

MIZZI ORGANISATION LIMITED

Annual Report and
Consolidated Financial Statements
31 December 2025

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Directors' report

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2025.

Principal activities

The Group's principal activities, which are unchanged since last year, are mainly the importation and sale of motor vehicles, together with the servicing and repairs of motor vehicles; motor vehicle financing and leasing; mechanical and electrical contracting, installation and servicing of lifts, air conditioners and related supplies; the management and leasing of a shopping and commercial centre and retailing activities relating to foodstore goods, clothing and similar goods from rented premises; the operation of a food market and other food and beverage outlets. Group undertakings also derive revenues from sale of property and operating lease income from the renting out of owned property. The Group has other minority interests in other different business areas.

The Company's principal activities, which are unchanged since last year, are the holding of investments and managing the affairs of the other companies within the Mizzi Organisation.

Review of business

In 2025, the Mizzi Organisation Limited Group delivered strong revenues, underscoring its resilience and ability to generate sustainable growth across a diversified portfolio. However, the automotive sector continued to experience considerable pressure amid challenging global economic conditions.

The Group also began consolidating the results of Institute of English Language Studies Limited in 2025, following its transition to a wholly owned subsidiary, further strengthening the Group's financial base.

The Automotive industry continues to face the challenges arising from the global environment. Management teams across the Mizzi Organisation's automotive companies are actively pursuing strategies to enhance operational efficiency, with a focus on tailoring approaches to the unique needs of each brand represented. These efforts highlight the Group's commitment to maintaining its status as a leading force within the local automotive market.

The Mechanical and Engineering division continued to contribute positively to the Group's profitability, achieving a significant increase in revenue compared to earlier years. This growth was primarily attributed to the Group's successful participation in a large infrastructure project currently underway on the island, which has significantly boosted both the division's visibility and financial returns.

Furthermore, the Group saw continued growth in its rental income streams generated from third-party tenants. This included marked increases in returns from both residential and commercial property rentals, highlighting the effectiveness of the Group's property management activities and its ability to adapt to changing market conditions.

Following the comprehensive refurbishment project undertaken in recent years, Arkadia Commercial Centre in Gozo now boasts expanded premium retail space, offering enhanced facilities for tenants and shoppers alike. The mall has continued to benefit from increased footfall, fueled by the robust mix of tenants currently operating, as well as ongoing marketing initiatives designed to elevate the overall shopping experience for patrons. These efforts, coupled with prudent cost management, have contributed positively to the mall's financial performance, with operational expenses remaining firmly within budget.

The Food store business has maintained its upward trajectory, generating additional revenue from each of its five Arkadia Food Store outlets. Management has further strengthened relationships with suppliers, securing improved pricing arrangements, while ongoing work to optimise promotional strategies aims to bolster brand presence and deliver a more engaging in-store customer experience. In the fashion business, efforts have remained focused on identifying new avenues to enhance turnover and drive efficiency amid the challenges posed by a highly competitive market environment.

Directors' report - continued

The Valletta Market once again recorded higher levels of footfall in 2025, benefiting from a marked increase in tourist arrivals, which directly contributed to increased revenue. However, operations continued to face pressures from rising inflation in goods and services, presenting challenges for cost control. Despite these headwinds, the management team successfully upheld operational standards throughout this demanding period, ensuring service quality and customer satisfaction were maintained. In 2025, the Group has entered into a process, intended to transfer the business relating to the operation of the Valletta Market. Arkadia Marketing Limited was granted a temporary emphyteutical concession by the Government of Malta to renovate and operate the site. The original term of the concession was for 65-years. Pursuant to a share purchase agreement, if the transaction is completed successfully, Arkadia Marketing Limited would transfer its rights and obligations under the Concession to the Transferee for the remaining duration of the emphyteutical concession. The transfer of the Concession from Arkadia Marketing Limited to the transferee is subject to the fulfilment of certain conditions precedent to closing as aforesaid, including obtaining the necessary approvals for the transfer of the Concession.

Other sectors within the Mizzi Organisation, which fall outside the Mizzi Organisation Limited Group, include the Beverage sector (comprising The General Soft Drinks Co Limited and GSD Marketing Limited) and the Hospitality sector (The Waterfront Hotel Limited). The Organisation's Beverage sector achieved very positive results in 2025, reflecting strong demand and effective operational strategies. Meanwhile, the normalisation of the tourism industry proved instrumental to the robust performance of the Group's hospitality sector, with increased visitor numbers supporting high occupancy, and higher average room rates leading to revenue growth.

As in previous years, the Board maintained diligent oversight of all Group costs, ensuring financial discipline across operations. The credit control function remained vital in supporting improved debt collection, leading to a reduction in trade debtors and provisioning, compared to the prior year. This ongoing focus on financial management continues to underpin the Organisation's stability and growth prospects.

Automotive

As anticipated, Automotive revenues experienced a decline in 2025, which also had an impact on the division's profitability. The Group's automotive subsidiaries delivered mixed performance during the year, with overall revenue reducing from €106 million in 2024 to €89 million in 2025. This downturn affected revenue generation for United Acceptances Finance Limited which acts as the financing arm to customers purchasing vehicles from group companies, yet the company still managed to report a profit before tax of €1.1 million, an improvement compared to the €650k reported in 2024. Despite the challenging market conditions, management maintained a prudent approach, with the Group's credit function further tightening controls over recoverability of amounts due. This resulted in a decrease in provisions for doubtful debts, demonstrating improved collection effectiveness.

The Automotive division encountered new challenges during the year. In response, the division commenced streamlining its processes, while also trying to maintain operational efficiency. Additionally, focus was placed on customer service enhancements to mitigate the impact of reduced sales.

Directors' report - continued

Mechanical and engineering contracting

Throughout the current financial year, Titan International Limited, the Group subsidiary predominantly engaged in contracting, sales, and servicing of lifts, air conditioners, and various related activities, recorded revenues of €27.3 million (2024: €20.5 million). This equates to a notable increase of 32.9% compared to the previous year, illustrating robust growth in the sector. As previously mentioned, the principal driver behind this performance has been Titan's successful participation in one of the island's major ongoing projects, which has significantly boosted turnover. Additional revenues stemming from this project are expected to be recognised in 2026, coinciding with the project's scheduled completion, thereby further strengthening Titan's financial position.

The sector made a positive contribution to the Group, yielding a profit before tax of €687,469 (2024: €724,623), demonstrating continued profitability despite the challenging market conditions. In 2025, the credit control function remained vigilant, ensuring that receivables were monitored closely and collected promptly, thereby supporting healthy cash flow.

Competition within the sector persisted at a particularly intense level, but management remains pleased with the progress being made in securing future orders. Recruiting skilled labour has proven increasingly difficult, with the company facing ongoing challenges even with seeking employees from overseas. These issues have forced Titan to adapt its workforce strategies and explore new avenues to attract and retain talent, safeguarding operational efficiency for future growth.

Retail

In 2025, Arkadia Commercial Centre once again recorded an increase in footfall of almost 10% compared to the prior year, supported by the full complement of operating tenants and effective family-oriented marketing initiatives. Building on these positive results, the centre further invested in community events and seasonal promotions, strengthening its appeal to both local residents and foreign visitors. The Company continued to focus on enhancing the shopping experience for its patrons, and these efforts helped deliver higher tenant sales whilst still keeping the commercial centre's operating expenses within budget. The introduction of improved digital signage and expanded customer amenities contributed to the overall customer satisfaction and repeat visits.

Throughout 2025, all five Arkadia food stores operated for the entire calendar year, obtaining turnover levels similar to those achieved in 2024. However, rising direct and administrative costs led to an operating loss of €582,973, compared to €355,682 in 2024. Despite this setback, management has maintained a proactive approach, focusing on strengthening its strategic partnership with Bolt Market and nurturing other supplier relationships to secure alternative income avenues and improved pricing. Work is ongoing to optimise promotional strategies, enhance brand visibility, and provide a more engaging customer experience.

The fashion portfolio continued to face tough challenges and fierce competition, resulting in a decrease in revenue. The main brands remain Piazza Italia and Parfois, with Parfois continuing to outperform as the leading brand.

The Valletta Market has maintained its strong trajectory, having achieved its highest footfall since opening in 2018, welcoming approximately 1.9 million visitors during the year. This performance is directly linked to the continued growth in tourist arrivals and is a testament to years of dedicated strategic management. While the operation continues to navigate challenges from inflationary pressures, our management team has successfully maintained high operational standards.

Directors' report - continued

Real Estate

During 2025, the Organisation's real estate operations, managed through Mizzi Estates Limited, experienced a robust 16% increase in third-party rental income, with figures rising from €2.5 million in 2024 to €2.9 million in 2025. This positive performance is in line with the Board of Directors' ongoing strategy to strengthen and expand the Organisation's portfolio of third-party rental agreements, aiming for sustainable growth.

The uplift in revenue was primarily attributable to the successful leasing of the newly completed residential block in Gzira, known as 'Cygnet', which contributed meaningfully to the year's rental income. Additionally, the Pangea office building in St Julian's remained fully occupied throughout the entire calendar year, further supporting the overall revenue growth. These achievements reflect the Organisation's commitment to maximising occupancy rates and capitalising on high-demand locations within its portfolio.

Although there were no property disposals during 2025, management maintained its focus on evaluating and identifying non-core assets for potential divestment, consistent with the Group's broader strategy to streamline operations and reallocate resources towards higher-yielding investments. This proactive approach is expected to enhance the quality and profitability of the real estate portfolio over time.

Capital expenditure for the current financial year totalled approximately €506k. A significant share of this investment was allocated to the initial phase of the Spinola residential block development, which is progressing on schedule and anticipated to be completed in 2028. The Group continues to prioritise capital deployment, strategically, to support future growth and maintain the long-term value of its asset base.

Other matters

The Group consistently emphasizes energy efficiency and sustainability as foundational elements in all of its capital expenditure initiatives.

Accordingly, management continues to evaluate and pursue investments in advanced, energy-efficient refrigeration and HVAC systems as a key component of its ongoing refurbishment initiatives. This strategy not only improves operational efficiency but also contributes to reducing the Group's environmental impact.

Across the Organisation, management teams persistently display commendable drive and dedication, actively implementing a wide spectrum of ESG initiatives. These efforts are strategically designed to position the Group favourably in relation to industry benchmarks and targets, contributing to the long-term value and resilience of the Organisation.

Furthermore, the companies within Mizzi Organisation have consistently supported 'The Spiru Mizzi Foundation' as part of their Corporate Social Responsibility agenda. Established by the President of Mizzi Organisation, Chev. Maurice Mizzi, the Foundation seeks to help young children born and residing in Cottonera and the adjacent harbour area, by providing necessary tools through financial support for them to be able to grow, learn and excel.

The Group employs more than 850 personnel, with Mizzi Organisation Limited and its subsidiaries accounting for the majority of the wider Mizzi Organisation's human resources, which exceed 1,250 employees.

Directors' report - continued

Outlook for 2026

Looking ahead to 2026, the automotive division within the Mizzi Organisation is embarking on an ambitious strategy, aiming to significantly boost overall revenues and profitability. The division's leadership is placing a strong emphasis on operational efficiency, introducing a series of targeted initiatives to streamline processes and drive cost savings. The diverse portfolio of automotive brands under the Organisation's umbrella—including both electric and conventional models—ensures the business is well equipped to respond to evolving market demands and capitalise on growth opportunities. Notably, the steering committee is making substantial progress on the design and development plans for the site known as the 'Hofra' in Blata I-Bajda, which is expected to unlock new and more profitable commercial ventures for the Group.

In the food retail sector, Arkadia food stores are forecasted to maintain the robust revenue levels achieved in 2025, with management maintaining a proactive approach by continuously reviewing the business model and seeking to identify new opportunities within the sector. The online shopping platform for Arkadia food stores remains a vital component of the strategy to achieve revenue targets, reflecting the importance of digital channels in modern retailing. Within the fashion sector, the focus will be on consolidating the Group's best-performing brands, ensuring a strong and competitive market presence. Meanwhile, the prospects for Gozo in 2026 remain particularly promising, as visitor numbers are expected to rise, building on the island's reputation for eco-tourism, rich cultural heritage, and premium hospitality. This anticipated increase in tourism should translate into greater footfall at the Arkadia Commercial Centre, supporting sustained growth. The Group has made operational improvements to this division, reinforcing the Organisation's commitment to efficiency.

Arkadia Marketing Ltd has entered into an agreement and is actively progressing with the transfer of its business relating to the operation of the Valletta market to a third-party acquirer. Upon completion of the transaction, all rights and obligations under the existing emphyteutical concession will be transferred to the new operator.

The engineering division is anticipating a positive outlook for 2026, buoyed by its ongoing involvement in major projects across the island as well as the continuation of several work-in-progress initiatives from the previous year. Investment in attracting new business remains a priority, with a dual focus on direct sales to end customers and growth through the wholesale channel. The division is committed to implementing further operational enhancements, underpinned by the adoption of best practices and technology where appropriate. The outlook remains generally optimistic, with the main ongoing project expected to advance towards completion, supported by the commencement of additional projects that align with the division's objectives. The anticipated mix and timing of contracts income recognition may vary compared to 2025, reflecting the dynamic nature of the project pipeline. Dedicated marketing activities will be sustained to ensure visibility across all business units, while the Contracts and Lifts teams will concentrate on tendering for local opportunities. At the same time, the Retail division will work to expand its product portfolio, and outdoor wholesale operations whilst maintaining a strong focus on cost optimisation.

Within the Group's real estate sector, there is a clear objective to preserve and enhance the positive momentum in rental revenue generation from both residential and commercial properties. Mizzi Estates Limited is committed to maximising the income potential from its flagship office block in St Julian's, 'Pangea', as well as the recently launched residential development in Gzira, 'Cygnet'. The ongoing development of a new residential block in St Julian's remains a central focus, with progress scheduled to continue throughout 2026 and project completion targeted for 2028. The Group's healthy projected cash inflows provide a robust foundation for supporting planned outlays and future investments.

The Institute of English Language Studies Ltd is anticipated to maintain its current market share, continuing to offer a blend of tuition and hospitality services.

Directors' report – continued

It is important to note that ongoing geopolitical instability continues to introduce a degree of uncertainty in global economic conditions, which may have knock-on effects on the domestic market in which the Group operates. The management teams across the Mizzi Organisation remain vigilant in response to the inflationary pressures experienced over recent months and are committed to closely monitoring developments, ensuring the Organisation remains agile and responsive to the challenges posed by the evolving global economic landscape.

The Boards of Directors of Mizzi Organisation Limited and the companies comprising the Mizzi Organisation are satisfied with the condition and performance of each entity within the Group. Following recent refinancing activities, which have provided the Group with fixed borrowing rates, the Group remains vigilant in monitoring interest rate developments to secure the most advantageous rates and to mitigate the impact of market volatility. Over time, Mizzi Organisation has consistently upheld the highest standards of corporate governance and financial discipline, thereby reinforcing the Group's ability to meet its servicing obligations. Furthermore, Mizzi Organisation Ltd has assumed a treasury function within the Group, facilitating oversight and management of the Group's aggregate loan exposure. The directors persist in their policy of undertaking only necessary capital expenditure, thereby enhancing the Group's value and profitability. The directors are of the opinion that the Organisation and all companies within the Mizzi Organisation remain a going concern. Consequently, the going concern assumption applied in preparing these financial statements is deemed appropriate, and there are no significant uncertainties that would raise substantial doubt regarding the Organisation's and its companies' ability to continue as a going concern.

Financial risk management

In 2025, there has been no change in the Group's and Company's financial risk management objectives and policies, details of which, together with further information on the Group's and the Company's risk exposures can be found in Note 2 to the financial statements.

Results and dividends

The consolidated financial results are set out on page 16. The directors do not recommend the payment of a dividend.

The directors propose that the balance of retained earnings of €8,950,842 (2024: €9,576,495) for the Group and the balance of retained earnings amounting to €18,002,334 (2024: €17,168,599) for the parent Company, to be carried forward to the next financial year.

Directors' report - continued

Directors

The directors of the Company who held office during the year were:

Angele Calleja
Maurice F. Mizzi
Brian R. Mizzi
Christopher Mizzi
Ian Mizzi
Kenneth C. Mizzi
Veronica Mizzi

Pursuant to a company announcement of Mizzi Organisation Finance p.l.c. dated 27 April 2026, Mr. Maurice F. Mizzi will resign from office with effect from 1 May 2026. On the same date, Mr. John Zarb, Mr. Anthony Diacono and Mr. Martin Galea will be appointed as directors.

Statement of directors' responsibilities for the financial statements

The directors are required by the Maltese Companies Act (Cap. 386) to prepare financial statements which give a true and fair view of the state of affairs of the Group and the parent Company as at the end of each reporting period and of the profit or loss for that period.

In preparing the financial statements, the directors are responsible for:

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances;
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Group and the parent Company will continue in business as a going concern.

The directors are also responsible for designing, implementing and maintaining 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, and that comply with the Maltese Companies Act (Cap. 386). They are also responsible for safeguarding the assets of the Group and the parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements of Mizzi Organisation Limited for the year ended 31 December 2025 are included in the Annual Report and Consolidated Financial Statements 2025, which is published in hard-copy printed form and made available on the Mizzi Organisation website (www.mizziOrganisation.com). The directors of the entities constituting the Mizzi Organisation are responsible for the maintenance and integrity of the Annual Report on the website in view of their responsibility for the controls over, and the security of, the website. Access to information published on the Organisation's website is available in other countries and jurisdictions, where legislation governing the preparation and dissemination of financial statements may differ from requirements or practice in Malta.

Directors' report - continued

Auditors

PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

On behalf of the board



Brian R. Mizzi
Director



Kenneth C. Mizzi
Director

Registered office:
Mizzi Organisation Corporate Office
Testaferrata Street
Ta' Xbiex
Malta

30 April 2026



Independent auditor's report

To the Shareholders of Mizzi Organisation Limited

Report on the audit of the financial statements

Our opinion

In our opinion:

- The Group financial statements and the Parent Company financial statements (the "financial statements") of Mizzi Organisation Limited give a true and fair view of the Group and the Parent Company's financial position 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
- The financial statements have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

What we have audited

Mizzi Organisation Limited's financial statements, set out on pages 16 to 114, comprise:

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



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

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 Group and the Parent Company 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.

Other information

The directors are responsible for the other information. The other information comprises the Directors' report (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except as explicitly stated within the *Report on other legal and regulatory requirements*.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



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

If, based on the work we have performed we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company 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 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:



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

- 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 Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Group or the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.



Independent auditor’s report - continued
To the Shareholders of Mizzi Organisation Limited

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.

Report on other legal and regulatory requirements

The *Annual Report and Financial Statements 2025* contains other areas required by legislation or regulation on which we are required to report. The Directors are responsible for these other areas.

The table below sets out these areas presented within the Annual Report, our related responsibilities and reporting, in addition to our responsibilities and reporting reflected in the *Other information* section of our report. Except as outlined in the table, we have not provided an audit opinion or any form of assurance.

Area of the <i>Annual Report and Financial Statements 2025</i> and the related Directors’ responsibilities	Our responsibilities	Our reporting
<p>Directors’ report</p> <p>(on pages 1 to 8)</p> <p>The Maltese Companies Act (Cap. 386) requires the directors to prepare a Directors’ report, which includes the contents required by Article 177 of the Act and the Sixth Schedule to the Act.</p>	<p>We are required to consider whether the information given in the Directors’ report for the financial year for which the financial statements are prepared is consistent with the financial statements.</p> <p>We are also required to express an opinion as to whether the Directors’ report has been prepared in accordance with the applicable legal requirements.</p> <p>In addition, we are required to state whether, in the light of the knowledge and understanding of the Company and its environment obtained in the course of our audit, we have identified any material misstatements in the Directors’</p>	<p>In our opinion:</p> <ul style="list-style-type: none"> the information given in the Directors’ report for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Directors’ report has been prepared in accordance with the Maltese Companies Act (Cap. 386). <p>We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the <i>Other information</i> section.</p>



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

<i>Area of the Annual Report and Financial Statements 2025 and the related Directors' responsibilities</i>	Our responsibilities	Our reporting
	report, and if so to give an indication of the nature of any such misstatements.	
	Other matters on which we are required to report by exception We also have responsibilities under the Maltese Companies Act (Cap. 386) to report to you if, in our opinion: <ul style="list-style-type: none">• adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us.• the financial statements are not in agreement with the accounting records and returns.• we have not received all the information and explanations which, to the best of our knowledge and belief, we require for our audit.	We have nothing to report to you in respect of these responsibilities.



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

Other matter - use of this report

Our report, including the opinions, has been prepared for and only for the Parent Company's shareholders as a body in accordance with Article 179 of the Maltese Companies Act (Cap. 386) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior written consent.


Stephen Mamo
Principal

For and on behalf of

PricewaterhouseCoopers

78, Mill Street
Zone 5, Central Business District
Qormi
Malta

30 April 2026

Statements of financial position

		At 31 December			
Notes	Group		Company		
	2025	2024	2025	2024	
	€	€	€	€	
ASSETS					
Non-current assets					
Property, plant and equipment	4	80,369,672	83,834,037	330,852	371,351
Right-of-use assets	5	13,275,002	27,196,105	-	-
Investment property	6	98,229,069	98,441,700	5,399,071	5,399,071
Intangible assets	7	418,644	477,966	-	-
Investments in subsidiaries	8	-	-	5,860,800	5,860,800
Investments in associates	9	2,731,633	2,216,396	3,300,927	3,292,927
Financial assets at FVOCI	10	4,013,801	2,838,496	4,013,801	2,838,496
Loans and advances	11	651,577	1,640,722	29,997,670	32,814,543
Trade and other receivables	12	12,533,347	13,318,835	-	-
Derivative financial instruments	24	13,990	68,059	13,990	68,059
Total non-current assets		212,236,735	230,032,316	48,917,111	50,645,247
Current assets					
Inventories	14	37,390,604	39,560,379	-	-
Loans and advances	11	1,064,056	1,211,845	6,009,278	6,087,825
Trade and other receivables	12	26,567,605	27,785,548	41,007,448	38,959,249
Current tax assets		1,590,363	1,266,692	950,230	760,156
Cash and cash equivalents	15	8,326,384	8,698,910	13,360	1,215,233
		74,939,012	78,523,374	47,980,316	47,022,463
Assets held for sale	34	14,978,998	-	-	-
Total current assets		89,918,010	78,523,374	47,980,316	47,022,463
Total assets		302,154,745	308,555,690	96,897,427	97,667,710

Statements of financial position - continued

		As at 31 December			
		Group		Company	
Notes	2025	2024	2025	2024	
	€	€	€	€	
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	16	7,140,017	7,140,017	7,140,017	7,140,017
Capital contribution reserve	16	2,000,000	2,000,000	2,000,000	2,000,000
Revaluation reserves	17	42,832,145	41,622,480	664,552	(510,753)
Fair value gains and other reserves	18	35,310,453	35,380,837	-	-
Hedging reserve	19	9,094	44,239	9,094	44,239
Retained earnings		8,950,842	9,576,495	18,002,334	17,168,599
Total equity		96,242,551	95,764,068	27,815,997	25,842,102
Non-current liabilities					
Trade and other payables	20	348,468	487,263	-	-
Borrowings	21	60,951,402	65,836,463	46,805,519	51,468,656
Lease liabilities	22	12,545,377	27,030,231	-	-
Deferred tax liabilities	23	15,199,865	15,296,796	18,889	37,813
Total non-current liabilities		89,045,112	108,650,753	46,824,408	51,506,469
Current liabilities					
Trade and other payables	20	67,272,738	69,796,444	11,319,956	12,260,270
Borrowings	21	34,576,972	31,811,885	10,937,066	8,058,869
Lease liabilities	22	1,746,337	1,909,814	-	-
Current tax liabilities		406,004	622,726	-	-
		104,002,051	104,140,869	22,257,022	20,319,139
Liabilities relating to assets held for sale	34	12,865,031	-	-	-
Total current liabilities		116,867,082	104,140,869	22,257,022	20,319,139
Total liabilities		205,912,194	212,791,622	69,081,430	71,825,608
Total equity and liabilities		302,154,745	308,555,690	96,897,427	97,667,710

The notes on pages 25 to 114 are an integral part of these consolidated financial statements.

The financial statements on pages 16 to 114 were authorized for issue by the Board on 30 April 2026 and were signed on its behalf by:


Brian R. Mizzi
Director


Kenneth C. Mizzi
Director

Income statements

		Year ended 31 December			
		Group		Company	
Notes	2025	2024	2025	2024	
	€	€	€	€	
Continuing operations:					
Revenue	26	153,233,999	159,483,273	-	-
Cost of sales	27	(116,226,524)	(123,322,063)	-	-
Gross profit		37,007,475	36,161,210	-	-
Selling and other direct expenses	27	(18,223,812)	(17,966,410)	-	-
Administrative expenses	27	(16,649,472)	(16,914,979)	(2,920,314)	(2,474,600)
Gains from changes in fair value of investment property	6	516,920	1,396,073	-	-
Other operating income	29	2,760,999	3,149,111	1,530,013	1,747,244
Operating profit/(loss)		5,412,110	5,825,005	(1,390,301)	(727,356)
Investment and other related income	30	118,567	152,251	2,795,600	10,785,216
Finance income	31	93,805	129,694	1,529,590	1,822,620
Finance costs	32	(4,840,531)	(5,343,561)	(2,386,579)	(2,854,141)
Gain on bargain purchase attributable to business combination	25	-	1,270,771	-	-
Share of profit of associates	9	507,237	461,899	-	-
Profit before tax		1,291,188	2,496,059	548,310	9,026,339
Tax (expense)/income	33	(327,425)	61,638	285,425	(55,621)
Profit for the year from continuing operations		963,763	2,557,697	833,735	8,970,718
Loss for the year from discontinued operations	34	(1,680,889)	(1,843,645)	-	-
(Loss)/profit for the year		(717,126)	714,052	833,735	8,970,718

The notes on pages 25 to 114 are an integral part of these consolidated financial statements.

Statements of comprehensive income

		Year ended 31 December			
		Group		Company	
Notes		2025	2024	2025	2024
		€	€	€	€
	(Loss)/profit for the year	(717,126)	714,052	833,735	8,970,718
<i>Items that will not be reclassified to profit or loss</i>					
	Movement in deferred tax liability on revalued land and buildings determined on the basis applicable to property disposals	17	55,449	32,686	-
	Gains/(losses) from changes in fair value of financial assets at FVOCI	17	1,175,305	(97,101)	1,175,305
	Share of other comprehensive income of associate:				
	Share of revaluation surplus arising during the year on land and buildings of an associate, net of deferred tax	17	-	5,425,872	-
	<i>Items that may subsequently be reclassified to profit or loss</i>				
	Cash flow hedges, net of deferred tax	19	(35,145)	(101,551)	(35,145)
	Other comprehensive income for the year, net of tax		1,195,609	5,259,906	1,140,160
	Total comprehensive income for the year		478,483	5,973,958	1,973,895
	Total comprehensive income for the year arises from:				
	Continuing operations		2,159,372	7,817,603	1,973,895
	Discontinued operations		(1,680,889)	(1,843,645)	-
			478,483	5,973,958	1,973,895

The notes on pages 25 to 114 are an integral part of these consolidated financial statements.

Statements of changes in equity

Group	Notes	Share capital €	Capital contribution reserve €	Revaluation reserves €	Fair value gains and other reserves €	Hedging reserve €	Retained earnings €	Total €
Balance at 1 January 2024		7,140,017	-	41,707,984	40,741,134	145,790	(1,944,815)	87,790,110
Comprehensive income								
Profit for the year		-	-	-	-	-	714,052	714,052
Other comprehensive income:								
Movement in deferred tax liability on revalued land and buildings determined on the basis applicable to property disposals	17	-	-	32,686	-	-	-	32,686
Depreciation transfer, net of deferred tax	17	-	-	(21,089)	-	-	21,089	-
Losses from changes in fair value of financial assets at FVOCI	17	-	-	(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	18	-	-	-	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	18	-	-	-	(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	18	-	-	-	(6,518,850)	-	6,518,850	-
Cash flow hedges, net of deferred tax	19	-	-	-	-	(101,551)	-	(101,551)
Share of other comprehensive income of associate:								
Share of revaluation surplus arising during the year on land and buildings of an associate, net of deferred tax	17	-	-	5,425,872	-	-	-	5,425,872
Transfer to retained earnings upon realisation through acquisition of remaining shareholding in associate and achievement of control	17	-	-	(5,425,872)	-	-	5,425,872	-
Total other comprehensive income		-	-	(85,504)	(5,360,297)	(101,551)	10,807,258	5,259,906
Total comprehensive income		-	-	(85,504)	(5,360,297)	(101,551)	11,521,310	5,973,958
Transactions with owners								
Capital contributions from shareholders – waiver of amounts due to shareholders	16	-	2,000,000	-	-	-	-	2,000,000
Balance at 31 December 2024		7,140,017	2,000,000	41,622,480	35,380,837	44,239	9,576,495	95,764,068

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Statements 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	7,140,017	2,000,000	41,622,480	35,380,837	44,239	9,576,495	95,764,068
Comprehensive income							
Loss for the year	-	-	-	-	-	(717,126)	(717,126)
Other comprehensive income:							
Movement in deferred tax liability on revalued land and buildings determined on the basis applicable to property disposals	17	-	55,449	-	-	-	55,449
Depreciation transfer, net of deferred tax	17	-	(21,089)	-	-	21,089	-
Gains from changes in fair value of financial assets at FVOCI	17	-	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	18	-	-	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	18	-	-	(46,686)	-	46,686	-
Realised fair value gains on investment property upon disposal, net of deferred tax determined on the basis applicable to property disposals	18	-	-	(488,926)	-	488,926	-
Cash flow hedges, net of deferred tax	19	-	-	-	(35,145)	-	(35,145)
Total other comprehensive income	-	-	1,209,665	(70,384)	(35,145)	91,473	1,195,609
Total comprehensive income	-	-	1,209,665	(70,384)	(35,145)	(625,653)	478,483
Balance at 31 December 2025	7,140,017	2,000,000	42,832,145	35,310,453	9,094	8,950,842	96,242,551

Statements of changes in equity - continued

Company

	Notes	Share capital €	Capital contribution reserve €	Revaluation reserves €	Hedging reserve €	Retained earnings €	Total €
Balance at 1 January 2024		7,140,017	-	(413,652)	145,790	8,197,881	15,070,036
Comprehensive income							
Profit for the year		-	-	-	-	8,970,718	8,970,718
Other comprehensive income:							
Losses from changes in fair value of financial assets at FVOCI	17	-	-	(97,101)	-	-	(97,101)
Cash flow hedges, net of deferred tax	19	-	-	-	(101,551)	-	(101,551)
Total other comprehensive income		-	-	(97,101)	(101,551)	-	(198,652)
Total comprehensive income						8,970,718	8,772,066
Transaction with owners							
Capital contributions from shareholders - waiver of amounts due to	16	-	2,000,000	-	-	-	2,000,000
Balance at 31 December 2024		7,140,017	2,000,000	(510,753)	44,239	17,168,599	25,842,102

Statements of changes in equity - continued

	Notes	Capital				Total	
		Share capital	contribution reserve	Revaluation reserves	Hedging reserve		Retained earnings
		€	€	€	€	€	
Balance at 1 January 2025		7,140,017	2,000,000	(510,753)	44,239	17,168,599	25,842,102
Comprehensive income		-	-	-	-	833,735	833,735
Profit for the year		-	-	-	-	-	-
Other comprehensive income:							
Gains from changes in fair value of financial assets at FVOCI	17	-	-	1,175,305	-	-	1,175,305
Cash flow hedges, net of deferred tax	19	-	-	-	(35,145)	-	(35,145)
Total other comprehensive income		-	-	1,175,305	(35,145)	-	1,140,160
Total comprehensive income		-	-	1,175,305	(35,145)	833,735	1,973,895
Balance at 31 December 2025		7,140,017	2,000,000	664,552	9,094	18,002,334	27,815,997

The notes on pages 25 to 114 are an integral part of these consolidated financial statements.

Statements of cash flows

		Year ended 31 December			
		Group		Company	
		2025	2024	2025	2024
		€	€	€	€
Cash flows from operating activities					
Cash generated from/(used in) operations	36	12,375,972	14,676,162	(3,676,236)	(7,778,035)
Dividends received		118,567	152,251	2,795,600	10,785,216
Interest received		93,805	129,694	1,529,590	1,822,620
Interest paid		(4,320,238)	(4,961,280)	(2,353,683)	(2,821,245)
Tax (paid)/refunded		(890,376)	(2,365,245)	(475,499)	414,211
Net cash operated from/(used in) operating activities		7,377,730	7,631,582	(2,180,228)	2,422,767
Cash flows from investing activities					
Payment for acquisition of subsidiary, net of cash acquired	25	-	(6,401,260)	-	-
Investments in subsidiaries	8	-	-	-	(98,640)
Payments for property, plant and equipment					
equipment	4	(7,634,540)	(8,249,227)	(104,959)	(135,336)
Proceeds from disposal of property, plant and equipment		3,416,788	2,511,681	13,730	-
Payments for investment property		(968,483)	(1,515,803)	-	-
Proceeds from disposal of investment property	6	1,380,000	12,901,875	-	-
Payments for investment in associate	9	(8,000)	-	(8,000)	-
Advances to subsidiaries	11	-	-	(3,100,000)	(2,386,000)
Repayments of advances by subsidiaries	11	-	-	4,858,486	9,487,478
Repayments of advances to related parties forming part of Mizzi Organisation	11	1,014,988	978,366	1,014,988	978,366
Repayments of advances to associate	11	121,946	191,227	121,946	191,227
Net cash generated from/(used in) investing activities		(2,677,301)	416,859	2,796,191	8,037,095
Cash flows from financing activities					
Proceeds from bank borrowings	21	3,004,630	9,608,544	-	-
Repayments of bank borrowings	21	(10,710,916)	(10,027,574)	(7,321,291)	(7,196,192)
Proceeds from loans from subsidiaries	21	-	-	565,000	-
Proceeds from loans from other related parties	21	1,299,005	1,000,000	1,299,005	1,000,000
Principal element of lease payments	22	(2,844,119)	(2,712,962)	-	-
Net cash used in financing activities		(9,251,400)	(2,131,992)	(5,457,286)	(6,196,192)
Net movements in cash and cash equivalents		(4,550,971)	5,916,449	(4,841,323)	4,263,670
Cash and cash equivalents at beginning of year		(10,753,201)	(16,669,650)	1,010,101	(3,253,569)
Cash and cash equivalents at end of year	15	(15,304,172)	(10,753,201)	(3,831,222)	1,010,101

The notes on pages 25 to 114 are an integral part of these consolidated financial statements.

Notes to the financial statements

1. Summary of material accounting policies

The principal accounting policies applied in the preparation of these 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

The consolidated financial statements include the financial statements of Mizzi Organisation Limited and its subsidiaries. These financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386). They have been prepared under the historical cost convention, as modified by the fair valuation of the land and buildings category of property, plant and equipment, investment property, and financial assets measured at fair value through other comprehensive income.

The preparation of 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 Group to exercise their judgement in the process of applying the Company'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 Group's current liabilities exceeded current assets by €14,827,768 (2024: €16,506,747), after excluding non-cash contract liabilities and other payments received in advance. The parent Company directors take cognisance of the related party relationship with other companies forming part of Mizzi Organisation and other related parties and the formal commitment that these companies will not request payments of amounts due to them until alternative financing is available, together with the unutilised portion of the committed bank facilities that the Group can access to meet liquidity needs. On the basis of these considerations, the directors have a reasonable expectation, at the time of approving these financial statements, that the Group has adequate financial resources to continue in operational existence for the foreseeable future and that the Group will continue to manage its net current liability position effectively within the context of a normalised liquidity management stance.

The Boards of Directors of Mizzi Organisation Limited and of the companies constituting the Mizzi Organisation are comfortable with the financial position and performance of the companies forming part of the Group. The refinancing exercises effected in prior years have given the Group 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 on the Group's servicing obligations. Over the years, Mizzi Organisation Limited has taken a treasury role within the Group which helps control and monitor the Group'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 Group adopted new standards, amendments and interpretations to existing standards that are mandatory for the Group'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 Group's accounting policies impacting the Group'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 Group's accounting periods beginning after 1 January 2025. The Group 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 material impact on the Group'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 impact 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 mandator 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.

1.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the Group 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 Group. They are de-consolidated from the date that control ceases.

The Group 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 Group. 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 Group 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.

1. Summary of material accounting policies - continued

1.2 Consolidation - continued

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.

Inter-company transactions, balances and unrealised gains on transactions between Group companies 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 Group.

In the Company's separate financial statements, investments in subsidiaries are accounted for by the cost method of accounting i.e. at cost less impairment. Provisions are recorded where, in the opinion of the directors, there is an impairment in value. Where there has been an impairment in the value of an investment, it is recognised as an expense in the period in which the diminution is identified. The results of subsidiaries are reflected in the Company's separate financial statements only to the extent of dividends receivable. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

(b) Associates

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

The Group'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 Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group'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 Group.

In the Company's separate financial statements, investments in associates are accounted for by the cost method of accounting i.e. at cost less impairment. Provisions are recorded where, in the opinion of the directors, there is an impairment in value. Where there has been an impairment in the value of an investment, it is recognised as an expense in the period in which the diminution is identified. The results of associates are reflected in the Company's separate financial statements only to the extent of dividends receivable. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

1. Summary of material accounting policies - continued

1.3 Functional and presentation currency

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

1.4 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. 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 Group 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.

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 - 33 ¹ / ₃
Plant, machinery and operational equipment	8 ¹ / ₃ - 33 ¹ / ₃
Furniture, fittings, air conditioning and other equipment	10 - 33 ¹ / ₃
Motor vehicles	10 - 33 ¹ / ₃

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.

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

1. Summary of material accounting policies - continued

1.4 Property, plant and equipment - continued

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.

1.5 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, 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 Group 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 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 Group 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.

1. Summary of material accounting policies - continued

1.4 Investment property - continued

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 Group decides to dispose of an investment property without development, the Group continues to treat the property as an investment property. Similarly, if the Group begins to redevelop an existing investment property for continued future use as investment property, it remains an investment property during the redevelopment.

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.

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

1.7 Financial assets

Classification

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

Recognition and derecognition

The Group 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 Group has transferred substantially all the risks and rewards of ownership or has not retained control of the asset.

Measurement

At initial recognition, the Group 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 Group 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 Group subsequently measures all equity investments at fair value. Where the Group'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 Group's right to receive payments is established.

1. Summary of material accounting policies - continued

1.7 Financial assets - continued

Impairment

The Group 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 Group 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 Group 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).

1.7.1 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 Group 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.

1.7.2 Amounts receivable from hire purchase debtors

An entity forming part of the Mizzi Organisation Limited acquires and finances trade receivables arising from the sale of goods and services by other companies within the Group. 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 allowance in respect of these receivables. Provision for impairment of hire purchase receivables is further described in Note 2.

1. Summary of material accounting policies - continued

1.7 Financial assets - continued

1.7.2 Amounts receivable from hire purchase debtors - continued

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 Group'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.

1.7.3 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.

1.8 Inventories

Goods held for resale

Inventories are stated at the lower of cost and net realisable 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.

The cost of inventories comprises the invoiced value of goods and, in general, includes transport and handling costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

1. Summary of material accounting policies - continued

1.8 Inventories - continued

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.

1.9 Share capital

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

1.10 Financial liabilities

The Group recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. The Group'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 Group derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, cancelled or expires.

1.10.1 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.

1.10.2 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 Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

Preference shares which are mandatorily redeemable on or by a specific date, are classified as liabilities. The dividend on these preference shares is recognised in profit or loss as interest expense.

1. Summary of material accounting policies - continued

1.11 Derivative financial instruments and hedging

The Group 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.

On the date a derivative contract is entered into, the Group 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 Group 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 Group 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.

1. Summary of material accounting policies - continued

1.11 Derivative financial instruments and hedging - continued

Certain derivative transactions, while providing effective economic hedges under the Group'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 24 to the financial statements.

1.12 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.

1.13 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 or 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. Summary of material accounting policies - continued

1.14 Provisions

Provisions are recognised when the Group 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 Group 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.

1.15 Revenue recognition

Revenues include all sales from the ordinary business activities of the Group. 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 Group'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 creates 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 Group recorded revenue for fulfilment 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 Group 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 fulfilment 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.

1. Summary of material accounting policies - continued

1.15 Revenue recognition - continued

Sales of goods - retail

The Group 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 Group 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 Group 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 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 Group 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

1.15 Revenue recognition - continued

The Group 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 Group 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

A group 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 Group 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 Group 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

1.15 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.

1.16 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).

1.17 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.

1.18 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.

A group 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 Group.

1. Summary of material accounting policies - continued

1.18 Leases - continued

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 Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group 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 Group, 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 Group:

- 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 Group, 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 Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

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).

1. Summary of material accounting policies - continued

1.18 Leases - continued

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 group undertaking is typically reasonably certain to extend (or not terminate); and
- if any leasehold improvement are expected to have a significant remaining value, the group undertaking is typically reasonably certain to extend (or not terminate).
- Otherwise, the group 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 Group 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.

A group 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 1.4. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income from operating leases recognised in profit or loss on a straight-line basis over the lease term. The Group 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.

1.19 Borrowing costs

Borrowing costs which are incurred for the purpose of acquiring or constructing qualifying property, plant and equipment, investment property or property held for development and resale 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.

1.20 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 coordinated 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.

1. Summary of material accounting policies - continued

1.21 Dividend distribution

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

2. Financial risk management

2.1 Financial risk factors

The Group'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 Group's overall risk management, covering risk exposures for all group undertakings, focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The parent Company's Board of directors provides principles for overall Group risk management, as well as policies covering risks referred to above and specific areas such as investment of excess liquidity. The Group 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 Group's purchases are denominated in US dollar, Japanese yen and sterling, and accordingly the Group 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 Group's figures.

The Group'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 Group 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 Group's significant instruments which are subject to fixed interest rates primarily consist of certain loans and advances (Note 11), amounts receivable from hire purchase debtors (Note 13), certain other payables as disclosed in Note 20, lease liabilities (Note 22), bonds issued to the general public (Note 21) and certain bank loans as disclosed in Note 21. The Company's fixed interest instruments also comprise borrowings from subsidiary (Note 21). In this respect, the Group and the Company are 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.

2. Financial risk management - continued

The Group's interest rate risk principally arises from bank and other borrowings (Note 21), including bills of exchange factored out to bank, issued at variable rates, together with advances to and balances with related parties (Note 11), subject to floating interest rates, which expose the Group to cash flow interest rate risk. The Company is exposed to cash flow interest rate risk in relation to loans and advances to subsidiaries and related parties (Note 11), subject to variable interest rates. 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 parent Company entered into cash flow hedging agreements in respect of 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 24.

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 Group's operating cash flows are substantially independent of changes in market interest rates.

(iii) Price risk

The Group is exposed to equity securities price risk in view of investments held by the Group which have been classified in the statement of financial position as financial assets at FVOCI. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio in terms of listing status and business sectors of investees.

A portion of the Group's investments are quoted on the Malta Stock Exchange (refer to Note 10) and are accordingly incorporated in the MSE equity index. The impact of a reasonable possible shift in the MSE equity index on the Group's income statement and revaluation reserve is not deemed significant in the context of the Group'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 respective index. Another portion of the Group's investments are in unlisted private companies (refer to Note 10), which portion is not deemed to be significant in the context of the Group's statement of financial position.

2. Financial risk management - continued

(b) Credit risk

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

	Group		Company	
	2025	2024	2025	2024
	€	€	€	€
Financial assets measured at amortised cost:				
Loans and advances (Note 11)	1,715,633	2,852,567	36,006,948	38,902,368
Trade and other receivables (Note 12)	34,242,892	36,360,489	40,737,397	38,397,100
Cash and cash equivalents (Note 15)	8,326,384	8,698,910	13,360	1,215,233
	44,284,909	47,911,966	76,757,705	78,514,701
			Group and Company	
			2025	2024
			€	€
Financial assets measured at fair value:				
Derivative instruments (Note 24)			13,990	68,059

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 Group does not hold any 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 parent Company 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 Group 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 Group 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.

2. Financial risk management - continued

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

The Group's and the Company's receivables include loans advanced to related parties forming part of Mizzi Organisation and associates (refer to Note 11), and other amounts owed by related parties forming part of Mizzi Organisation, associates and other related parties (refer to Note 12). The Company's receivables further include loans advanced to subsidiaries and other amounts owed by subsidiaries (refer to Notes 11 and 12 respectively). The Group 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 Group liquidity management. The Group assesses the credit quality of these related parties taking into account financial position, performance and other factors. The Group 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 receivable 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 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.

With respect to loans receivable from and amounts owned by all related parties forming part of the Mizzi Organisation, the Organisation has pledged to manage recovery of these exposures at a central level, also taking into account the financial backing of the ultimate shareholders.

Trade and other receivables (including contract assets)

The Group's debtors comprise trade receivables arising from its core operations and amounts receivable from hire purchase debtors in respect of financing provided by a group undertaking. The Group assesses the credit quality of its customers, 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 Group monitors the performance of its trade and hire purchase receivables on a regular basis to identify incurred and expected collection losses, which are inherent in the Group's debtors, taking into account historical experience in collection of accounts receivable.

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

The Group manages credit limits and exposures actively in a practicable manner such that past due amounts receivable from customers are within controlled parameters. The Group'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 losses from non-performance by these customers.

2. Financial risk management - continued

Impairment of trade receivables (including contract assets)

The Group 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 Group 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 Group 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 being equivalent to the balances attributable to credit impaired receivables. On that basis, the loss allowance for trade receivables for the Group as at 31 December 2025 and 2024 was determined as follows:

	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
As at 31 December 2025						
Expected loss rate	0.2% - 1.9%	0.3% - 2.1%	0.4% - 2.5%	0.6% - 25%	1% - 100%	
Gross carrying amount (€)	3,898,272	1,386,226	1,187,695	388,275	6,484,988	13,345,456
Loss allowance (€)	334,395	13,961	11,855	3,885	1,492,214	1,856,310
As at 31 December 2024						
Expected loss rate	0.2% - 1.9%	0.3% - 2.1%	0.4% - 2.5%	0.6% - 25%	1% - 100%	
Gross carrying amount (€)	5,429,876	1,191,656	987,314	597,713	5,147,533	13,354,092
Loss allowance (€)	355,047	16,141	10,345	7,833	1,613,885	2,003,251

The Group 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 Group 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 Group. The Group determines expected credit loss rates by taking cognisance of the projected impact on the repayment ability of the Group's customers, the repayment pattern actually experienced, and the estimated life of trade receivables. As at 31 December 2025, the Group 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.

2. Financial risk management - continued

The Group 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 Group 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 Group, 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. 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 Group's past due trade debts, management has not identified any major concerns with respect to concentration of credit risk as outlined above.

Categorisation of trade receivables as past due is determined by the Group 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 Group's trade receivables figures.

Impairment of hire purchase debtors

An entity within the Group that carries hire purchase debtors 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 as summarised below:

- Hire purchase debtors that are not credit impaired on initial recognition are classified in 'Stage 1' and their credit risk is continuously monitored by the Group. 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.

2. Financial risk management - continued

The assessment of SICR incorporates forward-looking information and is reviewed on a periodic basis. As required by IFRS 9, the respective entity presumptively considers that a SICR generally occurs when an asset is more than 30 days past due. The entity determines 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 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 entity determines 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.

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.

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.

2. Financial risk management - continued

The loss allowance for hire purchase receivables as at 31 December 2025 and 2024 was determined as follows:

As at 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 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

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.

The Group established an allowance for impairment that represented its estimate of expected credit losses in respect of hire purchase debtors. 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 Group 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 Group, 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 Group on the basis of the nature of the credit terms in place and credit arrangements actually utilised in managing exposures with customers.

2. Financial risk management - continued

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

(c) Liquidity risk

The Group is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise lease liabilities (Note 22), borrowings (Note 21) and trade and other payables (Note 20). 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 Group's obligations.

The Group's liquidity risk is actively managed by ensuring that net cash inflows from the Group's trading operations are monitored in relation to cash outflows arising from the Group's borrowings, principally bonds and bank borrowings, covering principal and interest payments as reflected in the table below. The key objective of the Group's liquidity management process is that of channelling a regular stream of net cash flows to fund bond and other borrowing interest and capital repayment obligations, and strengthening the Group'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 monitoring process also considers the fact that the Group has significant amounts payable to related parties in respect of property and financing transactions that have taken place in the current and prior years. The Group'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 Group's committed bank borrowing facilities and other intra-Organisation financing that it can access. As at 31 December 2025, the Group's current liabilities exceeded current assets by €14,827,768 (2024: €16,506,747), after excluding non-cash contract liabilities and other payments received in advance. The parent Company directors have taken cognisance of the related party relationship with other companies forming part of Mizzi Organisation and the formal commitment that these companies will not request payments of amounts due to them until alternative financing is available. The unutilised portion of the Group's committed bank facilities and other financing that the Group can access to meet liquidity needs are considered an important factor, as is the assessment of the Group's working capital position. In this respect management does not consider liquidity risk to the Group as significant taking into account the liquidity management process referred to above.

2. Financial risk management - continued

The tables below analyse the Group's and the Company's principal non-derivative 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.

Group	Less than 1 year €	Between 1 and 2 years €	Between 2 and 5 years €	Over 5 years €	Total €
At 31 December 2025					
Lease liabilities	2,565,817	2,555,042	6,460,512	7,306,809	18,888,180
Bank borrowings	34,625,589	4,747,966	5,180,761	5,011,415	49,565,731
Bonds issued to the general public	1,642,500	1,642,500	4,927,500	46,642,500	54,855,000
Loans from related parties forming part of Mizzi Organisation	-	-	-	713,353	713,353
Loans from other related party	600,000	-	-	-	600,000
Trade and other payables	53,869,845	-	-	-	53,869,845

At 31 December 2024					
Lease liabilities	3,035,986	2,901,857	8,670,876	33,656,089	48,264,808
Bank borrowings	31,785,706	10,587,813	5,995,911	6,505,238	54,874,668
Bonds issued to the general public	1,642,500	1,642,500	4,927,500	48,285,000	56,497,500
Loans from related parties forming part of Mizzi Organisation	-	-	-	713,353	713,353
Loans from other related party	600,000	-	-	-	600,000
Trade and other payables	59,119,595	-	-	-	59,119,595

Company	Less than 1 year €	Between 1 and 2 years €	Between 2 and 5 years €	Over 5 years €	Total €
At 31 December 2025					
Bank borrowings	6,127,763	1,409,638	-	-	7,537,401
Loans from subsidiary	2,961,300	1,896,300	5,688,900	49,788,900	60,335,400
Trade and other payables	10,930,914	-	-	-	10,930,914
At 31 December 2024					
Bank borrowings	7,417,186	5,984,332	1,406,353	-	14,807,871
Loans from subsidiary	2,396,300	1,896,300	5,688,900	49,788,900	59,770,400
Trade and other payables	12,116,388	-	-	-	12,116,388

2. Financial risk management - continued

The table below analyses the Group's and the Company'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
At 31 December 2024				
Interest rate swaps				
- Inflows	63,278	10,957	-	74,235

2.2 Capital risk management

The Group'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 Group's objectives when managing capital are to safeguard the Group'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 parent Company may issue new shares or adjust the amount 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 respective statement of financial position) less cash and cash equivalents. Total capital is calculated as equity, as shown in the respective consolidated 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%

2. Financial risk management - continued

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 Mizzi Organisation Limited, as reflected in the consolidated 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 Group's activities and the extent of borrowings or debt, the capital level at the end of the reporting period determined by reference to the consolidated financial statements is deemed adequate by the directors. The Company's equity as disclosed in the stand-alone financial statements is attributable to corporate expenditure incurred to support the overall operations of the Mizzi Organisation and accordingly the stand-alone figures do not reflect the Group's capital management policy.

2.3 Fair values of financial instruments

The Group 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 either directly i.e. as prices, or indirectly i.e. derived from prices (Level 2).
- Inputs for the asset that are not based on observable market data i.e. unobservable inputs (Level 3).

2.3.1 Financial instruments carried at fair value

The Group's and the Company's interest rate swap agreements (refer to Note 24), 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 Group 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 Group 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.

2. Financial risk management - continued

The Group'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 €2,921,408 (2024: €2,110,233) 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 Group for similar financial instruments. The carrying amount of the Group's and the Company's non-current advances to related parties and the Group's non-current hire purchase receivables fairly approximates the estimated fair value of these assets based on discounted cash flows. The fair value of the Group's and the Company'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 21 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 financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in term of the requirements of IAS 1.

As referred to in Notes 4 and 6 to the financial statements, the Group'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

Group

	Land and buildings and improvements to premises €	Furniture, fittings, and office equipment €	Plant, machinery and operational equipment €	Motor vehicles €	Total €
At 1 January 2024					
Cost or valuation	68,420,957	22,797,999	13,464,531	18,700,626	123,384,113
Accumulated depreciation and impairment losses	(23,176,857)	(15,374,992)	(10,454,115)	(10,267,199)	(59,273,163)
Net book amount	45,244,100	7,423,007	3,010,416	8,433,427	64,110,950
Year ended 31 December 2024					
Opening net book amount	45,244,100	7,423,007	3,010,416	8,433,427	64,110,950
Additions	33,380	884,489	198,194	7,133,164	8,249,227
Acquisition of subsidiary (Note 25)	17,604,214	395,786	-	-	18,000,000
Disposals	-	(10,662)	-	(3,839,143)	(3,849,805)
Depreciation charge	(628,009)	(1,379,980)	(465,227)	(2,300,805)	(4,774,021)
Depreciation released on disposals	-	9,291	-	2,088,395	2,097,686
Closing net book amount	62,253,685	7,321,931	2,743,383	11,515,038	83,834,037
At 31 December 2024					
Cost or valuation	86,058,551	24,067,612	13,662,725	21,994,647	145,783,535
Accumulated depreciation and impairment losses	(23,804,866)	(16,745,681)	(10,919,342)	(10,479,609)	(61,949,498)
Net book amount	62,253,685	7,321,931	2,743,383	11,515,038	83,834,037

4. Property, plant and equipment - continued

Group	Land and buildings and improvements to premises €	Furniture, fittings, and office equipment €	Plant, machinery and operational equipment €	Motor vehicles €	Total €
Year ended 31 December 2025					
Opening net book amount	62,253,685	7,321,931	2,743,383	11,515,038	83,834,037
Additions	525,744	622,054	531,126	5,955,616	7,634,540
Disposals	-	(151,981)	-	(4,576,218)	(4,728,199)
Depreciation charge	(669,759)	(1,368,181)	(426,722)	(2,626,894)	(5,091,556)
Depreciation released on disposals	-	67,751	-	2,095,425	2,163,176
Classified as held for sale (Note 34)	(231,300)	(1,626,446)	(1,584,580)	-	(3,442,326)
Closing net book amount	61,878,370	4,865,128	1,263,207	12,362,967	80,369,672
At 31 December 2025					
Cost or valuation	76,226,456	20,435,451	10,695,350	23,307,798	130,665,055
Accumulated depreciation and impairment losses	(14,348,086)	(15,570,323)	(9,432,143)	(10,944,831)	(50,295,383)
Net book amount	61,878,370	4,865,128	1,263,207	12,362,967	80,369,672

4. Property, plant and equipment - continued

Fair valuation of property

The principal elements of the Group's land and buildings, within property, plant and equipment, were last revalued in preceding financial years by independent professionally qualified valuers. The book value of these properties had been adjusted to the revaluation and the resultant surplus, net of applicable deferred income taxes, had been credited to the revaluation reserve in shareholders' equity (Note 17). 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 Group 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).

The Group's land and buildings, within property, plant and equipment, consists of operational premises that are owned and managed by group undertakings. The Group'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 group undertakings (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 Group'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 and preceding financial years, 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 €18,300,000 (2024: €18,300,000) and other property classified within investment property with a carrying amount of €13,300,000 (2024: €13,300,000) for the Group and €5,400,000 (2024: €5,400,000) for the Company, 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 value was deemed to fairly approximate its carrying amount.

4. Property, plant and equipment - continued

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 Group 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 these improvements has been impaired in prior years so as to reflect the recoverable amount of the related assets, and the impairment charges were recognised in the 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 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).

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 Group which is derived from the respective Company's financial systems and is subject to the respective Company'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 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.

4. Property, plant and equipment - continued

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.
- 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 Group'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 (wieghted 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 Growth rate Discount rate Perpetuity yield	€1,526,000 in 2026 3% per annum 9% (post tax) 7%
Redevelopment into residential/commercial premises	15,830	Adjusted sales comparison approach	Residential: 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)
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)

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 (wieghted average)
Developable land for residential/commercial use	16,000	Adjusted sales comparison approach	Residential: sales price factor per square metre (€)	800
			Commercial: sales price factor per square metre (€)	480
			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
			Residential: sales price factor per square metre (€)	300
	10,150	Adjusted sales comparison approach	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 Group'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 (wiegthed 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%
Redevelopment into residential/commercial premises	15,860	Adjusted sales comparison approach	Residential: 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 (€)	540 - 1,550 (1,270)
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)

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 (wiegthed average)
Developable land for residential/commercial use	15,900	Adjusted sales comparison approach	Residential: sales price factor per square metre (€)	800
			Commercial: sales price factor per square metre (€)	480
			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
			Residential: sales price factor per square metre (€)	300
	10,150	Adjusted sales comparison approach	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 Group's properties differs from their current use taking cognisance of the potential for development, redevelopment or further development of the respective properties.

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

	2025	2024
	€000	€000
Class as presented in tables above		
Current use as commercial premises	13,130	13,290
Redevelopment into residential/commercial premises	2,920	2,950
Extended commercial premises	27,630	27,760
	43,680	44,000

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

	2025	2024
	€	€
Cost	30,743,755	40,575,850
Accumulated depreciation and impairment losses	(9,265,889)	(18,755,113)
Net book amount	21,477,866	21,820,737

Bank borrowings in the name of group undertakings and related parties forming part of Mizzi Organisation are secured on the Group's land and buildings - refer to Notes 21 and 38(a).

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	12,873,857	11,421,421	9,266,512
Accumulated depreciation	(3,600,750)	(3,443,274)	(3,443,419)
Net book amount	9,273,107	7,978,147	5,823,093

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	7,978,147	5,823,093
Additions	3,725,749	4,297,495
Disposals	(2,273,313)	(2,142,586)
Depreciation charge	(1,741,183)	(1,501,152)
Depreciation released on disposals	1,583,707	1,501,297
Closing net book amount	9,273,107	7,978,147

4. Property, plant and equipment - continued

Company	Furniture, fittings and office equipment €	Motor vehicles €	Total €
At 1 January 2024			
Cost	1,804,389	653,161	2,457,550
Accumulated depreciation	(1,582,120)	(503,773)	(2,085,893)
Net book amount	222,269	149,388	371,657
Year ended 31 December 2024			
Opening net book amount	222,269	149,388	371,657
Additions	23,336	112,000	135,336
Disposals	(7,868)	(95,975)	(103,843)
Depreciation charge	(51,847)	(83,795)	(135,642)
Depreciation released on disposals	7,868	95,975	103,843
Closing net book amount	193,758	177,593	371,351
At 31 December 2024			
Cost	1,819,857	669,186	2,489,043
Accumulated depreciation	(1,626,099)	(491,593)	(2,117,692)
Net book amount	193,758	177,593	371,351
Year ended 31 December 2025			
Opening net book amount	193,758	177,593	371,351
Additions	29,459	75,500	104,959
Disposals	(3,835)	(57,700)	(61,535)
Depreciation charge	(50,754)	(94,662)	(145,416)
Depreciation released on disposals	3,803	57,690	61,493
Closing net book amount	172,431	158,421	330,852
At 31 December 2025			
Cost	1,845,481	686,986	2,532,467
Accumulated depreciation	(1,673,050)	(528,565)	(2,201,615)
Net book amount	172,431	158,421	330,852

5. Right-of-use assets

The Group's leasing activities

The Group 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. The Group also has a 65 year emphyteutical grant for a particular property in Valletta entered into in 2016 (refer to Note 34 for further details on the Group'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.

5. Right-of-use assets - continued

Extension and termination options are included in the majority of the Group's property 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 Group and not by the respective lessor. In respect of the principal lease arrangements, the extension periods have been included in determining lease term for the respective arrangement.

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

	2025	2024
	€	€
Properties - Total right-of-use assets	13,275,002	27,196,105

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

	2025	2024
	€	€
As at 1 January	27,196,105	25,427,503
Additions	-	4,145,400
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	(2,418,401)	(2,202,581)
As at 31 December	13,275,002	27,196,105

The reassessment of lease liabilities in prior year as 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. In 2024, these changed lease payments gave 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 Group 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
	€	€
<i>Depreciation charge of right-of-use assets</i>		
- Properties	2,418,401	2,202,581
<i>Interest expense (included in finance costs – see Notes 32 and 34)</i>	974,882	910,572

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

6. Investment property

Group	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 18)	516,920	1,396,073
Disposals	(1,380,000)	(12,901,875)
	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
	98,229,069	98,441,700

The Group'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 Group's investment property is reflected within all classes presented in the tables 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 group undertakings and related parties forming part of Mizzi Organisation are secured on the Group's investment property with a fair value of €71,486,000 (2024: €71,486,000) - refer to Notes 21 and 38(a).

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	26,892,835	26,890,499	20,662,893
Fair value gains	16,080,031	16,080,031	12,637,195
Carrying amount	42,972,866	42,970,530	33,300,088

6. Investment property - continued

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
	42,972,866	42,970,530

Company

	2025	2024
	€	€
Years ended 31 December		
Opening and closing cost and carrying amount	5,399,071	5,399,071

If the investment property was stated on the historical cost basis, the amounts at the end of the reporting period would be as disclosed in the table above. These properties have not been revalued since initial recognition. The directors have assessed the fair value at the end of the financial reporting period, which fair value was determined to fairly approximate the carrying amount.

7. Intangible assets

Group

	Franchise and License rights	
	2025	2024
	€	€
At 1 January		
Cost	719,457	719,457
Accumulated amortisation	(241,491)	(182,169)
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	719,457
Accumulated amortisation	(300,813)	(241,491)
Net book amount	418,644	477,966

8. Investments in subsidiaries

	Company	
	2025	2024
	€	€
Year ended 31 December		
Opening carrying amount	5,860,800	5,764,534
Additions	-	98,640
Other adjustments	-	(2,374)
Closing carrying amount	5,860,800	5,860,800
At 31 December		
Cost	16,673,073	16,673,073
Provisions for impairment	(10,812,273)	(10,812,273)
Carrying amount	5,860,800	5,860,800

Additions during the prior year related to an increase in the issued share capital of an already existing wholly owned subsidiary which increase was fully allotted to the Company.

The subsidiaries at 31 December 2025 and 2024, whose results and financial position affected the figures of the Group, are shown below:

(a) Held directly by Mizzi Organisation Limited

	Registered office	Class of shares held	Percentage of shares held	
			2025	2024
			%	%
Mizzi Brothers Limited	Mizzi Organisation Corporate Office Testaferrata Street Ta' Xbiex Malta	Ordinary shares	100	100
Muscats Motors Limited	Muscats Garage Rue D' Argens Gzira Malta	Ordinary shares	100	100
Mizzi Estates Limited	Mizzi Organisation Corporate Office Testaferrata Street Ta' Xbiex	Ordinary shares	100	100
Mizzi Organisation Finance p.l.c.	Mizzi Organisation Corporate Office Testaferrata Street Ta' Xbiex Malta	Ordinary shares	100	100

8. Investments in subsidiaries - continued

	Registered office	Class of shares held	Percentage of shares held	
			2025 %	2024 %
Industrial Motors Limited	Antonio Bosio Street Msida Malta	Ordinary shares	100	100
United Acceptances Finance Limited	Mizzi Organisation Corporate Office Testaferrata Street Ta' Xbiex Malta	Ordinary shares	100	100
St. Paul's Court Limited	Mizzi Organisation Corporate Office Testaferrata Street Ta' Xbiex Malta	Ordinary shares	100	100
Titan International Limited	Mizzi Organisation Corporate Office Testaferrata Street Ta' Xbiex Malta	Ordinary shares	100	100
Continental Cars Limited	Continental Garage Testaferrata Street Ta' Xbiex Malta	Ordinary shares	100	100
Arkadia Marketing Limited	Mizzi Organisation Corporate Office Testaferrata Street Ta' Xbiex Malta	Ordinary shares 5% Non- cumulative redeemable preference shares	100 100	100 100
Arkadia Foodstores Limited	Mizzi Organisation Corporate Office Testaferrata Street Ta' Xbiex Malta	Ordinary shares	100	100
Arkadia Retail Limited	Mizzi Organisation Corporate Office Testaferrata Street Ta' Xbiex Malta	Ordinary shares	100	100
Mizzi Lease Limited	Mizzi Lease Rue D'Argens Gzira Malta	Ordinary shares	100	100

8. Investments in subsidiaries - continued

	Registered office	Class of shares held	Percentage of shares held	
			2025 %	2024 %
Hubbalit Developments Limited	Mizzi Organisation Corporate Office Testaferrata Street Ta' Xbiex Malta	Ordinary shares	100	100
Continental Cars (Imports) Limited	Continental Garage Testaferrata Street Ta' Xbiex Malta	Ordinary shares	100	100
Mizzi Motors Limited	200, Rue D'Argens Gzira Malta	Ordinary shares	100	100
Mizzi Electric Auto Ltd.	203, BMW Bulding Rue D'Argens, Gzira Malta	Ordinary 'A' 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 60% is held by other related parties forming part of Mizzi Organisation.

(b) Held through Mizzi Lease Limited:

	Registered office	Class of shares held	Percentage of shares held	
			2025 %	2024 %
Institute of English Language Studies Limited	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), 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.

8. Investments in subsidiaries - continued

(c) Held through Mizzi Lease Limited, Continental Cars Limited and Muscats Motors Limited, in equal proportions of 33¹/₃% each:

	Registered office	Class of shares held	Percentage of shares held	
			2025 %	2024 %
All About Car Parts Limited	Mizzi Organisation Corporate Office Testaferrata Street Ta' Xbiex Malta	Ordinary shares	100	100
Mizzi Automotive Services Limited	Mizzi Organisation Corporate Office Testaferrata Street Ta' Xbiex Malta	Ordinary shares	100	100

9. Investments in associates

Group

	2025 €	2024 €
Year ended 31 December		
Opening carrying amount	2,216,396	3,614,048
Additions	8,000	-
Share of profits	507,237	461,899
Share of other comprehensive income - revaluation surplus on land and buildings (Note 17)	-	5,425,872
Derecognition upon acquisition of remaining shareholding and achievement of control (see Notes 8 and 25)	-	(7,285,423)
Closing carrying amount	2,731,633	2,216,396
	2025 €	2024 €
At 31 December		
Cost	3,310,927	3,302,927
Provisions for impairment	(10,000)	(10,000)
Share of profits and reserves	(569,294)	(1,076,531)
Carrying amount	2,731,633	2,216,396

The Group'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.

9. Investments in associates - continued

The associates at the end of the financial reporting periods, whose results and financial position affected the figures of the Group, are shown below:

	Registered office	Class of shares held	Percentage of shares held	
			2025 %	2024 %
Aqubix Limited	Office No. 6, Northlink Business Centre, Level 2, Triq Burmarrad Naxxar NXR 6345 Malta	Ordinary shares	50	50
Finopz Limited	111, Park Street, Mayfair London W1K 7JF United Kingdom	Ordinary shares	50	50
St. Julian's Maritime Finance Limited	3201, Portomaso Portomaso Avenue Portomaso Complex St. Julians STJ 4011 Malta	Ordinary shares	-	22
St. Julian's Finance Limited	3201, Portomaso Portomaso Avenue Portomaso Complex St. Julians STJ 4011 Malta	Ordinary shares	19	-
The Players Group Limited	12, Office 03 Trejjet l-Imhazen Floriana FRN 1143 Malta	Ordinary 'B' shares	25	25
Primax Limited	Mizzi Organisation Corporate Office Testaferrata Street Ta' Xbiex Malta	Ordinary shares	50	50

During the current year, the Group'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 Group's share of the proceeds from the share issuance and the proportion of the Group'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, Mizzi 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 24 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 Group (through Mizzi Organisation Limited) 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.

9. Investments in associates - continued

Disclosure requirements emanating from IFRS 12 'Disclosure of interest 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. Aquibix 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. All the associates' principal place of business is based in Malta, except for Finopz.

The above investments provide strategic partnerships for the Group providing economies of scale and depth within business sectors which are targeted by the Group for diversification or consolidation purposes.

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

Summarised balance sheets

	Aquibix 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 financial 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

9. **Investments in associates - continued**

Summarised balance sheets

	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 Group's respective share of the net assets reflected in the above tables in respect of SJF/SJMF is in substance equivalent to the carrying amount of its investment in the associates. The Group's share of the net assets of Aquibix Limited and Finopz Limited extracted from the respective financial statements, does not reflect the Group'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 Group's interest in the associates.

9. Investments in associates - continued

Summarised statements of comprehensive income

	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 income	-	-	153,625	-
Profit/(loss) for the year - total comprehensive income	420,981	260,789	(36,576)	(122,909)

	SJF / SJMF	
	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 Group's share of these associates' assets and liabilities are not deemed material for the purposes of disclosure.

9. **Investments in associates** - continued

Company	2025	2024
	€	€
Year ended 31 December		
Opening carrying amount	3,292,927	3,292,927
Additions	8,000	-
Closing carrying amount	<u>3,300,927</u>	<u>3,292,927</u>
	2025	2024
	€	€
At 31 December		
Cost	3,310,927	3,302,927
Provisions for impairment	(10,000)	(10,000)
Carrying amount	<u>3,300,927</u>	<u>3,292,927</u>

10. **Financial assets at fair value through other comprehensive income**

Equity investments

	Group and Company	
	2025	2024
	€	€
Opening carrying amount	2,838,496	2,935,597
Net gains/(losses) from changes in fair value (Note 17)	1,175,305	(97,101)
Closing carrying amount	<u>4,013,801</u>	<u>2,838,496</u>
At 31 December		
Cost	3,982,183	3,982,183
Fair value gains/(losses)	847,591	(327,714)
Provisions for impairment	(815,973)	(815,973)
Carrying amount	<u>4,013,801</u>	<u>2,838,496</u>

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

	2025	2024
	€	€
Plaza Centres p.l.c.	1,092,393	728,263
BNF Bank p.l.c.	1,750,000	1,750,000
Manoel Island Yacht Yard Limited	1,171,175	360,000
Other equity investments	233	233
	<u>4,013,801</u>	<u>2,838,496</u>

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

The Group's and Company's equity investments consist of:

	Group and Company	
	2025	2024
	€	€
Investments listed on the Malta Stock Exchange	1,092,393	728,263
Investment in local unlisted credit institution	1,750,000	1,750,000
Other investments in unlisted local private companies	1,171,408	360,233
	4,013,801	2,838,496

The Group's and Company'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.

11. Loans and advances

	Group		Company	
	2025	2024	2025	2024
	€	€	€	€
Non-current				
Loans to subsidiaries	-	-	29,346,093	31,173,821
Loans to related parties forming part of Mizzi Organisation	571,880	1,484,259	571,880	1,484,259
Loans to associates	79,697	156,463	79,697	156,463
	651,577	1,640,722	29,997,670	32,814,543
Current				
Loans to subsidiaries	-	-	4,945,222	4,875,980
Loans to related parties forming part of Mizzi Organisation	912,377	1,014,986	912,377	1,014,986
Loans to associates	151,679	196,859	151,679	196,859
	1,064,056	1,211,845	6,009,278	6,087,825

11. Loans and advances - continued

The Group's and the Company's loans to related parties forming part of Mizzi Organisation are unsecured, subject to variable interest rates with a weighted average interest rate of 3.4% (2024: 3.4%) effective as at 31 December 2025, and repayable as follows:

	2025	2024
	€	€
Within 1 year	912,377	1,014,986
Between 1 and 2 years	534,312	912,376
Between 2 and 5 years	37,568	571,883
	1,484,257	2,499,245

The loans to associates represent advances that the Group and the Company made by way of shareholder's loans. The purpose of these advances is to fund the respective associate's financial commitments in respect of specific business ventures. These loans 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

The Company's loans to subsidiaries are unsecured, subject to variable interest rates with a weighted average interest rate of 4.3% (2024: 4.3%) effective as at 31 December 2025, and repayable as follows:

	2025	2024
	€	€
Within 1 year	4,945,222	4,875,980
Between 1 and 2 years	4,777,323	4,824,763
Between 2 and 5 years	13,693,899	12,799,353
Over 5 years	10,874,871	13,549,705
	34,291,315	36,049,801

12. Trade and other receivables

	Group		Company	
	2025	2024	2025	2024
	€	€	€	€
Current				
Trade receivables	6,301,881	7,741,416	-	-
Amounts receivable from hire purchase debtors (Note 13)	5,031,333	6,989,824	-	-
Contract assets:				
Gross amounts due from customers for contract work	5,187,265	3,609,425	-	-
Accrued income	127,986	-	-	-
Amounts owed by subsidiaries	-	-	39,436,092	37,343,384
Amounts owed by related parties forming part of Mizzi Organisation	3,508,010	3,626,388	841,488	748,982
Amounts owed by associates	240,722	199,727	240,722	199,727
Amounts owed by other related parties	480,270	327,140	219,095	105,007
Advance payments to suppliers	812,450	666,859	-	-
Other receivables	832,078	547,734	-	-
Indirect taxation	2,503,092	2,389,561	-	-
Prepayments	1,542,518	1,687,474	270,051	562,149
	26,567,605	27,785,548	41,007,448	38,959,249
Non-current				
Amounts receivable from hire purchase Debtors (Note 13)	12,533,347	13,318,835	-	-

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

	Group		Company	
	2025	2024	2025	2024
	€	€	€	€
Trade receivables	1,751,623	1,951,986	-	-
Gross amounts due from customers for contract work	104,687	51,265	-	-
Amounts owed by subsidiaries	-	-	520,861	520,861
Other receivables	2,103	2,103	2,103	2,103
	1,858,413	2,005,354	522,964	522,964

Credit loss allowances in respect of amounts receivable from hire purchase debtors are disclosed separately in Note 13.

Non-current amounts receivable from hire purchase debtors are principally receivable within five years from the end of the reporting period.

12. Trade and other receivables - continued

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 €6,242,303 (2024: €9,332,312). Gross amounts due from and to customers in respect of these contracts are disclosed in the table above and in Note 20 respectively.

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

13. 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 the Group, which are acquired and financed by United Acceptances Finance Limited, an entity within the Group. These receivables are transferred to the specific group 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 group 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 Group'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 21). Receivables covered by bills of exchange factored out to banks without an option to repurchase them as they fall due are derecognised by the Group. The entity 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 the latter manner.

14. 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	21,653,594	23,953,792
Other goods purchased for resale	9,946,623	8,317,902
Goods in transit	3,315,623	5,241,878
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
	36,973,059	39,142,834
Total inventories	37,390,604	39,560,379

The cost of inventories recognised as expense is appropriately disclosed in Note 27 to the financial statements. During the year ended 31 December 2025, net inventory write-downs amounted to €596,027 (2024: €69,487). These amounts have been included in 'Cost of sales' in profit or loss.

15. Cash and cash equivalents

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

	Group		Company	
	2025	2024	2025	2024
	€	€	€	€
Cash at bank and in hand	8,326,384	8,698,910	13,360	1,215,233
Bank overdrafts (Note 21)	(20,748,440)	(16,778,278)	(3,844,582)	(205,132)
Bills of exchange factored out to bank (Note 21)	(2,882,116)	(2,673,833)	-	-
	(15,304,172)	(10,753,201)	(3,831,222)	1,010,101

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 Group's overall cash management.

16. Share capital and Capital contribution reserve

Share capital

	Group and Company	
	2025	2024
	€	€
Authorised		
12,000,000 (2024: 12,000,000) ordinary shares of €1 each	12,000,000	12,000,000
Issued and fully paid		
7,140,017 (2024: 7,140,017) ordinary shares of €1 each	7,140,017	7,140,017

The Company's share capital consists of only one class of shares and there are no shareholders having special control rights in the Company, nor are there any restrictions on voting rights in the Company. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

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 the amounts that were due to them by Mizzi Organisation Limited, by way of irrevocable capital contributions.

17. Revaluation reserves

	Group		Company	
	2025	2024	2025	2024
	€	€	€	€
Surplus arising on fair valuation of:				
Land and buildings of subsidiaries	42,167,593	42,133,233	-	-
Financial assets at FVOCI	664,552	(510,753)	664,552	(510,753)
	42,832,145	41,622,480	664,552	(510,753)

The movements in each category are analysed as follows:

	Group	
	2025	2024
	€	€
Land and buildings of subsidiaries		
At beginning of year	42,133,233	42,121,636
Transfer upon realisation through asset use	(32,444)	(32,444)
Movement in deferred tax liability determined on the basis applicable to property disposals (Note 23)	55,449	32,686
Deferred income taxes on realisation through asset use (Note 23)	11,355	11,355
At end of year	42,167,593	42,133,233

17. Revaluation reserves - continued

	Group	
	2025	2024
	€	€
Land and buildings of associate - share of other comprehensive income of associate		
At beginning of year	-	-
Share of revaluation surplus arising during the year, net of deferred tax (Note 9)	-	5,425,872
Transfer to retained earnings upon realisation through acquisition of remaining shareholding in associate and achievement of control	-	(5,425,872)
At end of year	-	-
Group and Company		
	2025	2024
	€	€
Financial assets at FVOCI		
At beginning of year	(510,753)	(413,652)
Net gains/(losses) from changes in fair value (Note 10)	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 subsidiaries for an amount of €6,736,986 (2024: €6,803,790). 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 Group'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.

18. Fair value gains and other reserves

	Group	
	2025	2024
	€	€
Fair value gains reserve in respect of investment property	35,101,928	35,172,312
Other capital reserves	208,525	208,525
	35,310,453	35,380,837

18. Fair value gains and other reserves - continued

The movements in each category are analysed as follows:

	Group	
	2025	2024
	€	€
Fair value gains reserve in respect of investment property		
At beginning of year	35,172,312	40,532,609
Fair value gains arising during the year (Note 6)	516,920	1,396,073
Transfer of fair value gains on property upon realisation through disposal	(626,918)	(7,797,238)
Deferred income taxes on fair value gains arising during the year (Note 23)	(51,692)	(144,840)
Deferred income taxes attributable to transfer of fair value gains on property upon realisation through disposal, determined on the the basis applicable to property disposals (Note 23)	137,992	1,278,388
Movement in deferred tax liability determined on the basis applicable to property disposals (Note 23)	(46,686)	(92,680)
	35,101,928	35,172,312
 Other capital reserves		
At beginning and end of year	208,525	208,525

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 reserve in respect of property of subsidiaries 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 Group'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 directors to be available for distribution.

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

19. Hedging reserve

Group and Company

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 23)	(23,820)	(78,502)
	44,239	145,790
Movements during the year ended 31 December		
Net losses from changes in fair value	(56,508)	(168,013)
Deferred income tax (Note 23)	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 23)	(853)	(4,123)
	1,586	7,657
At 31 December		
Gross amounts of gains	13,990	68,059
Deferred income tax (Note 23)	(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.

20. Trade and other payables

	Group		Company	
	2025	2024	2025	2024
	€	€	€	€
Current				
Trade payables	24,015,532	27,554,898	-	-
Amounts payable in respect of capital expenditure	1,316,400	1,634,434	-	-
Contract liabilities:				
Payments received on account from customers	5,892,011	6,808,006	-	-
Gross amounts owed to customers for contract work	4,947,171	1,819,654	-	-
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 subsidiaries	-	-	340,909	825,013
Amounts owed to related parties forming part of Mizzi Organisation	17,313,057	18,045,965	9,267,549	10,239,586
Amounts owed to other related parties	261,795	-	250,000	-
Other payables	1,538,655	1,329,850	883,787	501,852
Indirect taxation and social security	839,820	1,142,337	165,110	204,155
Deferred government grants related to assets	90,769	72,764	-	-
Accrued interest on bonds	351,000	351,000	-	-
Other accruals	9,424,406	10,554,448	412,601	489,664
	67,272,738	69,796,444	11,319,956	12,260,270
Non-current				
Deferred government grants related to assets	348,468	333,428	-	-
Other payables	-	153,835	-	-
	348,468	487,263	-	-

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

20. Trade and other payables - continued

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 Group's other payables included related non-current amounts of €153,835, 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 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 year's results is presented within 'Other operating income' as disclosed in Note 27.

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 €6,660,377 (2024: €6,328,337).

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

21. Borrowings

	Group		Company	
	2025	2024	2025	2024
	€	€	€	€
Current				
Bank overdrafts	20,748,440	16,778,278	3,844,582	205,132
Bills of exchange factored out to bank	2,882,116	2,673,833	-	-
Bank loans	8,291,173	8,952,895	6,027,484	7,353,737
Trade finance facilities	2,055,243	2,806,879	-	-
Loans from subsidiary	-	-	1,065,000	500,000
Loans from other related parties	600,000	600,000	-	-
	34,576,972	31,811,885	10,937,066	8,058,869
Non-current				
Bills of exchange factored out to bank	2,875,298	3,764,036	-	-
Bank loans	11,564,746	16,936,040	1,406,514	7,368,656
450,000 3.65% bonds 2028-2031 issued in 2021	44,499,000	44,423,034	-	-
Loans from subsidiary	-	-	44,100,000	44,100,000
Loans from related parties forming part of Mizzi Organisation	713,353	713,353	-	-
Loans from other related parties	1,299,005	-	1,299,005	-
	60,951,402	65,836,463	46,805,519	51,468,656
Total borrowings	95,528,374	97,648,348	57,742,585	59,527,525

21. Borrowings - continued

Group

Bonds

By virtue of the Prospectus dated 24 September 2021, Mizzi Organisation Finance p.l.c. (a group undertaking) 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, The General Soft Drinks Company Limited and Mizzi Organisation 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.

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.

21. Borrowings - continued

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 €
3.65% bonds 2028 – 2031		
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 Group's banking facilities as at 31 December 2025 amounted to €80,846,000 (2024: €89,022,000). These facilities are mainly secured by:

- (a) a general hypothec on the parent Company's assets for €92,808,000 (2024: €92,808,000);
- (b) special hypothecary guarantees over property of group undertakings and related parties forming part of Mizzi Organisation for the amount of €78,247,000 (2024: €78,247,000);
- (c) general hypothecary guarantees from group undertakings and related parties forming part of Mizzi Organisation for the amount of €90,629,000 (2024: €90,629,000);
- (d) guarantees by group undertakings and related parties forming part of Mizzi Organisation for amounts ranging from €146,000 to €65,998,000 (2024: €146,000 to €65,998,000); and 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 €5,752,414 (2024: €6,437,869) as referred to in Note 13. 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 13). The facility amount covers the recourse element of 15% of the value of bills factored out in this manner.

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.

21. Borrowings - continued

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

	2025	2024
	€	€
Total borrowings:		
At fixed rates	4,837,042	8,269,932
At floating rates	43,579,974	43,642,030
	48,417,016	51,911,962

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 24).

The proceeds from bank borrowings are measured at the amount of net proceeds adjusted for the amortisation of the difference between net proceeds and 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	28,753,363
Gross amount of bank borrowings issue costs	(301,543)	(301,543)
Amortisation of gross amount of bank borrowings issue costs:		
Accumulated amortisation at the beginning of the year	243,995	211,099
Amortisation charge for the current year	32,896	32,896
Accumulated amortisation at the end of the 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	28,695,815

The Group's floating rate bank borrowings are entirely subject to variable rates of interest 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	5.7
Bills of exchange factored out to bank	4.2	5.7
Trade finance facilities	4.6	4.6
Bank loans	4.4	5.4

21. Borrowings - continued

Maturity of the Group's non-current bank borrowings:

	2025	2024
	€	€
Between 1 and 2 years	4,560,189	10,117,406
Between 2 and 5 years	5,076,584	5,196,068
Over 5 years	4,803,271	5,386,602
	14,440,044	20,700,076

As at 31 December 2025, bank borrowings of the Group and of the Company include an amount of €2,645,164 (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

Loans from related party forming part of Mizzi Organisation amounting to €713,353 (2024: €713,353), represented redeemable preference shares that were issued by a group undertaking (which was subsequently merged into another group undertaking). In prior years, these preference shares were redeemed (upon the merger referred to above) and were replaced by loans payable issued by the surviving entity to the related party for an equivalent amount. As at 31 December 2025 and 2024, these loans are unsecured, interest free and have no fixed date of repayment, but are not repayable within one year from the end of the reporting period.

The Group's current loan from other related party of €600,000 (2024: €600,000) is unsecured, repayable on demand and non-interest bearing.

As at 31 December 2025, the Group's and the Company'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.

Company

Bank borrowings

The Company's banking facilities as at 31 December 2025 amounted to €31,889,000 (2024: €39,241,000). These facilities are mainly secured by:

- (a) a general hypothec on the Company's assets for €92,808,000 (2024: €92,808,000);
- (b) special hypothecary guarantees over property of group undertakings and related parties forming part of Mizzi Organisation for the amount of €66,714,000 (2024: €66,714,000);
- (c) general hypothecary guarantees from group undertakings and related parties forming part of Mizzi Organisation for the amount of €60,514,000 (2024: €60,514,000); and
- (d) guarantees by group undertakings and related parties forming part of Mizzi Organisation for amounts ranging from €21,998,000 to €65,998,000 (2024: €21,998,000 to €65,998,000).

21. Borrowings - continued

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

	2025	2024
	€	€
Total borrowings:		
At fixed rates	2,781,799	6,194,915
At floating rates	8,496,781	8,732,610
	11,278,580	14,927,525

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 24).

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

	2025	2024
	€	€
Face value of bank loans as at 31 December	7,458,650	14,779,941
Gross amount of bank borrowings issue costs	(301,543)	(301,543)
Amortisation of gross amount of bank borrowings issue costs:		
Accumulated amortisation at the beginning of the year	243,995	211,099
Amortisation charge for the current year	32,896	32,896
Accumulated amortisation at the end of the year	276,891	243,995
Unamortised bank borrowings issue costs	(24,652)	(57,548)
Amortised cost and Closing carrying amount of bank loans as at 31 December	7,433,998	14,722,393

The Company's floating rate bank borrowings are entirely subject to variable rates of interest 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	4.5	4.1
Bank loans	3.8	6.0

21. Borrowings - continued

Maturity of the Company's non-current bank borrowings:

	2025	2024
	€	€
Between 1 and 2 years	1,406,514	5,962,305
Between 2 and 5 years	-	1,406,351
	1,406,514	7,368,656

Other borrowings

Under the terms and conditions of the 2021 Prospectus, the net proceeds of the bond issue for an amount of €44,100,000 have been advanced to Mizzi Organisation Limited for the purposes, and subject to the terms and conditions, in the offering memorandum dated 24 September 2021. These funds are being utilised by the Mizzi Organisation for various projects and financing needs as specified in the prospectus.

Consolidated Holdings Limited, GSD Marketing Limited, Mizzi Organisation Limited and The General Soft Drinks Company Limited, the guarantors in respect of the bond issue, have jointly and severally between themselves and with the Company as borrower irrevocably undertaken to repay all interest and principal amounts that will become due and payable by the borrower to Mizzi Organisation Finance p.l.c. pursuant to the loans. The loans amounting to €44,100,000 are subject to fixed interest at a rate of 4.3% per annum and are repayable by not later than 15 days before the redemption date of the bonds, as referred to previously.

Furthermore, current loans from subsidiary amounting to €1,065,000 (2024: €500,000) are unsecured, repayable on demand and subject to variable interest which as at 31 December 2025 the weighted-average effective interest was 3.98% (2024: 3.4%) per annum.

22. Lease liabilities

Group

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

	2025	2024
	€	€
Non-current		
Properties	12,545,377	27,030,231
Current		
Properties	1,746,337	1,909,814
Total lease liabilities	14,291,714	28,940,045

22. Lease liabilities - continued

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

	2025	2024
	€	€
As at 1 January	28,940,045	26,857,927
Additions	-	4,145,400
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	(2,844,119)	(2,712,962)
Interest charge	974,882	910,572
Classified as held for sale (Note 34)	(12,779,094)	-
As at 31 December	14,291,714	28,940,045

The total cash outflows for leases in 2025 were €3,101,550 (2024: €3,182,489). 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 Group was 3%.

23. Deferred taxation

Group

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 non-depreciable property which is computed on the basis applicable to disposals of immovable property i.e. primarily tax effect of 8% - 10% (2024: 8 - 10%) of the transfer value.

23. Deferred taxation – continued

The movement on the deferred tax account is as follows:

	2025	2024
	€	€
At beginning of year	15,296,796	14,447,655
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 17)	(55,449)	(32,686)
Realisation through asset disposal (Note 33)	(137,992)	(1,278,388)
Realisation through asset use (Notes 17 and 33)	(11,355)	(11,355)
Deferred income taxes on temporary differences arising on depreciation of property, plant and equipment (Note 33)	196,589	26,824
Deferred income taxes attributable to unabsorbed capital allowances (Note 33)	(168,178)	(64,274)
Deferred income taxes attributable to right-of-use assets (Note 33)	(846,441)	619,010
Deferred income taxes attributable to lease liabilities (Note 33)	846,441	(619,010)
Deferred income taxes on temporary differences arising from fair valuation of derivative instruments (Note 19)	(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	15,199,865	15,296,796

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 Note 17 and Note 19, have been recognised directly in equity in other comprehensive income.

23. Deferred taxation - continued

The balance at 31 December represents:

	2025	2024
	€	€
Temporary differences arising on fair valuation of property	13,140,376	13,246,794
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	1,889,647	1,693,058
Temporary differences arising on fair valuation of derivative instruments	4,896	23,820
Temporary differences arising on right-of-use assets	8,672,196	9,518,637
Temporary differences arising on lease liabilities	(8,672,196)	(9,518,637)
Unutilised tax credits attributable to unabsorbed capital allowances	(1,635,054)	(1,466,876)
	15,199,865	15,296,796
Disclosed as follows:		
Deferred tax liabilities	15,199,865	15,296,796

The recognised deferred tax liabilities are expected to be settled principally after 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 Group had the following unutilised tax credits and temporary differences:

	Unrecognised		Recognised	
	2025	2024	2025	2024
	€	€	€	€
Unutilised tax credits arising from:				
Unabsorbed capital allowances	10,443,288	9,077,344	4,671,583	4,191,074
Unabsorbed trading losses	499,675	206,429	-	-
Deductible temporary differences arising on:				
Credit loss allowances in respect of trade and other receivables	9,182,405	9,610,169	-	-
Provisions for impairment on in associates and investment at FVOCI	825,973	825,973	-	-
Lease liabilities	2,293,104	1,743,940	24,777,704	27,196,105
Taxable temporary differences arising on:				
Depreciation of property, plant and equipment	(110,010)	(43,518)	(5,398,991)	(4,837,309)
Fair valuation of derivative instruments	-	-	(13,990)	(68,059)
Right-of-use assets	-	-	(24,777,704)	(27,196,105)

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 13).

23. Deferred taxation - continued

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 tax benefits. Whereas tax losses have no expiry date, unabsorbed capital allowances are forfeited upon cessation of the trade. Capital losses have no expiry date but may be utilised solely to offset future capital gains.

Company

	2025	2024
	€	€
At beginning of year	37,813	92,495
Tax effect of temporary differences arising on fair valuation of derivative instruments (Note 19)	(18,924)	(54,682)
At end of year	18,889	37,813

The amount disclosed in the table above, which has been referenced to Note 19, has been recognised directly in equity in other comprehensive income.

The balance at 31 December represents:

	2025	2024
	€	€
Deferred tax liabilities		
Deferred taxation arising on transfer of property from related party	13,993	13,993
Temporary differences arising on fair valuation of derivative instruments	4,896	23,820
	18,889	37,813

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

The deferred income tax provision arising on transfer of property from a related party has been recognised in prior financial years in view of the transfer of property from a Company forming part of the Mizzi Organisation.

At 31 December 2025, the Company had unutilised tax credits arising from unabsorbed capital allowances amounting to €2,161,765 (2024: €2,104,155). At the end of the reporting period, the Company also had deductible temporary differences arising on depreciation of property, plant and equipment, provisions for impairment of investments and provisions for impairment of receivables, amounting to €12,129,053 (2024: €12,058,325). The related deferred tax assets have not been recognised in these financial statements due to the uncertainty of the realisation of the tax benefits.

24. Derivative financial instruments

Group and Company

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

24. Derivative financial instruments - continued

The parent Company 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 19). 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).

25. Business combination

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 Group (see Note 8). Accordingly, IELS has become a wholly owned subsidiary of the Group 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 Group'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 €
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
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

25. Business combination - continued

	€
Purchase consideration – cash outflow	
Cash outflow, net of cash acquired:	
Cash consideration	6,300,000
<i>Adjustment for balances acquired:</i>	
Cash	(37,141)
Bank overdraft	138,401
	6,401,260
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 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 Group's profit or loss since the entity was an associate of the Group 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.

26. Revenue

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

	Group	
	2025	2024
	€	€
By category		
Sale of motor vehicles, spare parts and provision of ancillary services	84,226,404	102,517,890
Sale of food store goods, clothing and other goods from shopping complex and rented premises	27,740,427	28,421,512
Activities in the power, heating and ventilation equipment sectors	27,153,730	20,297,140
Operating lease rental income:		
- motor vehicles	2,729,383	2,315,239
- property	4,252,581	3,747,447
Provision of English language tuition courses and ancillary services	5,140,339	-
Income from hire purchase financing	1,991,135	2,184,045
	153,233,999	159,483,273

The Group's revenue that is recognised over time amounts to €18,663,488 (2024: €11,928,813) which arises from the activities in the power, heating and ventilation equipment sectors.

Unfulfilled performance obligations, which are the services that the Group 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 20 to the financial statements.

27. Expenses by nature

	Group		Company	
	2025	2024	2025	2024
	€	€	€	€
Cost of goods sold	105,187,055	115,880,183	-	-
Cost of accommodation and other direct costs relating to tuition revenue	1,356,255	-	-	-
Employee benefit expense (Note 28)	24,275,055	21,651,466	1,696,052	1,441,711
Depreciation of property, plant and equipment:				
- owned assets	2,878,950	2,667,654	145,416	135,642
- owned assets (motor vehicles) leased out of under operating leases	1,741,183	1,501,152	-	-
Depreciation of right-of-use assets	2,213,242	1,995,950	-	-
Amortisation of intangible assets (Note 7)	59,322	59,322	-	-
Expense relating to short term leases	202,784	384,056	29,200	29,200
Expense relating to variable lease payments	54,647	85,471	-	-
Movement in credit loss allowances in respect of:				
- hire purchase receivables (included in 'Administrative expenses')	(319,468)	54,996	-	-
- trade and other receivables (included in 'Administrative expenses')	(182,942)	(77,478)	-	-
Amounts written off in respect of:				
- hire purchase receivables (included in 'Administrative expenses')	(18,599)	13,035	-	-
- trade and other receivables (included in 'Administrative expenses')	63,840	-	-	-
Marketing, business promotion and related expenses	2,462,041	2,306,432	-	-
Acquisition-related costs (Note 25)	-	566,077	-	-
Other expenses	11,126,443	11,115,136	1,049,646	868,047
Total cost of sales; selling and other direct expenses; and administrative expenses	151,099,808	158,203,452	2,920,314	2,474,600

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

	Group		Company	
	2025	2024	2025	2024
	€	€	€	€
Exchange differences (included within 'Administrative expenses')	(13,427)	(9,292)	-	-
Profit on disposal of property, plant and equipment (included within 'Other operating income')	(851,765)	(759,562)	(13,688)	(37,000)
Government grants recognised (included within 'Other operating income')	(15,940)	(50,174)	-	-

27. Expenses by nature - continued

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

Auditor's fees

Fees charged by the auditor for services rendered during the financial periods ended 31 December 2025 and 2024 relate to the following:

	Group	
	2025	2024
	€	€
Annual statutory audit	326,100	306,800
Tax advisory and compliance services	28,200	8,815
Other non-audit services	8,000	6,000
	362,300	321,615

The auditor's remuneration for the Company attributable to the year ended 31 December 2025 amounted to €11,500 (2024: €11,500).

During the current year, fees in relation to non-assurance services have been charged by connected undertakings of the Group's auditor as follows:

	Group	
	2025	2024
	€	€
Tax advisory and compliance services	46,115	50,145
Other non-audit services	122,600	80,350
	168,715	130,495

28. Employee benefit expense

	Group		Company	
	2025	2024	2025	2024
	€	€	€	€
Wages and salaries	23,794,891	21,143,225	1,526,100	1,277,514
Subcontracted payroll costs	330,447	302,329	-	-
Social security costs	1,668,241	1,529,353	169,952	164,197
	25,793,579	22,974,907	1,696,052	1,441,711
Recharge to related parties forming part of Mizzi Organisation	(158,988)	-	-	-
	25,634,591	22,974,907	1,696,052	1,441,711

The Group's figures disclosed in the table above include an amount of €1,359,536 (2024: €1,323,441) relating to discontinued operations - refer to Note 34.

28. Employee benefit expense - continued

Average number of persons employed during the year:

	Group		Company	
	2025	2024	2025	2024
Direct	688	665	-	-
Administration	183	170	34	28
	871	835	34	28

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

The Group's personnel related expenses for the year ended 31 December 2025 included subcontracting payroll costs amounting to €330,447 (2024: €302,329) as reflected in the table above.

29. Other operating income

	Group		Company	
	2025	2024	2025	2024
	€	€	€	€
Management fees and similar recharges	229,020	395,252	1,486,325	1,536,494
Income which is incidental to the Group's key operations, including profit on disposal of specific assets which were surplus to the Group's requirements	2,531,979	2,753,859	43,688	210,750
	2,760,999	3,149,111	1,530,013	1,747,244

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

30. Investment and other related income

	Group		Company	
	2025	2024	2025	2024
	€	€	€	€
Gross dividends receivable from investments in subsidiaries	-	-	2,677,033	10,632,965
Gross dividends receivable from financial assets at FVOCI	118,567	152,251	118,567	152,251
	118,567	152,251	2,795,600	10,785,216

31. Finance income

	Group		Company	
	2025	2024	2025	2024
	€	€	€	€
Interest receivable from subsidiaries	-	-	1,444,637	1,709,396
Interest receivable from related parties forming part of Mizzi Organisation	77,574	103,129	77,574	103,129
Interest receivable from associate	7,379	10,095	7,379	10,095
Bank and other interest receivable	8,852	16,470	-	-
	93,805	129,694	1,529,590	1,822,620

32. Finance costs

	Group		Company	
	2025	2024	2025	2024
	€	€	€	€
Interest payable to subsidiaries	-	-	1,922,304	1,913,304
Bank interest and charges, including amortisation of bank loan issue costs	2,119,229	2,439,605	464,275	940,837
Bond interest expense, including amortisation of bond issue costs	1,718,466	1,715,637	-	-
Interest charges on lease liabilities	578,142	523,450	-	-
Other interest payable	424,694	664,869	-	-
	4,840,531	5,343,561	2,386,579	2,854,141

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

33. Tax expense/(income)

	Group		Company	
	2025	2024	2025	2024
	€	€	€	€
Current taxation:				
Current tax expense	152,569	1,085,055	-	-
Group relief	-	-	-	55,621
Adjustment recognised in financial period for current tax of prior periods	197,414	(57,020)	(5,825)	-
Deferred taxation:				
Deferred tax credit (Note 23)	(22,558)	(1,089,673)	-	-
Losses surrendered for group relief purposes	-	-	(279,600)	-
	327,425	(61,638)	(285,425)	55,621

The tax impact relating to components of other comprehensive income is presented in the tables within Notes 17, 18 and 19 to the financial statements.

33. Tax expense/(income) - continued

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

	Group		Company	
	2025	2024	2025	2024
	€	€	€	€
Profit before tax from continuing operations	1,291,188	2,496,059	548,310	9,026,339
Loss before tax from discontinued operations	(1,680,889)	(1,843,645)	-	-
(Loss)/Profit before tax	(389,701)	652,414	548,310	9,026,339
Tax on profit/(loss) at 35%	(136,395)	228,345	191,909	3,159,219
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	502,122	306,091	33,824	6,903
Unabsorbed capital allowances claimed during the year	417,900	499,228	20,164	17,122
Unabsorbed tax losses arising during the year	149,135	43,294	(4,791)	-
Utilisation of unabsorbed tax losses and capital allowances brought forward from previous years	(63,185)	(37,308)	-	-
Income exempt from tax or charged at reduced rates	(54,149)	(3,123)	(531,428)	(3,141,696)
Share of results of associates	(177,533)	(161,665)	-	-
Determination of deferred taxation on fair value gains on 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	520,373	794,150	10,723	14,073
Under/(over) provision of tax in previous years	197,414	(57,020)	(5,826)	-
Tax incentives in respect of electric motor vehicle scheme	(243,607)	(349,429)	-	-
Gain on bargain purchase attributable to business combination	-	(444,770)	-	-
Tax charge/(credit) in the accounts	327,425	(61,638)	(285,425)	55,621

34. Discontinued operations

During 2025, the Group resolved to exit the operation known as the Suq tal-Belt ("STB"). Arkadia Marketing Limited (a group 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 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.

Financial performance and cash flow information

	Year ended 31 December	
	2025 €	2024 €
Revenue	1,966,359	2,080,336
Cost of sales	(428,415)	(366,801)
Gross profit	1,537,944	1,713,535
Selling and other direct expenses	(2,071,049)	(2,177,539)
Administrative expenses	(1,046,076)	(1,267,661)
Other operating income	461,743	522,344
Operating loss	(1,117,438)	(1,209,321)
Finance costs:		
Interest charges on lease liabilities	(396,740)	(387,122)
Other interest charges	(166,711)	(247,202)
Loss from discontinued operations	(1,680,889)	(1,843,645)
Cash flows attributable to discontinued operations are as follows:		
Net cash inflow from operating activities	1,288,880	789,787
Net cash outflow from investing activities	(85,696)	(134,030)
Net cash outflow from financing activities	(920,538)	(848,104)
Net increase/(decrease) generated by/(used in) the discontinued operations	282,646	(192,347)

34. Discontinued operations - continued

Expenses by nature relating to discontinued operations:

	2025	2024
	€	€
Cost of goods sold	428,415	366,801
Employee benefit expense	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	159,583
Other expenses	1,045,007	1,150,330
	3,545,540	3,812,001

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 (Note 4)	3,442,326
Right-of-use assets (Note 5)	11,502,702
Inventories	33,970
Total assets	14,978,998
Lease liabilities (Note 22)	(12,779,094)
Trade and other payables	(85,937)
Total liabilities	(12,865,031)
Net assets	2,113,967

35. Directors' emoluments

	Group	
	2025	2024
	€	€
Salaries and other emoluments:		
Non-executive directors (included in 'Other expenses' – Note 27)	118,325	112,127
Executive directors (included in 'Employee benefit expense' – Note 28)	733,278	657,220
	851,603	769,347

During the current year, the Company has recharged out directors' emoluments amounting to €486,273 (2024: €506,693) and €637,127 (2024: €746,545) to subsidiaries and other related parties forming part of Mizzi Organisation respectively, which amounts are not included in the table above.

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. Cash generated from/(used in) operations

Reconciliation of operating profit/(loss) to cash generated from/(used in) operations:

	Group		Company	
	2025 €	2024 €	2025 €	2024 €
Operating profit/(loss) from continuing operations	5,412,110	5,825,005	(1,390,301)	(727,356)
Operating loss from discontinued operations	(1,117,438)	(1,209,321)	-	-
	4,294,672	4,615,684	(1,390,301)	(727,356)
Adjustments for:				
Depreciation of property, plant and equipment (Note 4)	5,091,556	4,774,021	145,416	135,642
Depreciation of right-of-use assets (Note 5)	2,418,401	2,202,581	-	-
Net impacts 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)	(851,765)	(759,562)	(13,688)	-
Movement in credit loss allowances in respect of trade and other receivables	(502,410)	137,101	-	-
Amounts written off in respect of trade and other receivables	45,241	13,035	-	-
Net gains from changes in fair value of investment property	(516,920)	(1,396,073)	-	-
Changes in working capital:				
Inventories	2,135,805	11,786,481	-	-
Trade and other receivables	2,460,600	3,603,210	(1,477,349)	(1,976,736)
Trade and other payables	(2,258,530)	(10,272,963)	(940,314)	(5,209,585)
Cash generated from/(used in) operations	12,375,972	14,676,162	(3,676,236)	(7,778,035)

Net debt reconciliation

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

37. Commitments

Group

Capital commitments

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

	2025	2024
	€	€
Authorised but not contracted	3,600,000	4,029,000
	3,600,000	4,029,000

Operating lease commitments – where a group 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

Group undertakings are party to non-cancellable operating lease arrangements relating to property, entered into on commercial terms. The non-cancellable term of the main 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	2,831,203	2,359,441
Later than one year and not later than five years	6,656,521	5,784,632
Later than five years	50,780	95,820
	9,538,504	8,239,893

A group undertaking's principal business is the leasing out of motor vehicles under operating lease agreements on commercial terms with terms of 5 to 6 years.

38. Contingent liabilities

- (a) The Company, together with certain other subsidiaries and related parties forming part of Mizzi Organisation, is jointly and severally liable in respect of guarantees given to secure the banking facilities of group undertakings and related parties forming part of Mizzi Organisation up to a limit of €75,940,000 (2024: €72,940,000) together with interest and charges thereon. These guarantees are supported by a general hypothecary guarantee for the amount of €60,595,000 (2024: €61,508,000) over the Company's assets.

The principal subsidiaries, together with related parties forming part of Mizzi Organisation, are jointly and severally liable in respect of guarantees given to secure the banking facilities of group undertakings and related parties forming part of Mizzi Organisation for amounts ranging from €7,000,000 to €91,746,000 (2024: €25,441,000 to €79,452,000), together with interest and charges thereon. These guarantees are supported by general hypothecary guarantees by the group undertakings for the amounts ranging from €3,165,000 to €60,595,000 (2024: €3,165,000 to €54,647,000) and by special hypothecary guarantees over property by group undertakings for the amounts ranging from €7,000,000 to €107,070,000 (2024: €22,197,000 to €101,070,000).

- (b) At 31 December 2025, the Company has given guarantees totalling €10,765,802 (2024: €10,788,162) in the name of subsidiaries in favour of third parties.
- (c) At 31 December 2025, subsidiaries had contingent liabilities amounting to €978,462 (2024: €1,891,566) in respect of guarantees issued by the bank on their behalf in favour of third parties in the ordinary course of business.
- (d) No provision has been made in these consolidated financial statements 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 the Group 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.

- (e) The Company has undertaken to provide financial support to a number of subsidiaries so as to enable these entities to meet their liabilities as they fall due. As at 31 December 2025, subsidiaries whose total liabilities exceeded their total assets by an aggregate amount of €11,503,439 (2024: €9,466,455), incurred an aggregate loss of €2,029,624 (2024: €2,509,142) for the year then ended. Furthermore, subsidiaries whose current liabilities exceeded their current assets, as at 31 December 2025, by an aggregate amount of €51,474,685 (2024: €51,595,112), registered on aggregate profit of €3,885,166 (2024: €3,238,704) for the year then ended.

39. Related party transactions

Mizzi Organisation Limited and its subsidiaries form part of the Mizzi Organisation. The Mizzi Organisation is not a legal entity and does not constitute a group 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, GSD Marketing Limited and Mizzi EV Limited.

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.

39. Related party transactions - continued

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 comprising the Organisation and the Organisation entities' key management personnel are the principal related parties of the entities forming part of the Mizzi Organisation.

Trading transactions with these companies would typically include interest charges, management fees, service charges and other such items which are normally encountered in a group context.

Group

In the ordinary course of their operations, group undertakings sell goods and services to other companies forming part of the Organisation for trading purposes and also purchase goods and services from these companies.

In the opinion of the directors, 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 Group. The aggregate invoiced amounts in respect of a considerable number of transaction types carried out with related parties are not considered material and accordingly they do not have a significant effect on these financial statements.

Except for transactions disclosed or referred to previously, the following significant operating transactions, which were carried out principally with related parties forming part of Mizzi Organisation, have a material effect on the operating results and financial position of the Group:

	Group		Company	
	2025	2024	2025	2024
	€	€	€	€
Sales of goods and services				
Sales of goods held for resale and provision of services:				
- Related parties forming part of Mizzi Organisation	346,856	272,867	-	-
- Other related parties	46,411	86,699	-	-
Management fees receivable:				
- Subsidiaries	-	-	751,982	743,683
- Related parties forming part of Mizzi Organisation	213,115	202,167	209,815	192,517
Property operating lease rental income receivable:				
- Subsidiaries	-	-	30,000	30,000
- Related parties forming part of Mizzi Organisation	1,756	3,341	-	-
Transfer of property, plant and equipment:				
- Subsidiaries	-	-	-	-
- Related parties forming part of Mizzi Organisation	153,390	1,078,136	-	-
- Other related parties	-	71,695	-	-
	761,528	1,714,905	991,797	966,200

39. Related party transactions - continued

	Group		Company	
	2025	2024	2025	2024
	€	€	€	€
Purchases of goods and services				
Purchases of goods held for resale and services				
- Subsidiaries	-	-	7,152	6,185
- Related parties forming part of Mizzi Organisation	1,903,736	999,597	-	-
Expense relating to the use of property:				
- Subsidiaries	-	-	29,200	29,200
Purchases of property, plant and equipment				
- Subsidiaries	-	-	70,855	104,000
	1,903,736	999,597	107,207	139,385

Year-end balances with related parties, arising principally from the transactions referred to previously, are disclosed in Notes 11, 12, 20 and 21 to these financial statements. Such balances are unsecured, interest free and repayable on demand unless otherwise stated in the respective notes. Interest receivable from related parties and interest payable to related parties are disclosed in Notes 31 and 32 respectively.

During the financial year ended 31 December 2025, expenditure amounting to €38,473 (2024: €146,000) and €3,516 (2024: €3,830) has been recharged by the parent Company and subsidiaries, respectively, to related parties forming part of Mizzi Organisation. The parent Company has also recharged expenditure to other related parties as follows:

	2025	2024
	€	€
- Subsidiaries	815,971	605,342
- Associates	21,877	1,092
- Other related parties	3,555	3,033

Key management personnel comprise the directors of the Company and of the other group undertakings. Information on key management personnel compensation has been disclosed in Note 35.

Company

As at 31 December 2025, amounts owed by and to subsidiaries and related parties forming part of Mizzi Organisation were unsecured, interest free and repayable on demand.

Amounts owed by related parties as at 31 December 2025 include amounts due from shareholders of €32,850 (2024: €20,616). These amounts are unsecured, interest free and repayable on demand.

40. Statutory information

Mizzi Organisation Limited is a limited liability Company and is incorporated in Malta.