000	Valuation technique	Significant unobservable input	Range of unobservable inputs (weighted average)
Marketed for residential use	11,100	Adjusted sales comparison approach	Sales price per residential unit (€)	155,000 - 335,000 (236,000)
Development for commercial use	3,900	Adjusted sales comparison approach	Sales price per square metre (€)	1,100 - 3,600 (2,000)
Developable land for residential/commercial use	18,100	Adjusted sales comparison approach	Residential: sales price factor per square metre (€)	800
			Commercial: sales price factor per square metre (€)	450 - 480 (470)
			Sales price per car parking space (€)	22,000
Extended commercial premises	17,600	Yield methodology	Annual rent per square metre (€)	110 – 1,200 (800)
			Capitalisation rate (%)	7.5
	10,150	Adjusted sales comparison approach	Residential: sales price factor per square metre (€)	300
			Commercial: sales price factor per square metre (€)	660

4. Property, plant and equipment - continued

With respect to the adjusted sales comparison approach, the higher the sales price per square metre, the sales price per residential unit, or the sales price factor per square metre, the higher the resultant fair valuation.

In relation to the yield methodology, the higher the rental amount per square metre, the higher the resultant fair valuation, but conversely, the lower the market capitalisation rate and the costs to completion per square metre (where applicable), the higher the resultant fair valuation.

Regarding the DCF approach, an increase in the projected levels of EBITDA and growth rate would result in an increased fair value of the property, whereas a higher discount rate would give rise to a lower fair value.

With the exception of the first and third property classes presented in the tables above, the highest and best use of the Organisation's properties differs from their current use taking cognisance of the potential for development, redevelopment or further development of the respective properties.

The Organisation's revalued land and buildings within property, plant and equipment are primarily classified in the following categories:

	2025	2024
	€000	€000
Class as presented in tables above		
Current use as commercial premises	**33,720**	33,770
Redevelopment into residential/commercial premises	**2,920**	2,950
Developable land for residential/commercial use	**2,200**	2,200
Extended commercial premises	**27,630**	27,760
	66,470	66,680

If the land and buildings were stated on the historical cost basis, the amounts would be as follows:

	2025	2024
	€	€
Cost	**50,604,503**	58,433,621
Accumulated depreciation and impairment losses	**(18,977,986)**	(27,222,795)
Net book amount	**31,626,517**	31,210,826

Bank borrowings in the name of undertakings forming part of the Mizzi Organisation are secured on the major assets constituting the Organisation's land and buildings category.

4. Property, plant and equipment - continued

Other disclosures

The category of motor vehicles disclosed in the main 'Property, plant and equipment' table above comprises motor vehicles leased out under operating leases as follows:

	At 31 December 2025 €	At 31 December 2024 €	At 1 January 2024 €
Cost	**13,812,461**	12,801,391	10,134,625
Accumulated depreciation	**(3,936,973)**	(3,834,280)	(3,653,630)
Net book amount	**9,875,488**	8,967,111	6,480,995

The movement in the net book amount of leased motor vehicles is analysed as follows:

	2025 €	2024 €
Year ended 31 December		
Opening net book amount	**8,967,110**	6,480,995
Additions	**3,670,040**	4,844,347
Disposals	**(2,658,970)**	(2,177,581)
Depreciation charge	**(1,944,850)**	(1,666,878)
Depreciation released on disposals	**1,842,158**	1,486,228
Closing net book amount	**9,875,488**	8,967,111

5. Right-of-use assets

The Organisation's leasing activities

The Organisation leases various properties from third parties. Rental contracts are typically made for a fixed period ranging from 4 to 12 years but may have extension options to renew the lease after the original period as described below. A particular undertaking also has a number of leases for certain warehouse equipment. Such rental contracts are typically made for fixed periods between 5 and 10 years but may have extension options to renew the lease after the original period as described below.

The Organisation also has a 65 year emphyteutical grant, for land in Marsa entered into in 2005 and another 65 year emphyteutical grant for a particular property in Valletta entered into in 2016, for which the Organisation resolved during 2025 to exit the related operation (refer to Note 34 for further details on the Organisation's decisions on this property). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, and leased assets are not used as security for borrowing purposes.

Extension and termination options are included in the majority of the Organisation's leases. These terms are used to maximise operational flexibility in respect of managing contracts. The majority of extension and termination options held are exercisable only by the Organisation and not by the respective lessor. In respect of the majority of lease arrangements, the extension periods have been included in determining lease term for the respective arrangement.

5. **Right-of-use assets** - continued

The statement of financial position reflects the following assets relating to leases:

	2025	2024
	€	€
Properties	**15,155,368**	29,118,495
Warehouse equipment	**2,004,528**	2,220,290
Total right-of-use assets	**17,159,896**	31,338,785

The movement in the carrying amount of these assets is analysed in the following table:

	2025	2024
	€	€
As at 1 January	**31,338,785**	27,875,630
Additions	**165,851**	6,153,879
Reassessment attributable to changes in payments based on an index	**-**	941,158
Derecognition upon termination of agreement	**-**	(1,115,375)
Classified as held for sale (Note 34)	**(11,502,702)**	-
Depreciation	**(2,842,038)**	(2,516,507)
As at 31 December	**17,159,896**	31,338,785

The reassessment of lease liabilities in prior years reflected in the table above relates to the increase in lease payments attributable to a specific lease on the basis of revisions to the five-year price index in accordance with the terms of the respective lease agreement. These changed lease payments have given rise to an equivalent increase in both right-of-use assets and lease liabilities for an amount of €941,158.

During the preceding year, the Organisation terminated certain lease agreements which resulted in the derecognition of specific right-of-use assets and of the corresponding lease liabilities, with a net impact reflected in profit or loss that was not considered significant for disclosure purposes.

Amounts recognised in profit or loss

The income statement reflects the following amounts relating to leases:

	2025	2024
	€	€
Depreciation charge of right-of-use assets		
- Properties	**2,542,687**	2,267,475
- Warehouse equipment	**299,351**	249,032
	2,842,038	2,516,507
Interest expense (included in finance costs - see notes 32 and 34)	**1,119,775**	1,042,839

Other amounts recognised in profit or loss are disclosed in Note 27.

6. Investment property

	2025	2024
	€	€
Year ended 31 December		
Opening carrying amount	**98,441,700**	108,962,509
Additions resulting from subsequent expenditure	**650,449**	984,993
Gains from changes in fair value (Note 17)	**516,920**	1,396,073
Disposals	**(1,380,000)**	(12,901,875)
Closing carrying amount	**98,229,069**	98,441,700
At 31 December		
Cost	**44,269,820**	44,372,453
Fair value gains	**53,959,249**	54,069,247
Carrying amount	**98,229,069**	98,441,700

The Organisation's investment properties are valued annually on 31 December at fair value, by professionally qualified valuers having appropriate recognised professional qualifications and experience in the location and category of the property being valued. Valuations are determined on the basis of open market value taking cognisance of the specific location of the property, the size of the site together with its development potential, the availability of similar properties in the area and, whenever possible, having regard to recent market transactions for similar properties in the same location.

Disclosures required in terms of IFRS 13 in relation to fair value measurements attributable to investment property are presented in Note 4. The Organisation's investment property is reflected within all classes presented in the table in Note 4, with the exception of the class representing extended commercial premises.

If the investment property was stated on the historical cost basis, the amounts would be as follows:

	2025	2024
	€	€
Cost	**44,269,820**	44,372,453
Accumulated depreciation	**(7,378,128)**	(6,478,869)
Net book amount	**36,891,692**	37,893,584

As at 31 December 2025, bank borrowings in the name of undertakings forming part of the Mizzi Organisation are secured on the Organisation's investment property with a fair value of €71,486,000 (2024: €71,486,000) - refer to Notes 20 and 39(a).

6. Investment property - continued

Investment property disclosed above includes property leased out under operating leases as follows:

	At 31 December 2025 €	At 31 December 2024 €	At 1 January 2024 €
Cost	**26,892,834**	26,890,498	20,662,893
Fair value gains	**16,080,031**	16,080,031	12,637,195
Carrying amount	**42,972,865**	42,970,529	33,300,088

The movement in the carrying amount of leased property is analysed as follows:

	2025 €	2024 €
Year ended 31 December		
Opening carrying amount	**42,970,530**	33,300,088
Newly leased property during the year	**-**	9,627,438
Additions resulting from subsequent expenditure	**2,336**	43,004
Closing carrying amount	**42,972,866**	42,970,530

7. Intangible assets

	Franchise and license rights 2025 €	2024 €
At 1 January		
Cost	**719,457**	719,547
Accumulated amortisation	**(241,491)**	(182,259)
Net book amount	**477,966**	537,288
Year ended 31 December		
Opening net book amount	**477,966**	537,288
Amortisation charge	**(59,322)**	(59,322)
Closing net book amount	**418,644**	477,966
At 31 December		
Cost	**719,457**	719,547
Accumulated amortisation	**(300,813)**	(241,581)
Net book amount	**418,644**	477,966

8. Investments in associates

	2025 €	2024 €
Year ended 31 December		
Opening carrying amount	**22,546,472**	23,949,450
Additions	**8,000**	-
Share of profits	**688,434**	692,128
Dividends received	**(244,433)**	(235,555)
Share of other comprehensive income:		
Revaluation surplus on land and buildings (Note 16)	-	5,425,872
Share of movement in deferred tax liability on revalued land and buildings of an associate determined in the basis applicable to property disposals (Note 16)	**(958,565)**	-
Derecognition upon acquisition of remaining shareholding and achievement of control (see Note below and Note 25)	-	(7,285,423)
Closing carrying amount	**22,039,908**	22,546,472

	2025 €	2024 €
At 31 December		
Cost	**7,023,353**	7,015,353
Provisions for impairment	**(10,000)**	(10,000)
Share of profits and reserves	**15,026,555**	15,541,119
Carrying amount	**22,039,908**	22,546,472

The Organisation's share of profits of the associates, disclosed in the tables above and in profit or loss, is after tax and non-controlling interests in the associates.

Disclosure requirements emanating from IFRS 12 'Disclosure of interests in other entities'

SJMF and SJF are two independent and licensed European yacht leasing companies, managed by experienced staff and supported by strong local and international shareholders, banks, and business partners. Aqubix is an experienced IT consultancy business offering a flexible approach in business analysis and technical architecture. Finopz is a company based in London, set up to focus on automating operations within the financial sector. Mizzi Associated Enterprises Limited's principal activity is the ownership and the development of property for trading and rental purposes. The principal activity of Mellieha Bay Hotel Limited is the ownership of the Mellieha Bay Hotel. With respect to the other associates, Sliema Creek Lido Limited has an emphyteutical grant concession of 65 years, for a particular property in Gzira, that commenced in 2018, which it leases out to AquaLuna Lido Ltd to manage and operate a lido operation. All the associates' principal place of business is in Malta, except for Finopz.

The above investments provide strategic partnerships for the Mizzi Organisation providing economies of scale and depth within business sectors which are targeted by the Organisation for diversification or consolidation purposes. All the associates' principal place of business is based in Malta except for Finopz Limited.

8. Investments in associates - continued

The investments in these associates, which are unlisted private companies, are measured using the equity method in accordance with the Organisation's accounting policy. Summarised financial information for these associates is set out below.

Summarised balance sheets

	Mizzi Associated Enterprises Limited Consolidated financial information		**Mellieha Bay Hotel**	
	2025	2024	**2025**	2024
	€	€	**€**	€
ASSETS				
Non-current assets	**1,859,317**	1,848,231	**62,585,022**	47,122,962
Current assets				
Cash and cash equivalents	**32,978**	18,128	**287,300**	283,636
Other current assets	**1,152,065**	879,224	**2,815,805**	190,130
Total current assets	**1,185,043**	897,352	**3,103,105**	473,766
Total assets	**3,044,360**	2,745,583	**65,688,127**	47,596,728
LIABILITIES				
Non-current liabilities				
Other liabilities	**-**	-	**28,598,159**	10,399,175
Current liabilities				
Trade and other payables	**148,739**	289,083	**2,802,249**	792,965
Other liabilities	**17,735**	5,096	**-**	-
Total current liabilities	**166,474**	294,179	**2,802,249**	792,965
Total liabilities	**166,474**	294,179	**31,400,408**	11,192,140
Net assets	**2,877,886**	2,451,404	**34,287,719**	36,404,588

8. Investments in associates - continued

	AquaLuna Lido Ltd		Sliema Creek Lido Limited	
	2025	2024	**2025**	2024
	€	€	**€**	€
ASSETS				
Non-current assets	**152,821**	122,550	**413**	458
Current assets				
Cash and cash equivalents	**99,133**	437,827	**5,227**	65,210
Other current assets	**523,160**	119,637	**163,374**	133,888
Total current assets	**622,293**	557,464	**168,601**	199,098
Total assets	**775,114**	680,014	**169,014**	199,556
LIABILITIES				
Current liabilities				
Trade and other payables	**461,991**	382,045	**167,566**	200,292
Other liabilities	**310,095**	296,091	**-**	541
Total liabilities	**772,086**	678,136	**167,566**	200,833
Net assets	**3,028**	1,878	**1,448**	(1,277)

	Aqubix Limited		Finopz Limited	
	2025	2024	**2025**	2024
	€	€	**€**	€
ASSETS				
Non-current assets	**547,728**	568,422	**3,967,035**	3,896,781
Current assets				
Cash and cash equivalents	**280,198**	143,381	**1,390,519**	586,918
Other current assets	**1,188,816**	1,016,932	**100,264**	149,656
Total current assets	**1,469,014**	1,160,313	**1,490,783**	736,574
Total assets	**2,016,742**	1,728,735	**5,457,818**	4,633,355
LIABILITIES				
Non-current liabilities				
Financial liabilities	**154,630**	154,630	**-**	-
Current liabilities				
Trade and other payables	**435,725**	571,061	**1,514,764**	445,332
Other liabilities	**457,736**	455,376	**-**	-
Total current liabilities	**893,461**	1,026,437	**1,514,764**	445,332
Total liabilities	**1,048,091**	1,181,067	**1,514,764**	445,332
Net assets	**968,651**	547,668	**3,943,054**	4,188,023

8. Investments in associates - continued

	SJF/ SJMF Consolidated financial information	
	2025	2024
	€	€
ASSETS		
Non-current assets	**161,929,359**	111,239,116
Current assets		
Cash and cash equivalents	**2,413,685**	2,117,266
Other current assets	**5,066,287**	2,399,042
Total current assets	**7,479,972**	4,516,308
Total assets	**169,409,331**	115,755,424
LIABILITIES		
Non-current liabilities		
Financial liabilities	**160,522,922**	110,222,365
Current liabilities		
Trade and other payables	**2,676,749**	1,347,052
Other financial liabilities	**5,363**	95,200
Total current liabilities	**2,682,112**	1,442,252
Total liabilities	**163,205,034**	111,664,617
Net assets	**6,204,297**	4,090,807

The Organisation's respective share of the net assets reflected in the above tables in respect of AquaLuna Lido Limited, Sliema Creek Lido Limited and SJF/SJMF is in substance equivalent to the carrying amount of its investment in the associates. The Organisation's share of the net assets of Mizzi Associated Enterprises Limited and Mellieha Bay Hotel Limited extracted from the respective financial statements, does not reflect the Organisation's carrying amount of the investments in the respective entities. The difference arises as a result of fair value adjustments effected at the time that Mizzi Associated Enterprises Limited acquired Mellieha Bay Hotel Limited in prior years. Similarly, the Organisation's share of the net assets of Aqubix Limited and Finopz Limited extracted from the respective financial statements, does not reflect the Organisation's carrying amount of these investments in the respective entities. The difference is principally attributable to the transfer of intellectual property at its fair value between these entities giving rise to value shifting, together with recognised goodwill.

There are no significant contingent liabilities relating to the Organisation's interest in the associates.

8. **Investments in associates** - continued

Summarised statements of comprehensive income

	Mizzi Associated Enterprises Limited Consolidated financial information		Mellieha Bay Hotel	
	2025	2024	**2025**	2024
	€	€	**€**	€
Revenue	**329,527**	142,103	**172,863**	152,755
Depreciation	**(208)**	(208)	**(213,528)**	(211,955)
Interest expense	**(968)**	(954)	**(2,478)**	(2,852)
Profit/(loss) before tax	**477,813**	162,911	**(550,602)**	(142,777)
Tax expense	**(51,331)**	(30,702)	**-**	-
Profit/(loss) for the year - total comprehensive income	**426,482**	132,209	**(550,602)**	(142,777)

	AquaLuna Lido Ltd		Sliema Creek Lido Limited	
	2025	2024	**2025**	2024
	€	€	**€**	€
Revenue	**1,852,743**	1,763,623	**157,000**	156,500
Depreciation	**(17,696)**	(14,084)	**(45)**	(44)
Profit before tax	**863,854**	832,966	**1,493**	1,319
Tax expense	**(129,406)**	(126,110)	**(538)**	(477)
Profit/(loss) for the year - total comprehensive income	**734,448**	706,856	**955**	842
Dividends received from associate	**244,433**	235,555	**-**	-

8. **Investments in associates** - continued

	Aqubix Limited		Finopz Limited	
	2025	2024	**2025**	2024
	€	€	**€**	€
Revenue	**3,068,062**	2,880,322	**1,689,535**	1,398,901
Depreciation	**(8,251)**	(9,306)	**(232,081)**	(211,514)
Interest expense	**(27,340)**	(30,341)	**(239)**	(308)
Profit/(loss) before tax	**420,981**	260,789	**(190,201)**	(122,909)
Tax expense	**-**	-	**153,625**	-
Profit/(loss) for the year - total comprehensive income	**420,981**	260,789	**(36,576)**	(122,909)

	SJF/ SJMF Consolidated financial information	
	2025	2024
	€	€
Revenue	**16,502,260**	8,434,538
Depreciation	**(1,859)**	(465)
Interest expense	**(4,841)**	-
Profit before tax	**1,436,024**	917,362
Tax expense	**(502,609)**	(73,179)
Profit for the year - total comprehensive income	**933,415**	884,183

The Players Group Limited and Primax Limited are considered by the directors to be non-operating and the Organisation's share of these associates' assets and liabilities are not deemed material for the purposes of disclosure.

9. Financial assets at fair value through other comprehensive income

Equity investments	**2025**	2024
	€	€
Year ended 31 December		
Opening carrying amount	**2,850,553**	2,947,654
Net gains/(losses) from changes in fair value (Note 16)	**1,175,305**	(97,101)
Closing carrying amount	**4,025,858**	2,850,553
At 31 December		
Cost	**4,075,993**	4,075,993
Fair value gains/ (losses)	**847,591**	(327,714)
Provisions for impairment	**(897,726)**	(897,726)
Carrying amount	**4,025,858**	2,850,553

The carrying amount of equity investments at FVOCI at 31 December comprise the following individual investments:

	2025	2024
	€	€
Plaza Centres p.l.c.	**1,092,390**	728,260
BNF Bank p.l.c.	**1,750,000**	1,750,000
Manoel Island Yacht Yard Limited	**1,171,175**	360,000
Other equity investments	**12,293**	12,293
	4,025,858	2,850,553

The Organisation's equity investments consist of:

	2025	2024
	€	€
Investments listed on the Malta Stock Exchange	**1,092,191**	728,260
Investments in local unlisted financial institution	**1,750,000**	1,750,000
Other investments in unlisted local private companies	**1,183,667**	372,293
	4,025,858	2,850,553

9. Financial assets at fair value through other comprehensive income - continued

The Organisation's investments, consisting of equity instruments, are fair valued annually. For investments traded on the Malta Stock Exchange, fair value is determined by reference to quoted market prices. For other unlisted investments, fair value is mainly estimated by reference to the net asset backing of the investee and the use of valuation techniques, principally discounted cash flow models. The cost of these principal other unlisted investments approximates fair value and the movements recognised in equity during the current year were made on the basis of the respective investment's net asset backing. No movements have been recognised during the preceding financial year. In prior years, impairment losses had been recognised in respect of certain investments in unlisted companies which were in unexpected adverse trading and operating conditions.

10. Loans and advances

	2025	2024
	€	€
Non-current	**6,350,918**	3,364,053
Current	**151,679**	196,859
Total loans and advances	**6,502,597**	3,560,912

The loans and advances disclosed above comprise advances that the Organisation made by way of shareholder's loans to associates. The purpose of these advances is to fund the respective associate's financial commitments in respect of specific business ventures.

Loans to associate amounting to €6,271,221 (2024: €3,207,590) at 31 December 2025 are unsecured, repayable at the discretion of the borrower and subject to a fixed interest rate of 5%. These loans have been classified as non-current.

The remaining amounts of €231,376 (2024: €353,322) are unsecured, subject to a fixed interest rate of 3.75% (2024: 3.75%) and repayable as follows:

	2025	2024
	€	€
Within 1 year	**151,679**	196,859
Between 1 and 2 years	**79,697**	76,767
Between 2 and 5 years	**-**	79,696
	231,376	353,322

11. Trade and other receivables

	2025 €	2024 €
Current		
Trade receivables	**20,685,271**	20,809,205
Amounts receivable from hire purchase debtors (Note 12)	**5,031,333**	6,989,824
Contract assets:		
Gross amounts due from customers for contract work	**5,482,549**	3,794,068
Accrued interest	**241,840**	-
Amounts owed by associates	**286,209**	202,612
Amounts owed by other related parties	**502,206**	347,690
Advance payments to suppliers	**1,728,185**	1,809,106
Other receivables	**2,999,314**	3,116,102
Indirect taxation	**2,658,665**	2,745,414
Prepayments	**2,515,626**	2,474,196
	42,131,198	42,288,217
Non-current		
Amounts receivable from hire purchase debtors (Note 12)	**12,533,347**	13,318,835
Other receivables	**7,657,360**	7,895,760
	20,190,707	21,214,595

Receivables above are disclosed net of credit loss allowances as follows:

	2025 €	2024 €
Trade receivables	**4,326,619**	4,381,322
Gross amounts due from customers for contract work	**114,174**	52,419
Other receivables: current amounts	**1,400,905**	1,476,026
Other receivables: non-current amounts	**445,478**	483,927
	6,287,176	6,393,694

11. **Trade and other receivables** - continued

Credit loss allowances in respect of amounts receivable from hire purchase debtors are disclosed separately in Note 12.

Current and non-current other receivables comprise amounts receivable from the Organisation's customers in relation to contractual arrangements entered into with these parties, and the related non-current element is principally receivable within five years from the end of the reporting period. Similarly, non-current amounts receivable from hire purchase debtors are also principally receivable within five years from the end of the reporting period.

As at 31 December 2024, current other receivables also included the amounts deposited in court with respect to the matters disclosed in Note 39 (c) to the financial statements, together with other amounts receivable in the ordinary course of business.

Furthermore, non-current other receivables include amounts owed by a third party under the Maltese beverage container refund scheme. These amounts are unsecured, subject to interest at 2.75% per annum and repayable as follows:

	2025	2024
	€	€
Over 5 years	**2,756,716**	2,756,716

During the previous financial year, the repayment terms of these receivables have been modified such that the full amount became repayable by 31 March 2033. These modifications were not related to any financial difficulties attributable to the borrower but merely for the purposes of better liquidity management at borrower level. These financial assets are categorised as Stage 1 for credit risk management purposes in terms of IFRS 9 requirements (i.e. deemed performing). The expected credit loss allowances on such receivables are based on the 12-month probability of default, capturing 12-month expected losses and hence are considered insignificant.

The aggregate amount of costs incurred and recognised profits (less recognised losses) to date for contracts in progress at the end of the reporting period amounts to €6,953,387 (2024: €10,220,169). Gross amounts due from and to customers in respect of these contracts are disclosed in the table above and in Note 19 respectively.

All movements in contract assets during the current and preceding financial years related to business variations.

12. Amounts receivable from hire purchase debtors

	2025	2024
	€	€
Current		
Debtors on whom bills of exchange were drawn	**11,532,510**	13,604,067
Credit loss allowances	**(6,501,177)**	(6,614,243)
	5,031,333	6,989,824
Non-current		
Debtors on whom bills of exchange were drawn	**13,395,475**	14,345,324
Credit loss allowances	**(862,128)**	(1,026,489)
	12,533,347	13,318,835
Total amounts receivable from hire purchase debtors	**17,564,680**	20,308,659

Amounts receivable from hire purchase debtors relate to trade receivables arising from the sale of goods and services by companies forming part of the Mizzi Organisation, which are acquired and financed by United Acceptances Finance Limited, an entity within the Organisation. These receivables are transferred to the specific Organisation undertaking upon origination, once hire purchase terms are granted, at their face value with no right of recourse whatsoever. Accordingly, credit loss allowances in respect of amounts receivable from hire purchase debtors, disclosed in the table above, are recognised in profit or loss.

During the current financial year, the undertaking has financed receivables with a face value amounting to €9,732,898 (2024: €11,491,309). Amounts receivable from hire purchase debtors are subject to an effective interest rate of 5.5% (2024: 5.5%).

Receivables covered by bills of exchange factored out to bank with an option to repurchase them as they fall due are not derecognised from the Organisation's statement of financial position. The amounts advanced under this facility are treated as collateralised borrowings (disclosed as distinct liabilities) amounting to the face value of the bills factored out (Note 20). Receivables covered by bills of exchange factored out to bankers without an option to repurchase them as they fall due are derecognised by the Organisation. The Organisation would retain credit risk in these receivables through the bank's right of recourse which would be limited to 15% of the value of the bills factored in the preceding six months. During the current and preceding financial years no receivables have been factored out in this manner.

13. Inventories

	2025	2024
	€	€
Property being developed with a view to sale	**417,545**	417,545
Goods held for resale		
Motor vehicles, spare parts and related supplies	**23,390,308**	25,413,969
Other goods purchased for resale	**13,723,676**	12,155,488
Raw materials and manufactured finished goods	**3,755,195**	4,089,289
Containers (carried at net realisable value)	**250,343**	200,993
Goods in transit	**3,836,067**	5,866,359
Contract and other work in progress	**587,619**	284,173
Payments on account in respect of motor vehicles and spare parts	**1,469,600**	1,345,089
	47,012,808	49,355,360
Total inventories	**47,430,353**	49,772,905

The cost of inventories recognised as expense is appropriately disclosed in Note 27 of the financial statements. During the year ended 31 December 2025, net inventory write-downs amounted to €838,771 (2024: €561,994). These amounts have been included within 'Cost of sales' in profit or loss.

14. Cash and cash equivalents

For the purposes of the statement of cash flows, the year-end cash and cash equivalents comprise the following:

	2025	2024
	€	€
Cash at bank and in hand	**12,466,781**	13,953,471
Bank overdrafts (Note 20)	**(23,296,182)**	(19,339,533)
Bills of exchange factored out to bank (Note 20)	**(2,882,116)**	(2,673,833)
	(13,711,517)	(8,059,895)

The current portion of the factoring facility in respect of bills of exchange factored out to bank is treated as a cash equivalent since this facility forms an integral part of the Organisation's overall cash management.

15. Share capital and Capital contribution reserve

Share capital

	2025 €	2024 €
Authorised		
Ordinary shares	**13,723,685**	13,723,685
Issued and fully paid		
Ordinary shares	**8,407,633**	8,407,633

The total authorised, issued and fully paid-up share capital for the combined financial statements has been assumed to be principally the aggregate of all of the authorised, issued and fully paid-up share capital of each of Consolidated Holdings Limited, Mizzi Organisation Limited, The General Soft Drinks Company Limited, GSD Marketing Limited and Mizzi EV Limited.

Capital contribution reserve

The capital contribution reserve of €2,000,000 (2024: €2,000,000) represents amounts that the Organisation's shareholders have waived during the preceding financial year, from amounts that were due to them by Mizzi Organisation Limited, by way of irrevocable capital contributions.

16. Revaluation reserves

	2025 €	2024 €
Surplus arising on fair valuation of:		
Land and buildings of entities forming part of the Mizzi Organisation	**57,582,932**	57,580,855
Land and buildings of associate	**8,520,446**	9,479,011
Financial assets at FVOCI	**664,552**	(510,753)
	66,767,930	66,549,113

The movements in each category are analysed as follows:

	2025 €	2024 €
Land and buildings of entities forming part of the Mizzi Organisation		
At beginning of year	**57,580,855**	55,708,994
Revaluation surplus arising during the year (Note 4)	**-**	2,073,989
Transfer upon realisation through asset use	**(52,137)**	(52,137)
Deferred income taxes on revaluation surplus arising during the year (Note 22)	**-**	(207,399)
Movement in deferred tax liability determined on the basis applicable to property disposals (Note 22)	**35,966**	39,160
Deferred income taxes on realisation through asset use (Note 22)	**18,248**	18,248
At end of year	**57,582,932**	57,580,855

16. Revaluation reserves - continued

	2025 €	2024 €
Land and buildings of associates		
At beginning of year	**9,479,011**	9,479,011
Share of revaluation surplus arising during the year, net of deferred tax (Note 8)	-	5,425,872
Transfer to retained earnings upon realisation through acquisition of remaining shareholding in associate and achievement of control (refer to Note below)	-	(5,425,872)
Share of movement in deferred tax liability on revalued land and buildings of an associate determined on the basis applicable to property disposals	**(958,565)**	-
At end of year	**8,520,446**	9,479,011

	2025 €	2024 €
Financial assets at FVOCI		
At beginning of year	**(510,753)**	(413,652)
Net gains/(losses) from changes in fair value (Note 9)	**1,175,305**	(97,101)
At end of year	**664,552**	(510,753)

The tax impact included in the revaluation reserves as at 31 December 2025 relates to deferred taxation arising on the surplus on fair valuation of land and buildings of entities forming part of the Mizzi Organisation for an amount of €9,017,430 (2024: €9,071,644). The movements in the tax impact relating to this component of other comprehensive income during the current and the preceding financial years are presented in the respective table above.

Gains and losses arising from changes in fair value of financial assets at FVOCI are recognised directly in equity in other comprehensive income through the revaluation reserve in accordance with the Organisation's accounting policy. When the equity investments are disposed of, the cumulative gain or loss recognised in OCI remains in equity.

The revaluation reserves are non-distributable.

17. Fair value gains and other reserves

	2025 €	2024 €
Fair value gains reserve in respect of property	**32,786,755**	32,857,138
Share of associate's incentives and benefits reserve	**1,034,694**	1,034,694
Other capital reserves	**322,117**	322,117
	34,143,566	34,213,949

17. Fair value gains and other reserves - continued

The movements in each category are analysed as follows:

	2025 €	2024 €
Fair value gains reserve in respect of investment property		
At beginning of year	**32,857,138**	38,217,434
Fair value gains arising during the year (Note 6)	**516,920**	1,396,073
Transfer of fair value gains upon realisation through disposal	**(626,917)**	(7,797,237)
Deferred income taxes on fair value gains arising during the year (Note 22)	**(51,692)**	(144,840)
Deferred income taxes attributable to transfer of fair value gains upon realisation through disposal, determined on the basis applicable to property disposals (Note 22)	**137,992**	1,278,388
Movement in deferred tax liability determined on the basis applicable to property disposals (Note 22)	**(46,686)**	(92,680)
At end of year	**32,786,755**	32,857,138
Share of associate's incentives and benefits reserve		
At beginning and end of year	**1,034,694**	1,034,694
Other capital reserves		
At beginning and end of year	**322,117**	322,117

The tax impact included in fair value gains and other reserves as at 31 December 2025, relates to deferred taxation arising on the fair value gains in respect of property of entities forming part of the Mizzi Organisation for an amount of €6,403,390 (2024: €6,443,004). The movements in the tax impact relating to this component of other comprehensive income during the current and the preceding financial years are presented in the respective table above.

Gains from changes in fair value of investment property, net of deferred tax movements, which are unrealised at the end of the reporting periods, would be recognised in profit or loss in accordance with the Organisation's accounting policy for investment property. These amounts are transferred from retained earnings to the fair value gains reserve since these gains are not considered by the directors of the respective entities to be available for distribution.

The capital reserves are not considered by the directors of the respective entities to be available for distribution.

18. Hedging reserve

The fair value changes attributable to cash flow hedging instruments are recorded in the hedging reserve, in a separate category of equity, as shown below:

	Interest rate swaps	
	2025	2024
	€	€
At 1 January		
Gross amounts of gains	**68,059**	224,292
Deferred income tax (Note 22)	**(23,820)**	(78,502)
	44,239	145,790
Movements during the year ended 31 December		
Net losses from changes in fair values	**(56,508)**	(168,013)
Deferred income tax (Note 22)	**19,777**	58,805
	(36,731)	(109,208)
Reclassified to profit or loss as a reclassification adjustment	**2,439**	11,780
Deferred income tax (Note 22)	**(853)**	(4,123)
	1,586	7,657
At 31 December		
Gross amounts of gains	**13,990**	68,059
Deferred income tax (Note 22)	**(4,896)**	(23,820)
	9,094	44,239

The tax impacts relating to this component of other comprehensive income are presented in the above tables.

The net fair value gains as at 31 December 2025 and 2024 on open interest rate swap agreements which hedge anticipated future interest rate fluctuations on borrowings will be reclassified from the hedging reserve to profit or loss as a reclassification adjustment when the forecast transactions occur, at various dates within one year (2024: up to two years) from the end of the reporting period.

19. Trade and other payables

	2025 €	2024 €
Current		
Trade payables	**38,465,657**	40,901,305
Amounts payable in respect of capital expenditure	**1,788,497**	2,598,638
Contract liabilities:		
Payments received in advance from customers	**6,064,296**	6,929,314
Gross amounts owed to customers for contract work	**4,971,275**	1,842,148
Deferred income	**270,553**	232,598
Attributable to customer loyalty programme	**271,569**	250,490
Payments received on account in respect of assets held for sale	**740,000**	-
Amounts owed to related parties	**266,823**	5,223
Other payables	**1,629,185**	1,724,868
Indirect taxation and social security	**1,783,345**	2,139,649
Deferred government grants related to assets	**171,487**	141,544
Accrued interest on bonds	**351,000**	351,000
Other accruals	**12,072,959**	13,897,734
	68,846,646	71,014,511
Non-current		
Deferred government grants related to assets	**670,138**	612,065
Other payables	**-**	153,835
	670,138	765,900

Current other payables include an amount of €155,253 (2024: €154,944) representing the face value of the bonds, and related interest thereon, that had been issued and redeemed by an undertaking forming part of the Organisation in prior years and have not been claimed by the respective bondholders upon redemption.

At 31 December 2025, current other payables include €78,283 (2024: €95,000), that relate to amounts due to third party suppliers in relation to contractual arrangements entered into with these parties. At 31 December 2024, the Organisation's other payables included related non-current amounts of €159,835 which were payable within five years from the end of the reporting period. Such current and non-current balances are subject to interest at a rate of 3.4% (2024: 3.4%).

Deferred government grants included above represent state aid in respect of the energy grant scheme and the electric motor vehicle scheme. These grants relate to assets, and the amount of the liability is reflected in profit or loss on a straight-line basis over the expected lives of the related assets. The impact of these grants on the current and preceding year's results is presented within 'Other operating income' as disclosed in Note 29.

Contract liabilities recognised in revenue during 2025

Revenue recognised in profit or loss during the financial year ended 31 December 2025 that was included in the balances of contract liabilities as at the end of the preceding financial year amounted to €6,853,464 (2024: €6,449,157).

All movements in contract liabilities during the current and preceding financial years related to business variations.

20. Borrowings

	2025	2024
	€	€
Current		
Bank overdrafts	**23,296,182**	19,339,533
Bills of exchange factored out to bank	**2,882,116**	2,673,833
Bank loans	**8,291,173**	9,555,850
Trade finance facilities	**2,055,243**	2,806,879
Loans from associates	**650,000**	390,000
Loans from other related parties	**600,000**	600,000
	37,774,714	35,366,095
Non-current		
Bills of exchange factored out to bank	**2,875,299**	3,764,037
Bank loans	**11,564,746**	17,864,184
450,000 3.65% bonds 2028-2031 issued in 2021	**44,499,000**	44,423,034
Loans from other related parties	**1,299,005**	-
	60,238,050	66,051,255
Total borrowings	**98,012,764**	101,417,350

Bonds

By virtue of the Prospectus dated 24 September 2021, Mizzi Organisation Finance p.l.c. (an undertaking forming part of the Organisation) issued for subscription by the general public 450,000 bonds for an amount of €45,000,000. The bonds have a nominal value of €100 per bond and have been issued at par. The bonds are subject to a fixed interest rate of 3.65% per annum payable annually in arrears on 15 October of each year.

The bonds are redeemable at par (€100 for each bond) and at the latest are due for redemption on 15 October 2031, unless they are redeemed earlier in whole or in part at the undertaking's sole discretion on any date falling between and including 15 October 2028 and 14 October 2031 (Early Redemption Dates).

Consolidated Holdings Limited, GSD Marketing Limited, Mizzi Organisation Limited and The General Soft Drinks Company Limited, the guarantors, are jointly and severally with the undertaking and between themselves, guaranteeing the repayment of the nominal value of the bonds on the redemption date and of the interest amounts of the bonds on each interest payment date. The guarantors irrevocably and unconditionally guarantee the due and punctual performance of all the obligations undertaken by the undertaking under the bonds.

Under the terms and conditions of the 2021 Prospectus, the bond proceeds have been advanced to Mizzi Organisation Limited for the purposes outlined further below in this note, pursuant to, and subject to, the terms and conditions in the offering memorandum.

The bonds have been admitted to the Official List of the Malta Stock Exchange on 25 October 2021. The quoted market price of the bonds at 31 December 2025 was €94.95 (2024: €97.00), which in the opinion of the directors fairly represented the fair value of these financial liabilities.

20. Borrowings - continued

At the end of the reporting period, bonds having a face value of €505,000 (2024: €505,000) were held by directors of the undertaking and persons closely associated with them, whilst bonds with a face value of €1,000,000 (2024: €1,000,000) were held by directors of the guarantors and persons closely associated with them. Additionally, bonds with a face value of €30,000 (2024: €30,000) were held by other officers of companies forming part of the Mizzi Organisation and persons closely associated with these individuals.

The bonds are measured at the amount of net proceeds adjusted for the amortisation of the difference between net proceeds and the redemption value of the bonds using the effective interest method as follows:

	2025	2024
	€	€
Original face value of bonds issued	**45,000,000**	45,000,000
Bond issue costs		
Gross amount of bond issue costs	**(802,675)**	(802,675)
Amortisation of gross amount of bond issue costs:		
Accumulated amortisation at beginning of year	**225,709**	152,572
Amortisation charge for the year	**75,966**	73,137
Accumulated amortisation at end of year	**301,675**	225,709
Unamortised bond issue costs	**(501,000)**	(576,966)
Amortised cost and Closing carrying amount of the bonds	**44,499,000**	44,423,034

Bank borrowings

The Organisation's banking facilities as at 31 December 2025 amounted to €96,977,230 (2024: €106,686,000). These facilities are mainly secured by:

(a) joint and several guarantees by various entities forming part of the Mizzi Organisation, supported by general hypothecary guarantees over the assets of the entities involved and special hypothecary guarantees over properties held;
(b) general hypothecs on the assets of certain entities within the Organisation supported by special hypothecs over assets and properties held together with special privileges on property;
(c) pledge over bills of exchange drawn.

These banking facilities include an amount of €1,100,000 (2024: €1,100,000) in respect of the recourse element of the face value of bills of exchange factored out to the bank with an option to repurchase them as they fall due up to a limit of €9,000,000 (2024: €9,000,000). At 31 December 2025, the total value of outstanding bills, which had been factored out under this facility amounted to €5,757,414 (2024: €6,437,870) as referred to in Note 12. This banking facility may also be utilised to factor out bills of exchange without an option to repurchase them as they fall due (see Note 12). The facility amount covers the recourse element of 15% of the value of bills factored out in this manner.

20. **Borrowings** - continued

The long-term portion of the factoring facility in respect of bills of exchange factored out provides financing for working capital on a long-term basis and accordingly has been classified as a non-current liability.

The interest rate exposure of the bank borrowings of the Organisation is as follows:

	2025	2024
	€	€
Total borrowings:		
At fixed rates	**4,837,042**	9,801,031
At floating rates	**46,127,716**	46,203,284
	50,964,758	56,004,315

Borrowings at floating rates, with a principal amount of €1.5 million (2024: €4.3 million), with interest rates computed using a margin over the three-month Euribor, are hedged through receive floating, pay fixed interest rate swap agreements (refer to Note 23).

The proceeds from bank borrowings are measured at the amount of net proceeds adjusted for the amortisation of the difference between net proceeds and the face value of the bank borrowings using the effective interest method as follows:

	2025	2024
	€	€
Face value of bank loans and trade finance facilities as at 31 December	**21,935,814**	30,284,461
Gross amount of bank borrowings issue costs	**(301,543)**	(301,543)
Amortisation of gross amount of bank borrowings issue costs:		
Accumulated amortisation at beginning of year	**243,995**	211,099
Amortisation charge for the current year	**32,896**	32,896
Accumulated amortisation at end of year	**276,891**	243,995
Unamortised bank borrowings issue costs	**(24,652)**	(57,548)
Amortised cost and Closing carrying amount of bank loans and trade finance facilities as at 31 December	**21,911,162**	30,226,913

The Organisation's floating rate bank borrowings are entirely subject to variable rates of interest which are linked to Euribor. The weighted average effective interest rates for bank borrowings at the end of the reporting period are as follows:

	2025	2024
	%	%
Bank overdrafts	**4.2**	5.8
Bills of exchange factored out to bank	**4.2**	5.7
Trade finance facility	**4.6**	4.6
Bank loans	**4.4**	5.4

20. **Borrowings** - continued

Maturity of Organisation's non-current bank borrowings:

	2025	2024
	€	€
Between 1 and 2 years	**4,560,189**	10,289,759
Between 2 and 5 years	**5,076,584**	5,951,859
Over 5 years	**4,803,272**	5,386,603
	14,440,045	21,628,221

As at 31 December 2025, bank borrowings of the Organisation include an amount of €2,474,478 (2024: €5,142,374) and €1,288,365 (2024: €2,736,191) respectively, consisting of banking facilities that were granted in prior years under the Malta Development Bank COVID-19 Guarantee Scheme for the purposes of covering the shortfall in operating cash flow arising from the COVID-19 outbreak. All respective facilities have been fully utilised. These loans are repayable within six years from the initial drawdown, as reflected within the liquidity risk management disclosures in Note 2.1(c). These facilities are subject to interest at prevailing market rates and are secured by a guarantee issued by the Government of Malta to the Malta Development Bank together with guarantees by related parties forming part of Mizzi Organisation.

Other borrowings

The short-term loans from associate amounting to €650,000 (2024: €390,000) are unsecured, interest free and repayable on demand.

The short-term loans from a related party amounting to €600,000 (2024: €600,000) are unsecured, interest free and repayable on demand.

As at 31 December 2025, the Organisation's non-current loans from other related parties represent advances made by way of shareholder loans. These advances are unsecured, interest free, and not repayable within one year as they are earmarked for capitalisation, i.e. conversion into ordinary share capital.

21. Lease liabilities

The lease liabilities associated with the recognised right-of-use assets are analysed below:

	2025	2024
	€	€
Non-current		
Properties	**14,480,956**	29,008,332
Warehouse equipment	**1,792,859**	1,993,770
	16,273,815	31,002,102
Current		
Properties	**1,829,690**	1,969,160
Warehouse equipment	**282,122**	263,841
	2,111,812	2,233,001
Total lease liabilities	**18,385,627**	33,235,103

The movement in the carrying amount of these liabilities is analysed in the following table:

	2025	2024
	€	€
As at 1 January	**33,235,103**	29,401,777
Additions	**165,851**	6,153,879
Reassessment attributable to changes in payments based on an index (Note 5)	-	941,158
Derecognition upon termination of agreement (Note 5)	-	(1,202,050)
Payments	**(3,356,009)**	(3,102,500)
Interest charge	**1,119,776**	1,042,839
Classified as held for sale (Note 34)	**(12,779,094)**	-
As at 31 December	**18,385,627**	33,235,103

The total cash outflows for leases in 2025 were €3,767,513 (2024: €3,717,984). The contractual undiscounted cash flows attributable to lease liabilities as at 31 December 2025 and 2024 are analysed in Note 2.1(c). The weighted average incremental borrowing rate applied to the lease liabilities by the Mizzi Organisation entities was 3%.

22. Deferred taxation

Deferred income taxes are calculated on all temporary differences under the liability method and are measured 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 (and tax laws) that have been enacted by the end of the reporting period. The principal tax rate used is 35% (2024: 35%), with the exception of deferred taxation on the fair valuation of property which is computed on the basis applicable to property disposals i.e. tax effect of 8% - 10% (2024: 8% - 10%) of the transfer value.

22. **Deferred taxation** - continued

The movement on the deferred tax account is as follows:

	2025	2024
	€	€
At beginning of year	**17,952,881**	16,890,980
Deferred income taxes on revaluation surplus on property, plant and equipment arising during the year (Note 16)	**-**	207,399
Deferred income taxes on fair value gains on investment property arising during the year (Note 33)	**51,692**	144,840
Movement in deferred tax liability determined on the basis applicable to property disposals:		
- Investment property and other assets - recognised in profit or loss (Note 33)	**46,686**	92,680
- Property, plant and equipment and other assets - recognised in other comprehensive income (Note 16)	**(35,966)**	(39,160)
Realisation through asset disposal (Note 33)	**(137,992)**	(1,278,388)
Realisation through asset use (Notes 16 and 33)	**(18,248)**	(18,248)
Deferred income taxes on temporary differences arising on depreciation of property, plant and equipment and credit loss allowances (Note 33)	**95,359**	355,989
Deferred income taxes attributable to unabsorbed capital allowances and tax losses (Note 33)	**(94,254)**	(374,711)
Deferred income taxes attributable to right-of-use assets (Note 33)	**(936,666)**	1,163,614
Deferred income taxes attributable to lease liabilities (Note 33)	**936,666**	(1,163,614)
Deferred income taxes on temporary differences arising on fair valuation of derivative instruments (Note 18)	**(18,924)**	(54,682)
Acquisition of subsidiary (Note 25):		
- Deferred income taxes on temporary differences arising on depreciation of property, plant and equipment	**-**	226,182
- Deferred income taxes on temporary differences arising on fair valuation of property, plant and equipment	**-**	1,800,000
At end of year	**17,841,234**	17,952,881

All the amounts disclosed in the table above, which have been referenced to Note 33, are recognised in profit or loss. The other amounts, referenced to Notes 16 and 18, have been recognised directly in equity in other comprehensive income.

22. **Deferred taxation** - continued

The balance at 31 December represents:

	2025	2024
	€	€
Temporary differences arising on fair valuation of property	**15,420,820**	15,514,648
Deferred taxation on fair valuation of property arising on acquisition of subsidiary	**1,800,000**	1,800,000
Temporary differences arising on depreciation of property, plant and equipment	**2,462,764**	2,370,192
Temporary differences arising on fair value of derivative instruments	**4,896**	23,820
Temporary differences arising on credit loss allowances	**(6,807)**	(9,594)
Temporary differences arising on right-of-use assets	**10,031,909**	10,968,575
Temporary differences arising on lease liabilities	**(10,031,909)**	(10,968,575)
Unutilised tax credits attributable to unabsorbed capital allowances and tax losses	**(1,840,439)**	(1,746,185)
	17,841,234	17,952,881

Disclosed as follows:		
Deferred tax liabilities	**17,841,234**	17,952,881

The recognised deferred tax liabilities are expected to be recovered or settled principally after more than twelve months.

The deferred income tax provision on fair valuation of property arising on acquisition of subsidiary has been recognised in the preceding financial year in view of the said acquisition.

At 31 December 2025 and 2024, the Organisation had the following unutilised tax credits and temporary differences:

	Unrecognised		**Recognised**	
	2025	2024	**2025**	2024
	€	€	**€**	€
Unutilised tax credits arising from:				
Unabsorbed capital allowances	**10,644,029**	9,303,533	**5,258,397**	4,989,100
Unabsorbed trading losses	**753,987**	1,020,494	**586,814**	567,912
Investment tax credits	**7,708,429**	8,985,403	**-**	-
Deductible temporary differences arising on:			**-**	
Depreciation of property, plant and equipment	**1,961,042**	2,556,247	**-**	-
Credit loss allowances in respect of trade and other receivables	**13,868,813**	12,598,454	**19,449**	27,410
Provisions for impairment on investments in associates and investments at FVOCI	**907,725**	907,725	**-**	-
Lease liabilities	**875,743**	663,711	**28,662,597**	31,337,786
Taxable temporary differences arising on:				
Depreciation of property, plant and equipment	**-**	-	**(7,036,469)**	(6,771,977)
Fair valuation of derivative instruments	**-**	-	**(13,990)**	(68,057)
Right-of-use assets	**-**	-	**(28,662,597)**	(31,338,786)

22. Deferred taxation - continued

Under the Business Promotion Regulations 2001, an entity forming part of Mizzi Organisation (The General Soft Drinks Company Limited) is entitled to investment tax credits on "qualifying" capital expenditure, the full amount of which would be available for set-off against the undertaking's tax liability.

The temporary differences arising on credit loss allowances in respect of trade and other receivables include those arising on credit loss allowances in respect of amounts receivable from hire purchase debtors (see Note 12).

The unrecognised deferred tax assets at the end of the reporting periods have not been reflected in these financial statements due to the uncertainty of the realisation of the related tax benefits. Whereas tax losses have no expiry date, unabsorbed capital allowances and unutilised investment tax credits are forfeited upon cessation of the trade.

23. Derivative financial instruments

	Fair value Asset 2025 €	Fair value Asset 2024 €
At 31 December		
Non-current:		
Interest rate swap agreements	**13,990**	68,059

The Organisation is a party to receive floating, pay fixed interest rate swap contracts to mitigate the variability of future floating interest payments based on the applicable three-month Euribor on specific borrowings. The fair value movement attributable to the derivative financial instruments during the year is recognised in the cash flow hedging reserve (refer to Note 18). Gains and losses on the derivatives are subsequently reclassified to profit or loss and presented within finance costs. The notional amount of the outstanding interest rate swap contracts, which expire by 31 December 2026, as at 31 December 2025 is €1.5 million (2024: €4.3 million).

24. Employee benefit obligations

	2025 €	2024 €
Employment benefit obligations:		
Post-employment benefits	**-**	936,000
Long-term employee benefits	**214,767**	131,606
	214,767	1,067,606

24. **Employee benefit obligations** - continued

The movements in each category are analysed below:

	2025	2024
	€	€
Post-employment benefits		
At 1 January	**936,000**	873,000
Charged to profit or loss:		
- Current service cost	**65,000**	63,000
- Settlement	**(1,001,000)**	-
At 31 December	**-**	936,000
Classified as follows:		
Current	**-**	936,000

In prior years, the Organisation has set up a post-employment scheme in the form of a defined benefit plan which has been settled during the current year. The provision disclosed above represented the present value of post employment benefits for one or more employees under the category of a defined benefit plan within the scope of IAS 19, 'Employee Benefits'. Accordingly, the Organisation has measured such obligations using the accounting rules applicable to defined benefit plans. A defined benefit plan relating to post employment defines an amount of benefit that an employee will receive on retirement, which in the case of the company is dependent on an employee's final compensation upon retirement, as well as completed years of service. The sole beneficiary of this plan was an executive director of the Organisation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions during the current and the preceding financial periods are not deemed to be material. The impact of discounting the estimated cash outflows in respect of these post-employment benefits is insignificant for measurement and disclosure purposes.

	2025	2024
	€	€
Long-term employee benefits		
At 1 January	**131,606**	-
Charged to profit or loss:		
- Current service cost	**83,161**	131,606
At 31 December	**214,767**	131,606
Classified as follows:		
Non-current	**214,767**	131,606

24. Employee benefit obligations - continued

During the preceding financial year, the Organisation has set up a long-term employee benefits scheme in the form of a defined benefit plan, whereby performance related pay for certain senior management employees would be determined based on achievement of specific objectives, which is deferred over defined periods of required service and paid upon the lapse of such required periods. The provision disclosed above represents the present value of long-term employee benefits under the category of a defined benefit plan within the scope of IAS 19, 'Employee Benefits'. The Organisation has measured such obligations using the accounting rules applicable to defined benefit plans. A defined benefit plan relating to long-term employee benefits defines an amount of benefit that an employee will receive upon achieving identifiable performance objectives and attaining defined periods of service. As at 31 December 2025 and 2024, the beneficiaries of this plan consist of senior management employees of the Organisation.

25. Business combinations

25.1 Acquisition of Institute of English Language Studies Limited

At the end of the preceding financial year, Mizzi Lease Limited, a subsidiary of Mizzi Organisation Limited, acquired the remaining 50% of the issued share capital of Institute of English Language Studies Limited ("IELS"), a former associate of the Organisation (see Note 8). Accordingly, IELS has become a wholly owned subsidiary within and forming part of the Organisation as of 31 December 2024, being the effective date of the acquisition. The principal activity of IELS is the provision of English language courses to foreign students and other related activities. This acquisition complements the Organisation's activities and increases its operations in the related business segment.

Details of the net assets acquired, and the purchase consideration are disclosed below.

The assets and liabilities recognised as a result of the acquisition:

	Fair value 2024 €
Cash	37,141
Trade and other receivables	203,816
Inventories	74,558
Land and buildings and improvements to premises	17,604,214
Furniture, fittings, and office equipment	395,786
Current tax assets	24,119
Bank overdraft	(138,401)
Borrowings	(285,348)
Deferred tax liabilities	(2,026,182)
Trade and other payables	(861,400)
Current tax liabilities	(172,109)
Net assets acquired	14,856,194

25. Business combinations - continued

	Fair value 2024 €
Fair value of net assets acquired	14,856,194
Fair value of previously held investment (Note 9)	(7,285,423)
Fair value of purchase consideration:	
Cash paid	(6,300,000)
Gain on bargain purchase	1,270,771
Purchase consideration – cash outflow	
Cash outflow, net of cash acquired:	
Cash consideration	6,300,000
Adjustment for balances acquired:	
Cash	(37,141)
Bank overdraft	138,401
Net cash outflow	6,401,260

Acquisition related costs amounting to €566,077 were reflected within administrative expenses in the statement of profit and loss and within operating cash flows in the statement of cash flows.

Revenue and profit contribution

Since the acquisition of IELS was effective on 31 December 2024, the acquired business did not contribute any revenues and profit in 2024. However, the share of results of the acquired entity for the preceding financial year has been reflected within the Organisation's profit or loss since the entity was an associate of the Organisation until 31 December 2024. If the acquisition had occurred on 1 January 2024, the acquired business would have contributed revenues of €5,577,031 and a net profit of €411,562 covering the entire financial year.

25. Business combinations - continued

25.2 Acquisition of DAKA operations

During the prior year, on 24 May 2024, a subsidiary of Consolidated Holdings Limited, acquired 100% of the business operation and activities of Daka Mechanical Services Ltd, comprising the provision of ducting services. This acquisition complements the Organisation's existing contracting business, enhancing the business offering in this sector and accordingly increases the Organisation's activities and operations within the related business segment. Details of the purchase consideration and the assets acquired are disclosed below:

	2024
	€
Purchase consideration:	
Cash paid	454,023

The assets recognised at fair value as a result of the acquisition are as follows:

	2024
	€
Trade receivables	334,023
Plant and machinery	120,000
Total assets acquired	454,023

- Acquired receivables - The fair value of acquired trade receivables as at the date of acquisition was €334,023.
- Acquired plant and machinery - The fair value of acquired plant and machinery was €120,000 and their estimated remaining useful life is 3 years.

Acquisition related costs amounting to €74,053 were reflected within administrative expenses in the statement of profit and loss for the year ended 31 December 2024 and within operating cash flows in the statement of cash flows for the year then ended.

Revenue and profit contribution

In 2024, the acquired business contributed revenues of €397,460 and a net profit of €49,402 to the Organisation for the period from the date of acquisition till 31 December 2024. If the acquisition had occurred on 1 January 2024, the acquired business would have contributed revenues of €681,360 and a net profit of €65,202, for the entire preceding financial year.

26. Revenue

The Organisation's revenue, which is predominantly derived from the local market, is analysed by category of business as follows:

	2025	2024
	€	€
By category of business		
Sale of motor vehicles, spare parts and provision of ancillary services	**83,962,826**	101,710,123
Bottling and sale of soft drinks and mineral water and sale of other beverages	**64,209,031**	60,273,555
Sale of foodstore goods, clothing and other goods from shopping complex and rented premises	**27,740,427**	29,622,591
Activities in the power, heating, ventilation and lifts equipment sectors including ducting services	**27,411,903**	20,962,235
Hotel operations	**9,731,541**	9,066,937
Operating lease rental income:		
- property	**4,252,581**	2,546,368
- motor vehicles	**2,744,115**	2,425,630
Income from hire purchase financing	**1,991,135**	2,184,045
Provision of English language tuition services	**5,140,339**	-
	227,183,898	228,791,484

The Organisation's revenue that is recognised over time amounts to €18,921,660 (2024: €12,772,061) which arises from the activities in the power, heating and ventilation equipment sectors, including ducting services.

Unfulfilled performance obligations, which are the services that the Organisation is obliged to provide to customers during the remaining fixed term of the respective contract, as at 31 December 2025 and 2024 relate to the amounts disclosed under 'contract liabilities' in Note 19 to the financial statements.

27. Expenses by nature

	2025 €	2024 €
Cost of goods purchased for resale	**119,847,354**	129,907,910
Raw materials and other consumables used	**15,872,943**	16,597,927
Hotel operating supplies, services and related expenses	**1,446,663**	1,578,071
Hotel food and beverage costs	**768,436**	646,286
Changes in inventory of manufactured finished goods	**286,221**	(102,836)
Cost of accommodation and other direct costs relating to tuition revenue	**1,356,255**	-
Depreciation of property, plant and equipment		
- owned assets	**7,013,555**	5,589,145
- owned assets (motor vehicles) leased out under operating leases	**1,944,849**	1,666,878
Depreciation of right-of-use assets	**2,636,879**	2,243,446
Amortisation of intangible assets (Note 7)	**59,322**	59,322
Employee benefit expense (Note 28)	**40,365,313**	37,090,213
Marketing, business promotion and related expenses	**3,912,452**	3,662,427
Expense relating to short-term leases	**356,857**	530,013
Expense relating to variable lease payments	**54,647**	85,471
Movement in credit loss allowances in respect of the following receivables:		
- hire purchase (included in 'Administrative expenses')	**(319,468)**	54,996
- trade and other (included in 'Selling and other direct expenses')	**513,420**	110,565
- trade and other (included in 'Administrative expenses')	**(129,432)**	(49,199)
Amounts written off in respect of the following receivables:		
- hire purchase (included in 'Administrative expenses')	**(18,599)**	13,035
- trade and other receivables (included in 'Administrative expenses')	**63,840**	-
Acquisition-related costs (Note 25)	**-**	640,130
BCRS administration fees	**1,987,987**	1,010,235
Other expenses	**18,356,977**	18,070,432
Total cost of sales; selling and other direct expenses; and administrative expenses	**216,376,471**	**219,404,467**

Operating profit is stated after charging/(crediting) the following:

	2025 €	2024 €
Exchange differences (included within 'Administrative expenses')	**(3,387)**	18,542
Profit on disposal of property, plant and equipment (included within 'Other operating income')	**(871,358)**	(741,895)
Government grants recognised (included within 'Other operating income')	**(170,088)**	(110,786)

The amounts disclosed in the tables above relate solely to continuing operations. Expenses by nature relating to discontinued operations are disclosed in Note 34.

28. Employee benefit expense

	2025 €	2024 €
Wages and salaries	**37,885,604**	33,906,831
Subcontracted payroll costs	**1,222,596**	738,564
Social security costs	**2,468,488**	2,250,212
	41,576,688	36,895,607
Other employment benefits (Note 24)	**148,161**	194,606
	41,724,849	37,090,213

Employee benefit expense disclosed in the table above include an amount of €1,359,536 (2024: €1,323,441) relating to discontinued operations amounts to €1,359,536 (2024: €1,323,441) – refer to Note 34.

Average number of persons employed during the year:

	2025	2024
Direct	**956**	972
Administration	**292**	272
	1,248	1,244

The Organisation's employees disclosed in the table above include 41 employees (2024: 44) relating to discontinued operations - refer to Note 34.

29. Other operating income

	2025 €	2024 €
Income which is incidental to the Organisation's key operations, including profit on disposal of specific assets which were surplus to the Organisation's requirements	**3,093,293**	3,238,864

Other operating income earned by the Organisation attributable to discontinued operations is disclosed in Note 34 to the financial statements.

30. Investment and other related income

	2025 €	2024 €
Gross dividends receivable from financial assets at FVOCI	**118,567**	152,251
Other gross dividends receivable	**1,387**	1,387
	119,954	153,638

31. Finance income

	2025	2024
	€	€
Bank interest receivable	**215,010**	103,616
Interest receivable from associate	**8,852**	16,470
Other interest receivable	**241,840**	-
	465,702	120,086

32. Finance costs

	2025	2024
	€	€
Bank interest and charges, including amortisation of bank loan issue costs	**2,869,705**	3,517,046
Bond interest expense, including amortisation of bond issue costs	**1,718,466**	1,715,637
Interest charges on lease liabilities	**723,036**	655,717
	5,311,207	5,888,400

Interest costs incurred by the Organisation attributable to discontinued operations are disclosed in Note 34 to the financial statements.

33. Tax expense

	2025	2024
	€	€
Current taxation:		
Current tax expense	**1,962,169**	2,208,315
Adjustment recognised in financial period for current tax of prior periods	**183,635**	(57,020)
Deferred taxation:		
Deferred tax credit (Note 22)	**(56,757)**	(1,077,838)
	2,089,047	1,073,457

The tax impact relating to components of other comprehensive income is presented in the tables within Notes 16, 17 and 18 to the financial statements.

33. **Tax expense** - continued

The tax on the profit before tax differs from the theoretical amount that would arise using the basic tax rate applicable as follows:

	2025	2024
	€	€
Profit before tax from continuing operations	**10,380,524**	10,370,177
Loss before tax from discontinued operations	**(1,615,732)**	(1,782,523)
Profit before tax	**8,764,792**	8,587,654
Tax on profit at 35%	**3,067,677**	3,005,679
Tax effect of:		
Unrecognised temporary differences and other movements, mainly attributable to property, plant and equipment and credit loss allowances in respect of trade and other receivables	**552,159**	515,271
Incentives in respect of investment tax credits	**(1,444,009)**	(1,755,407)
Tax incentives in respect of electric motor vehicle scheme	**(279,997)**	(759,563)
Unabsorbed capital allowances claimed during the year	**417,900**	566,105
Unabsorbed tax losses incurred during the year	**149,135**	303,225
Utilisation of unabsorbed tax losses and capital allowances brought forward from previous years	**(102,694)**	(37,308)
Income exempt from tax or charged at reduced rates	**(82,332)**	(23,241)
Share of results of associates	**(240,952)**	(242,245)
Determination of deferred taxation on fair value gains of investment property and other properties on the basis applicable to property disposals	**53,031**	217,383
Maintenance allowance claimed on rented property	**(101,665)**	(101,665)
Application of provisions of tax legislation to sale of property	**(142,531)**	(475,653)
Rental income charged at 15% final withholding tax	**(593,485)**	(519,496)
Expenses not deductible for tax purposes	**676,785**	899,700
Under/(over) provision of tax in previous years	**183,635**	(57,020)
Gain on bargain purchase attributable to business combination	**-**	(444,770)
Other differences	**(23,610)**	(17,538)
Tax charge in the accounts	**2,089,047**	1,073,457

34. **Discontinued Operations**

During 2025, the Organisation resolved to exit the operation known as the *Suq tal-Belt* ("STB"). Arkadia Marketing Limited (an undertaking and the operator of STB) entered into an agreement and is in the process of transferring this business to a third-party acquirer. STB is situated in Valletta on state-owned property. Arkadia Marketing Limited has been granted a 65 year emphyteutical concession by the Government of Malta to renovate and operate the site under a deed of emphyteusis.

Pursuant to the transaction, subject to its completion, Arkadia Marketing Limited will transfer all the rights and obligations arising under the concession to the acquirer for the remaining duration of the emphyteutical concession. Accordingly, the results of operations and cash flows associated with the STB business have been classified as discontinued operations and the associated assets and liabilities were consequently presented as held for sale for the purposes of these financial statements.

34. **Discontinued Operations** - continued

Financial performance and cash flow information

	Year ended 31 December	
	2025	2024
	€	€
Revenue	**1,966,359**	2,080,336
Cost of sales	**(363,258)**	(305,679)
Gross profit	**1,603,101**	1,774,657
Selling and other direct expenses	**(2,071,049)**	(2,177,549)
Administrative expenses	**(1,046,076)**	(1,267,661)
Other operating income	**461,743**	522,344
Operating loss	**(1,052,281)**	(1,148,199)
Finance costs:		
Interest charges on lease liabilities	**(396,740)**	(387,122)
Other interest charges	**(166,711)**	(247,202)
Loss from discontinued operations	**(1,615,732)**	(1,782,523)

Cash flows attributable to discontinued operations are as follows:

Net cash inflow from operating activities	**1,288,880**	798,787
Net cash outflow from investing activities	**(85,696)**	(134,030)
Net cash outflow from financing activities	**(920,538)**	(848,104)
Net increase/ (decrease) in generated by/ (used in) the discontinued operations	**282,646**	(192,347)

Expenses by nature relating to discontinued operations:

	2025	2024
	€	€
Cost of goods sold	**493,572**	305,679
Employee benefit expense (Note 28)	**1,359,536**	1,323,441
Depreciation of property, plant and equipment	**471,423**	605,215
Depreciation of right-of-use assets	**205,159**	206,631
Movement in credit loss allowances in respect of trade and other receivables	**36,000**	159,589
Other expenses	**1,045,007**	1,150,330
	3,610,697	3,750,879

34. Discontinued Operations – continued

Assets and liabilities of disposal group classified as held for sale

The carrying amounts of assets and liabilities relating to discontinued operations as at 31 December 2025 were:

	2025
	€
Property, plant and equipment	3,442,326
Right-of-use assets	11,502,702
Inventories	33,970
Total assets	14,978,998
Lease liabilities	(12,779,094)
Trade and other payables	(85,937)
Total liabilities	(12,865,031)
Net assets	2,113,967

35. Directors' emoluments

	2025	2024
	€	€
Salaries and other emoluments		
Non-executive directors (included in 'Other expenses' - Note 27)	444,742	569,647
Executive directors (included in 'Employee benefit expense' - Note 28)	1,467,651	1,471,209
Fees	-	45,000

The directors are also entitled to fringe benefits, such as the use of a motor vehicle and other similar benefits, which have been attributed a monetary amount for personal tax purposes.

36. Dividends

	2025	2024
	€	€
Final dividends paid on ordinary shares:		
Net	1,549,004	2,500,000
Dividends per share	0.87	1.40

37. Cash generated from operations

Reconciliation of operating profit to cash generated from operations:

	2025 €	2024 €
Operating profit from continuing operations	**14,417,640**	14,021,954
Operating loss from discontinued operations	**(1,052,281)**	(1,148,199)
Operating profit for the year	**13,365,359**	12,873,755
Adjustments for:		
Depreciation of property, plant and equipment (Note 4)	**9,429,627**	8,861,238
Depreciation of right-of-use assets (Note 5)	**2,842,038**	2,516,507
Net impact of termination of lease agreements	**-**	(86,675)
Amortisation of intangible assets (Note 7)	**59,322**	59,322
Profit on disposal of property, plant and equipment (Note 27)	**(871,358)**	(741,895)
Movement in credit loss allowances in respect of trade and other receivables	**64,520**	275,945
Amounts written off in respect of trade and other receivables	**45,241**	13,035
Net gains from changes in fair value of investment property (Note 6)	**(516,920)**	(1,396,073)
Movement in provisions for employment benefits (Note 28)	**(852,839)**	194,606
Changes in working capital:		
Inventories	**2,308,582**	11,070,841
Trade and other receivables	**1,071,146**	422,806
Trade and other payables	**(1,367,549)**	(1,137,908)
Cash generated from operations	**25,577,169**	32,925,504

Net debt reconciliation

The principal movements in the Organisation's net debt relate to cash inflows and outflows presented as part of financing activities within the statement of cash flows.

38. Commitments

Capital commitments

Commitments for capital expenditure in relation to property development (Notes 4, 6 and 13) not provided for in these financial statements are as follows:

	2025 €	2024 €
Authorised but not contracted	**4,800,000**	4,879,000

38. Commitments - continued

Operating lease commitments – where an undertaking is the lessor

The future minimum lease payments receivable under non-cancellable property operating leases are as follows:

	2025	2024
	€	€
Not later than one year	**3,142,790**	2,989,107
Later than one year and not later than five years	**4,578,707**	5,214,312
Later than five years	**3,059,701**	3,560,520
	10,781,198	11,763,939

Entities forming part of the Organisation are party to non-cancellable operating lease arrangements relating to property, entered into on commercial terms. The non-cancellable term of the principal property lease agreements principally expires within a period of 2 to 5 years from the end of the financial reporting period.

The future minimum lease payments receivable under non-cancellable motor vehicle operating leases are as follows:

	2025	2024
	€	€
Not later than one year	**2,760,091**	2,359,441
Later than one year and not later than five years	**6,476,496**	5,784,632
Later than five years	**41,701**	95,820
	9,278,288	8,239,893

An entity's principal business is the leasing out of motor vehicles under operating lease agreements with terms of 5 to 6 years.

39. Contingent liabilities

(a) At 31 December 2025, the Organisation had contingent liabilities amounting to €11,835,380 (2024: €12,835,510) in respect of guarantees issued by the bank on behalf of entities forming part of the Mizzi Organisation in favour of third parties in the ordinary course of business.

(b) No provision has been made in these combined accounts for disputed income tax amounting to €403,715 (2024: €403,715) arising from assessments raised in terms of Section 44 of the Income Tax Act, Cap. 123. Objections have been filed on the said assessments. The directors of the respective entities are confident that no material future liability will arise beyond the amounts which are acknowledged as properly due, which amounts have been fully provided for.

Further objections have been filed by entities within the Organisation with the Commissioner of Inland Revenue over assessments raised relating to basis years from 1985 to 1996 amounting to €28,541 (2024: €28,541), in respect of which no provision has been made in these accounts.

39. Contingent liabilities - continued

(c) As at 31 December 2024, a company forming part of Mizzi Organisation also had a contingent liability relating to a garnishee order that was issued against this company for an amount of €1 million (which the company deposited in court, refer to Note 11) in respect of a dispute with a third party, relating to importation rights of certain products. During the current financial year, the court adjudicated the case even after appeal in favour of the said company; and the €1 million was refunded back to this company in full.

40. Related party transactions

The entities constituting the Mizzi Organisation are ultimately fully owned by Daragon Limited, Demoncada Holdings Limited, Demoncada Limited, Investors One Limited and Maurice Mizzi. Members of the Mizzi family in turn ultimately own and control the above-mentioned companies.

Accordingly, the members of the Mizzi family, the shareholder companies mentioned above, all entities owned or controlled by the members of the Mizzi family and the shareholder companies, the associates of entities constituting the Organisation, and the Organisation entities' key management personnel, are the principal related parties of the entities forming part of the Mizzi Organisation.

In the opinion of the directors of the entities forming part of the Organisation, disclosure of related party transactions, which are generally carried out on commercial terms and conditions, is only necessary when the transactions effected have a material impact on the operating results and financial position of the Organisation. The aggregate invoiced amounts in respect of a number of transaction types carried out with related parties are not considered material and accordingly they do not have a significant effect on these combined financial statements.

In the ordinary course of their operations, Organisation entities sell goods held for resale and provide services to associates, key management personnel and other related parties mentioned above, for trading purposes. The Organisation's related party transactions also include financing transactions, principally advances, with associates and other related parties together with property and motor vehicle operating lease rental income receivable from associates. Except for transactions disclosed or referred to previously, there were no further transactions carried out with related parties that have a material effect on the operating results and financial position of the Organisation and accordingly further disclosure is not deemed necessary for the purposes of giving a true and fair view.

The transactions referred to above were carried out on commercial terms. Year-end balances with related parties are disclosed in Notes 10, 11, 19 and 20 to these combined financial statements.

Key management personnel comprise the directors of entities constituting the Mizzi Organisation. Information on key management personnel compensation has been disclosed in Note 35.