



**ANNUAL REPORT  
AND CONSOLIDATED  
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 OCTOBER 2025

20

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AX GROUP 50 YEARS EDITION

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25

50  
*years*

FROM VISION  
TO LEGACY

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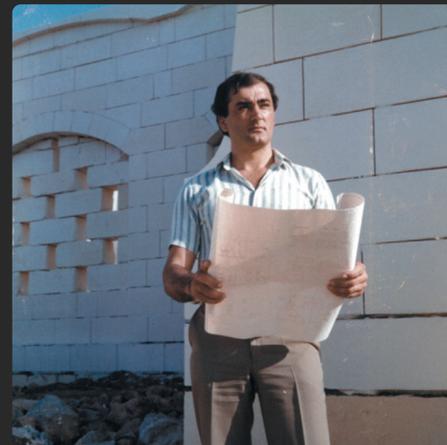
## AX GROUP PROFILE



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# AX GROUP **PROFILE**

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50  
years

FROM VISION  
TO LEGACY

# COMPANY OVERVIEW



AX Group operates in multiple sectors, including healthcare, hospitality, development, construction, real estate and renewable energy.

We are committed to setting new industry standards and exceeding expectations in all that we do.

## CORPORATE PROFILE

Established in 1975 by Chairman Angelo Xuereb, AX Group has grown from a civil engineering and construction company into a diversified group operating across hospitality, development, construction, care, real estate, and renewable energy. Over the past five decades, the Group has expanded with intention, entering sectors where it could elevate standards and deliver long-term value. Today, its portfolio spans hospitality destinations, heritage restoration projects, residential developments, and Malta’s first purpose-built retirement village concept, among other ventures.

AX Group remains family-owned and family-led, with the second generation actively shaping strategy alongside strong governance structures and professional management teams. Guided by the values of creativity, integrity, and determination, AX Group remains committed to delivering lasting value to clients, partners, communities, and stakeholders, while contributing meaningfully to Malta’s economic and social progress.

## MISSION STATEMENT

At AX Group, we strive to leverage our entrepreneurial skills to deliver high-quality innovative developments. This is achieved by inspiring our people to learn from our past and to embrace the future with courage and optimism.

## OUR VALUES

At AX Group, our values form the foundation of everything we do. They guide our decision-making, shape our company culture, and inspire us to strive for excellence in all our endeavours.



### CREATIVITY

We harness the creativity and ingenuity of our people to develop new solutions, identify different lines of business and pursue new opportunities to move the business forward.



### INTEGRITY

We deliver on what we promise by operating at a high level of transparency and trust. We act ethically in the interest of the environment and communities we work in.



### DETERMINATION

We strive to create projects with exceptional quality that exceed client expectations. We seek to remain at the forefront of innovation to inspire growth and progress in the industries we operate in.

# CHAIRMAN'S **STATEMENT**

50  
years

FROM VISION  
TO LEGACY

*2025 was a year in which all AX Group's business interests flourished. I would like to thank the Group's Board of Directors, Executive Management and all our employees for achieving these results.*

— Angelo Xuereb

2025 was a special year for AX Group, marked not only by our 50th anniversary but also by the achievement of several important milestones across the business.

The completion of Verdala Terraces and Verdala Wellness Hotel marked the culmination of almost four years of sustained effort and commitment. The first residents have now taken up residence, and in August the hotel welcomed its first guests. Verdala Terraces is undoubtedly one of Malta's best residential developments. After so many years waiting for permits to redevelop the site, AX Group has delivered a remarkable property that sets new standards for construction and development in the islands.

The architects, designers and specialist personnel employed and engaged by AX Group to deliver this project have created an outstanding property. The residential units at Verdala Terraces have been designed for luxury, comfort and sustainability. The materials used will surely stand the test of time and provide residents with a unique lifestyle. It is no wonder that more than 70% of the units have been sold or are contracted to be sold.

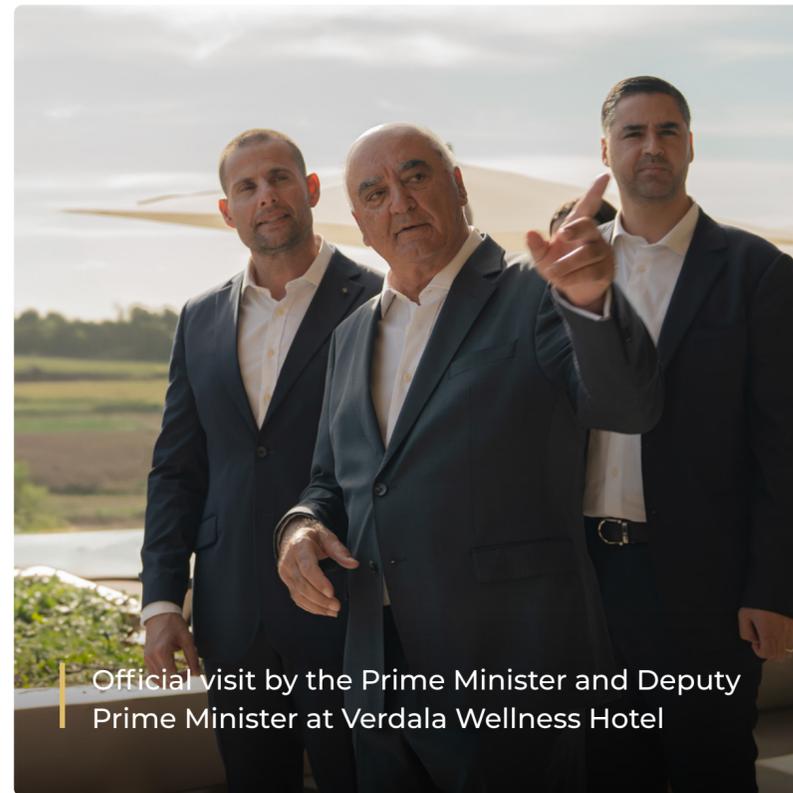
The opening of Verdala Wellness Hotel in August was another important aspect of the development, as it provides a focal point not only for the residents of Verdala Terraces and Verdala Mansions, but is also steadily establishing itself as one of Malta's unique luxury destinations.



Angelo Xuereb  
Chairman



AX Group awarded with 'Company of the Year' recognition by the Malta Stock Exchange



Official visit by the Prime Minister and Deputy Prime Minister at Verdala Wellness Hotel



Pre-opening phase of Verdala Wellness Hotel

The wellness concept and its extensive facilities have been designed to optimise the natural characteristics of the Verdala site, the tranquillity of the property, its views over much of Malta, as well as its location in Rabat, a town with so much history and its proximity to Mdina and the more rural western parts of the islands.

My daughters Claire and Denise worked tirelessly alongside me in designing and delivering this project. It was a great opportunity for the family to work closely together, each of us taking on the challenge of delivering this project with true commitment and dedication. I am also grateful for the hard work put in by so many of our employees and those of our contractors to deliver such high-quality work to demanding standards.

2025 was also a year in which AX Group's other business interests flourished. For the first time in our 50-year history, our turnover exceeded €100 million, reaching €131 million, a growth of 57% over the prior year. Our profits before tax increased from €5.8 million to €16.9 million. Shareholder equity increased to €272 million, up from €249 million in 2024. Total borrowing decreased from €188 million to €181 million.

These results reflect the strong performance of AX Group's core assets, as well as the steady appreciation of the asset portfolio.

While the sale of Verdala Terraces residences contributed €34.6 million to this turnover, our core trading operations themselves generated almost €100 million.

I would like to thank the Group's Board of Directors, Executive Management and all our employees for achieving these results. These are truly remarkable achievements in the highly competitive markets in which we operate.

A special word of thanks to my family, who have stood by me throughout these years, and to our shareholders, bondholders and the dedicated key executives who have helped the Group grow to become one of Malta's leading businesses.

**Angelo Xuereb**  
Chairman

# CEO'S REVIEW

50  
years

FROM VISION  
TO LEGACY

*For the first time in the Group's 50-year history, turnover exceeded €100 million, and our equity surged forward to €272 million.*

— Michael Warrington

It is my pleasure to report on the progress that AX Group has achieved during financial year 2025 and to outline the strategic initiatives we are pursuing to sustain and accelerate the Group's growth.

The financial performance for the year is an achievement in itself. For the first time in the Group's 50-year history, turnover exceeded €100 million, and our equity surged forward to €272 million.

The actual Group turnover for financial year 2025 was €130,909,881. EBITDA increased from €24 million in 2024 to €35.8 million in 2025, a growth of 49%. These results reflect the operating performance of our hotel, care, estates and construction divisions. The sale of the Verdala Terraces residences generated €34.6 million during the year. Our debt stood at 66% of shareholder equity, resulting in the Group being well placed for the future expansion planned for the current year.

The most significant achievement for the year was the completion of the Verdala Terraces and Verdala Wellness Hotel. More than 70% of the residences are now committed for sale or have been sold, reflecting the high standards of the development. The design, quality finishes, large apartments and panoramic views, together with the facilities offered by the Wellness Hotel, including spa, gardens, parking, pool, open spaces and retail outlets, have all contributed to this success. The Verdala Wellness Hotel has been very well received, reflecting its unique



Michael Warrington  
Chief Executive Officer & Deputy Chairman

positioning as the first wellness hotel on the islands. This development marks AX Group's first venture into the wellness hospitality segment, supported by leading consultants and experienced management and personnel to design and manage the property.

The Verdala story has been a long journey for AX Group. Since acquiring the property in 1997, it has taken us almost 26 years for us to secure the full permits needed to redevelop the entire site. As we prepared to embark on the apartment and hotel development, we chose to document the journey photographically, culminating in three limited edition, high quality books that record the transformation of the former hotel site into the luxurious residences and hotel it is today. This publication serves as a fitting tribute to our commitment to quality, our determination, and the resourcefulness of our Chairman, Directors, Management and employees in delivering on the objectives we set.

Our hotels delivered record turnover and profits this year, with hospitality revenue increasing by more than 12%. Our care business also continued to perform strongly, operating at almost full capacity. AX Construction shifted its focus to third-party projects, with turnover increasing by 48%.

The Group entered into two promise-of-purchase agreements in order to acquire

two sites, one adjacent to the Hilltop Gardens residential complex and the other adjacent to land we own in Marsa.

We have worked tirelessly to strengthen our administrative, technology and operating structures and processes. Considerable investment has gone into new IT software and the hardware infrastructure needed for efficient and data-driven operations. We embarked on our first AI-powered initiatives and have established a committee dedicated to identifying and implementing opportunities in this sphere.

Our Marketing team and AX Hotels Sliema jointly organised our 50th Anniversary event. The celebration highlighted the progress achieved over the years, the many construction and development projects we have undertaken, and the thousands of employees whose contributions have shaped our success. The journey is also well documented in a commemorative book produced by our Marketing team to mark this milestone.

We have firmed up plans for the redevelopment of the Sunny Coast Hotel, lido and the Luzzu Lido, which will commence in August 2026. Preparatory work is progressing to ensure that all necessary elements are in place ahead of commencement.

We will also embark on a full refurbishment of AX The Palace Hotel in Sliema in November



Michael Warrington and Angelo Xuereb at the 50 year anniversary event

2026. The hotel remains one of our more important investments, and we want to ensure that it retains its position as a leading hotel in Sliema.

I wish to thank AX Group's Chairman and Board of Directors for their support, encouragement and foresight in setting the direction and strategy of AX Group. I am also privileged to work alongside a dedicated and resourceful Executive Management team that continually strives to surpass targets and achieve better. Likewise, I thank our many loyal and hardworking employees for continually delivering performance that exceeds customer and management expectations.

I thank our investors, suppliers and lenders, and the many employees of these organisations who too help us to achieve our goals and objectives. I am confident that AX Group is well placed for the next phase of its growth.



**Michael Warrington**  
Chief Executive Officer and Deputy Chairman



Town Hall Meeting with Business Centre employees



Senior General Manager Joseph Vella receiving his Long Service Award from Michael Warrington.

# FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED 31 OCTOBER 2025



FROM VISION TO LEGACY

- REVENUE
- PROFITABILITY
- ASSETS & LIABILITIES
- CASH FLOW

## REVENUE

TOTAL REVENUE



## PROFITABILITY

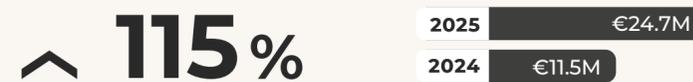
ADJUSTED EBITDA



PROFIT AFTER TAX

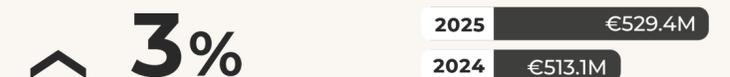


OPERATING PROFIT



## ASSETS & LIABILITIES

TOTAL ASSET BASE



TOTAL EQUITY



TOTAL LIABILITIES DECREASED BY



## CASH FLOW

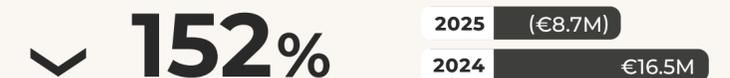
NET CASH FROM OPERATIONAL ACTIVITIES



NET CASH USED IN INVESTING ACTIVITIES



NET CASH USED IN FINANCING ACTIVITIES



The Group delivered a strong and resilient performance in 2025, achieving substantial year on year growth across all core business segments.

This performance was underpinned by the execution of strategic initiatives, the continued expansion of hospitality operations, increased construction activity, and the recognition of revenue from property sales within the Verdala Terraces development.

The Group also strengthened its equity position through positive operating results and significant fair value gains on property.

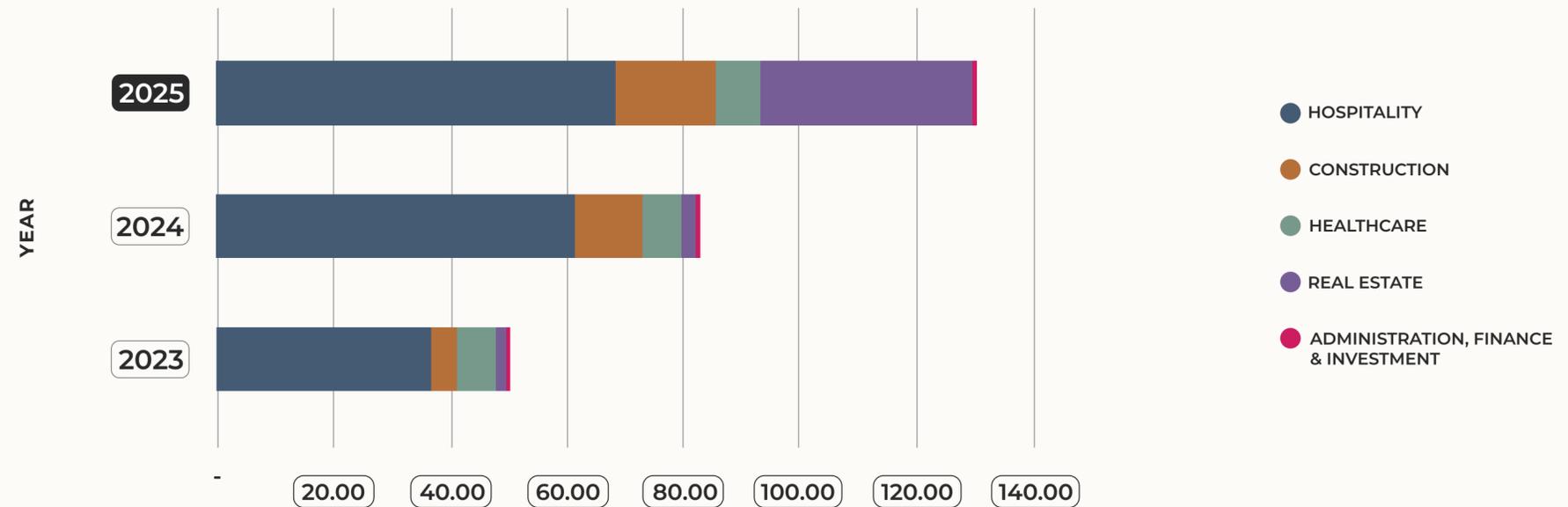
## REVENUE PERFORMANCE

Total revenue increased by 57%, rising from €83.3 million in 2024 to €130.9 million in 2025.

This growth was driven by:

- Strong performance across the Group’s hospitality assets in Qawra, Sliema, and Valletta
- Sustained demand within the healthcare division
- Increased third party construction works
- Recognition of €34.6 million in revenue from contracts of sale related to Verdala Terraces units

### REVENUE BY SEGMENT



REVENUE IN EUR MILLIONS

REVENUE GROWTH  
VERSUS LAST YEAR

^ 57%

## PROFITABILITY

Adjusted EBITDA rose from €24.0 million in 2024 to €35.8 million in 2025, representing a 49% improvement, demonstrating enhanced operating efficiency and scalability across the Group's diversified portfolio.

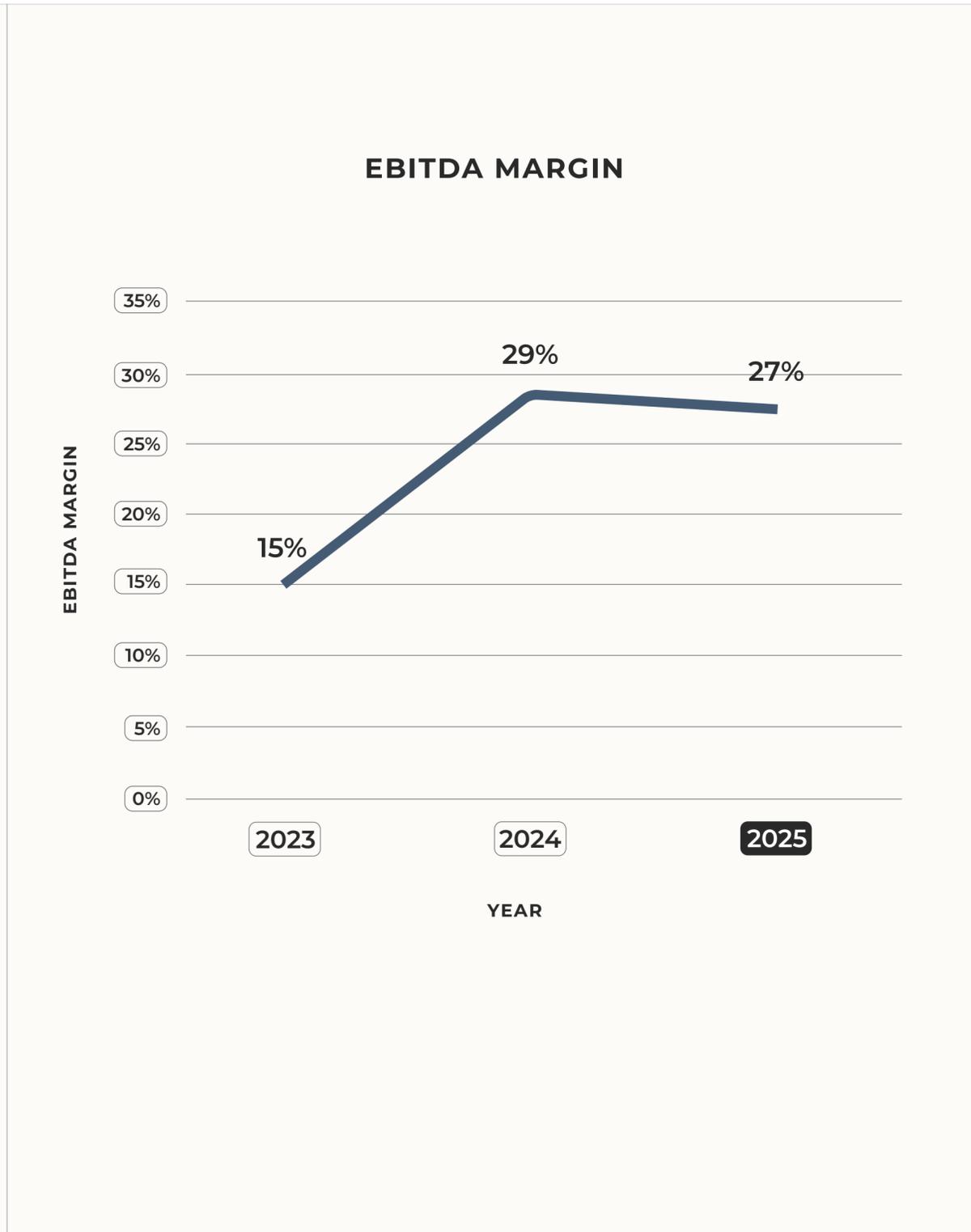
Depreciation increased by €1.86 million, largely due to investments in the hospitality division, particularly following the opening of the Verdala Wellness Hotel in Rabat.

Operating profit more than doubled to €24.7 million (2024: €11.5 million), driven by the contribution from property sales and the robust performance of hospitality operations.

Profit after tax increased by 243%, reaching €17.4 million (2024: €5.1 million), reflecting stronger operating profitability and an expanded asset base.



**OPERATING PROFIT MORE THAN DOUBLED COMPARED TO THE PREVIOUS YEAR, REACHING €24.7 MILLION.**



## ASSETS & LIABILITIES

The Group's total asset base increased to €529.4 million (2024: €513.1 million), driven by ongoing investment in major developments, uplifts in property valuations, and changes in property inventory values following the sale of Verdala Terraces apartments.

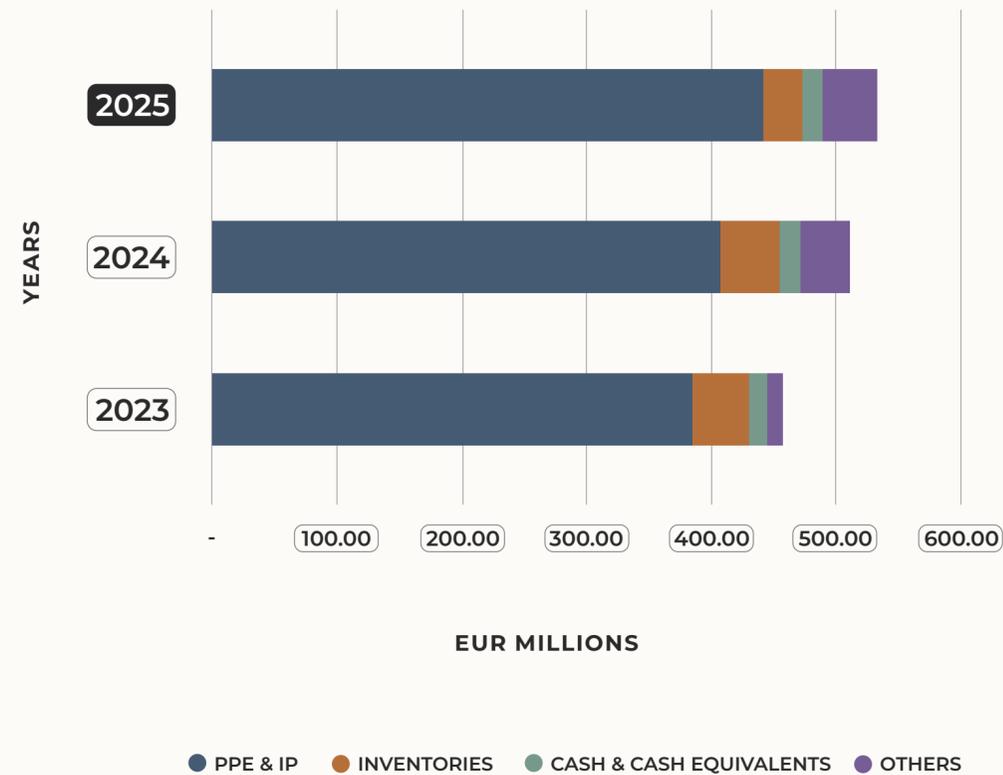
Total liabilities decreased by €7.4 million, primarily due to reduced bank borrowings linked to Verdala property sale deed signings, partially offset by an increase in debt securities in issue following the sale of AX Real Estate plc bonds held by the Group.

Total equity increased to €272.5 million, up from €248.8 million in 2024, supported by the year's profit and a property revaluation gain of €9.6 million.

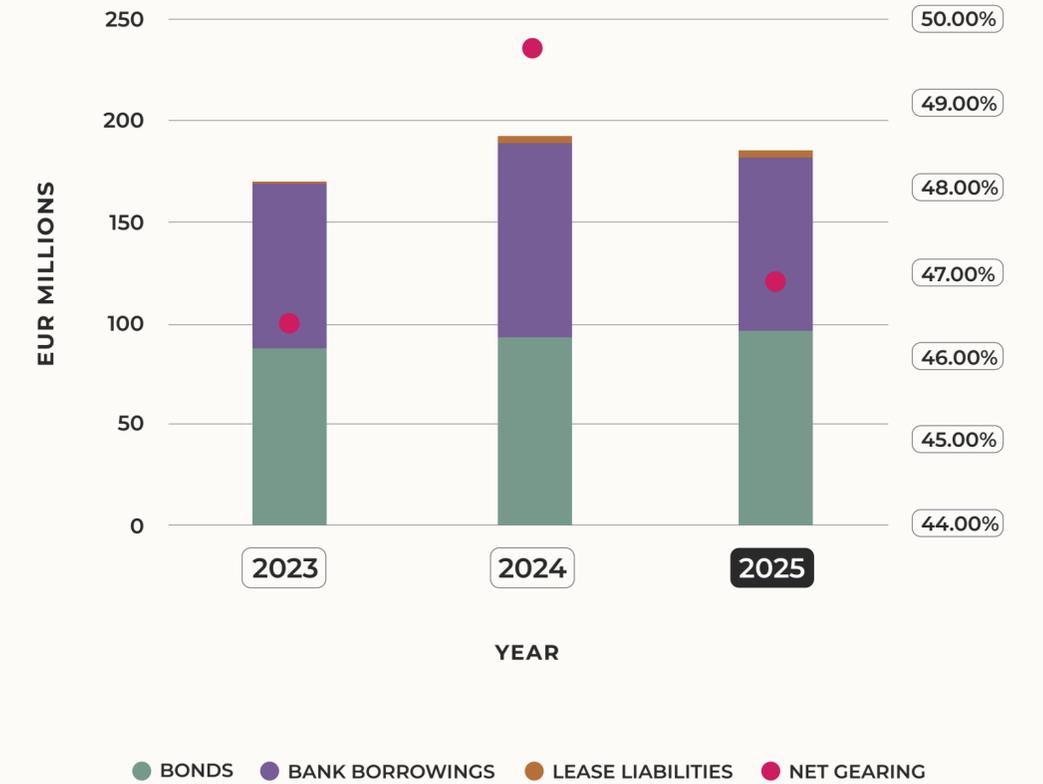


**THE GROUP'S TOTAL ASSET BASE INCREASED BY 3% TO €529.4 MILLION.**

### TOTAL ASSETS



### TOTAL DEBT



## CASH FLOW

The Group generated strong operational cash flows of €26.8 million, a significant increase from the €6.5 million generated in 2024, largely attributable to the realisation of Verdala Terraces apartment sales.

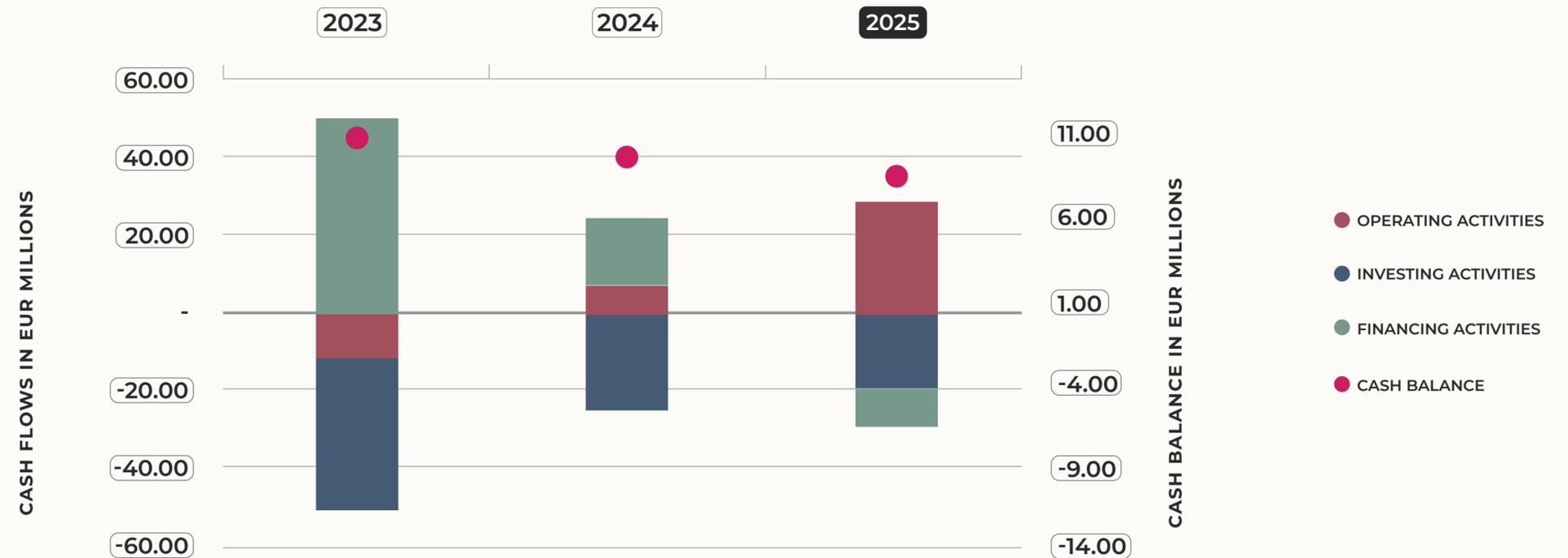
Net cash used in investment activities amounted to €18.9 million, mainly related to ongoing development at the Verdala site, in Rabat.

Net cash used in financing activities totalled €8.7 million, reflecting the substantial repayment of the Verdala loan as well as new bank loan drawdowns and the sale of debt securities.



**IN 2025, THE GROUP GENERATED OPERATING CASH FLOWS AMOUNTING TO €26.8 MILLION.**

### CASH FLOW



NET CASH FROM OPERATIONAL ACTIVITIES

^ 312%

NET CASH USED IN INVESTING ACTIVITIES

∨ 22%

NET CASH USED IN FINANCING ACTIVITIES

∨ 152%



## FUTURE OUTLOOK

In 2026, the Group is projected to generate revenues exceeding €150 million, representing year on year growth of approximately 15%. This performance is supported by all business divisions, with real estate serving as the primary growth driver following the successful sale of the Verdala Terraces apartments. Group EBITDA is likewise expected to increase significantly, reaching €50 million, an improvement of around 40% over 2025, reflecting stronger operational performance and enhanced profitability across the Group.

The Hospitality division is forecast to deliver revenue growth of approximately 10% over 2025. The Qawra, Sliema and Valletta hotels are expected to maintain steady performance, while overall divisional results will be driven by the first full year of operation of the Verdala Wellness Hotel. Establishing Verdala as a flagship within the luxury wellness segment remains a strategic priority. With the wellness market in Malta still emerging, the Group is

implementing a structured short to medium term positioning plan aimed at securing Verdala's place as a leading destination for experience driven travel, reinforcing the Group's commitment to innovation, product differentiation and market diversification.

The Care division is projected to marginally exceed its 2025 performance. Hilltop Gardens and Simblija Care Home are expected to continue operating at near full occupancy throughout 2026, supported by sustained demand for high quality long term and short term care services. Management will continue pursuing initiatives centred on cost optimisation and operational efficiencies, ensuring the division remains well positioned to deliver sustainable profitability.

With the Verdala project now completed, the Construction Division will focus on strengthening its third party order book. Several new projects have already been secured, with additional tenders currently being evaluated, supporting a healthy pipeline for 2026 and beyond. Parallel to these commercial efforts, management

is prioritising enhancements in site productivity through the introduction of digital tools aimed at improving planning, monitoring and overall operational efficiency.

During 2026, the Group will continue efforts to finalise the sale of the remaining units at Verdala Terraces, while signing of final deeds for units currently under promise of sale. Proceeds from these transactions will be applied primarily towards the repayment of the loan financing the Verdala Terraces development, with any surplus directed towards broader Group commitments.

The strong financial performance registered in 2025 continues to reinforce the Group's financial position, enabling the execution of its short to medium term development plans. Among these, the redevelopment of Qawra Phase 2 will complement the existing AX ODYCY and Lido and is planned to commence in August 2026 with an expected duration of 30 months. Planning and coordination works are underway to ensure that all project designs are finalised ahead of commencement, supporting timely execution and enhanced

cost control. The investment is estimated at €80 million, and the Group is in advanced discussions with financial institutions to secure the necessary funding.

In November 2026, renovation works at AX The Palace Hotel in Sliema are scheduled to begin. The property will undergo a comprehensive refurbishment to ensure it remains competitive and aligned with evolving guest expectations. The Development division, together with hotel management, are coordinating the required steps to minimise downtime, with reopening targeted for Q2 2027.

2026 will be another exciting and transformative year for the Group. The Group aims to continue delivering strong operational returns, while further strengthening its governance frameworks and IT infrastructure to ensure compliance with evolving regulations and to support a more data driven and automated operating model. The upcoming projects, once completed, will elevate the quality standards for which the AX Group is widely recognised.

# BOARD OF DIRECTORS

**50** years  
FROM VISION  
TO LEGACY

The Board of Directors oversees AX Group's governance, strategy and risk management, ensuring alignment with corporate objectives while safeguarding the interests of all stakeholders.

Through regular interaction with management, the Board promotes transparency, upholds ethical standards and drives sustainable growth.



**Angelo Xuereb**  
Chairman



**Michael Warrington**  
Chief Executive Officer  
& Deputy Chairman



**Denise Xuereb**  
Executive Director Construction  
& Development



**Claire Xuereb**  
Executive Director Hospitality  
& Care



**John Soler**  
Independent  
Non-Executive Director



**Josef Formosa Gauci**  
Independent  
Non-Executive Director



**Christopher Paris**  
Independent  
Non-Executive Director



**Edmond Zammit Laferla**  
Company Secretary

# EXECUTIVE MANAGEMENT

50  
years

FROM VISION  
TO LEGACY

The Executive Management Team at AX Group is responsible for the organisation's strategic direction, operational execution and overall performance.

Comprising senior leaders from across the Group, the team works collaboratively to drive growth, ensure effective governance and uphold AX Group's commitment to excellence.



**Michael Warrington**  
Chief Executive Officer  
& Deputy Chairman



**Claire Xuereb**  
Executive Director  
Hospitality & Care



**Denise Xuereb**  
Executive Director Construction  
& Development



**Albert Bonello**  
Managing Director  
Finance & Administration



**Joseph Vella**  
Senior General Manager  
Qawra Hotels



**Caroline Schembri**  
Head of Administration  
& PA to the Chairman



**Kevin Callus**  
Senior General Manager  
Sliema, Valletta & Verdala Hotels



**Ing. Marthese Vella**  
Chief Technology Officer



**Jocelyn Cuomo**  
Head of Marketing & PR



**Dr. David Wain**  
Chief Legal Officer



**Caroline Zammit**  
Head of Human Resources

# OUR FIRST *FIFTY YEARS*

SELECT A SECTION



01. AX GROUP PROFILE

02. **50 YEARS**

Our Journey

50-year Event

03. BUSINESS SECTORS

04. BUSINESS FUNCTIONS

05. ESG

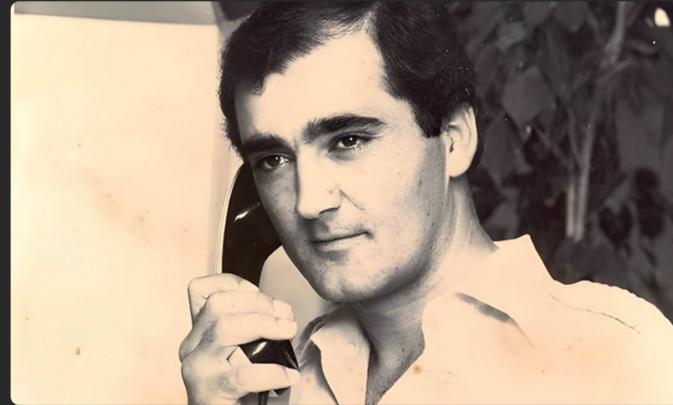
06. FINANCIAL STATEMENTS

50  
years

FROM VISION  
TO LEGACY

## 1975 – 1985

### HUMBLE *BEGINNINGS*



- 1975** | Angelo Xuereb laid the foundations of AX Group, starting in the construction industry.
- 1977** | Construction of precast and prestressed concrete factory in Naxxar – Angelo Xuereb Ltd.
- 1979** | The first official office set up at Angelo's home.
- 1980** | Entered the real estate market with the launch of Sunny Homes.
- 1981** | Construction of the Grand Stand at Ta' Qali football stadium.
- 1982** | Diversified into hospitality with the Sunny Coast in Qawra; the Group's first venture beyond construction and real estate.  
  
AX Construction initiates a joint venture with Paul Xuereb to establish the Hard Rocks Quarry.
- 1983** | Construction of the Għar Lapsi reverse osmosis plant – the world's largest at the time.

## 1986 – 1995

### STEADY *MOMENTUM*



- 1988** | Expansion of AX hospitality portfolio with Malta's largest 4-star hotel at the time - Suncrest Hotel.  
  
Diversification into property development with Falcon House in Sliema.
- 1990** | Completion of 150-metre power station chimney.
- 1991** | Precast and Prestressed factory in Ħal Far, spanning over 40,000sqm.  
  
AX Holdings Ltd established - marking the Group's first corporate structure.

## 1996 – 2005

### STRATEGIC *EXPANSION*



- 1996** | AX launches Malta's first state-of-the-art private hospital in Sliema - Capua Palace Hospital.  
  
AX Foundation was established by Josephine Xuereb to give back to the community.  
  
Restoration of Palazzo Capua, a 19th century palazzo in Sliema.
- 1997** | Further expansion of the Group's hospitality portfolio into a new location. AX The Victoria Hotel opens its doors in Sliema.
- 2001** | AX Holdings plays a key role as promoter and shareholder in the development of Valletta Cruise Port and Valletta Waterfront.
- 2003** | AX strengthens its property portfolio with its first residential development in Rabat - Verdala Mansions.

# 2006 – 2015

COMPANY OF *FIRSTS*



- 2007** | AX Hotels elevates its hospitality offering with the opening of AX The Palace - 5-star hotel in Sliema.
- 2011** | AX Construction plays a central role in a project of national significance - the construction of the superstructure of the Parliament Building.
- 2015** | Challenging convention and embracing a bold vision, AX Group pioneered Malta's first retirement village with Hilltop Gardens in Naxxar, complemented by Simblija Care Home.

# 2016 – 2020

BEYOND *EXCELLENCE*



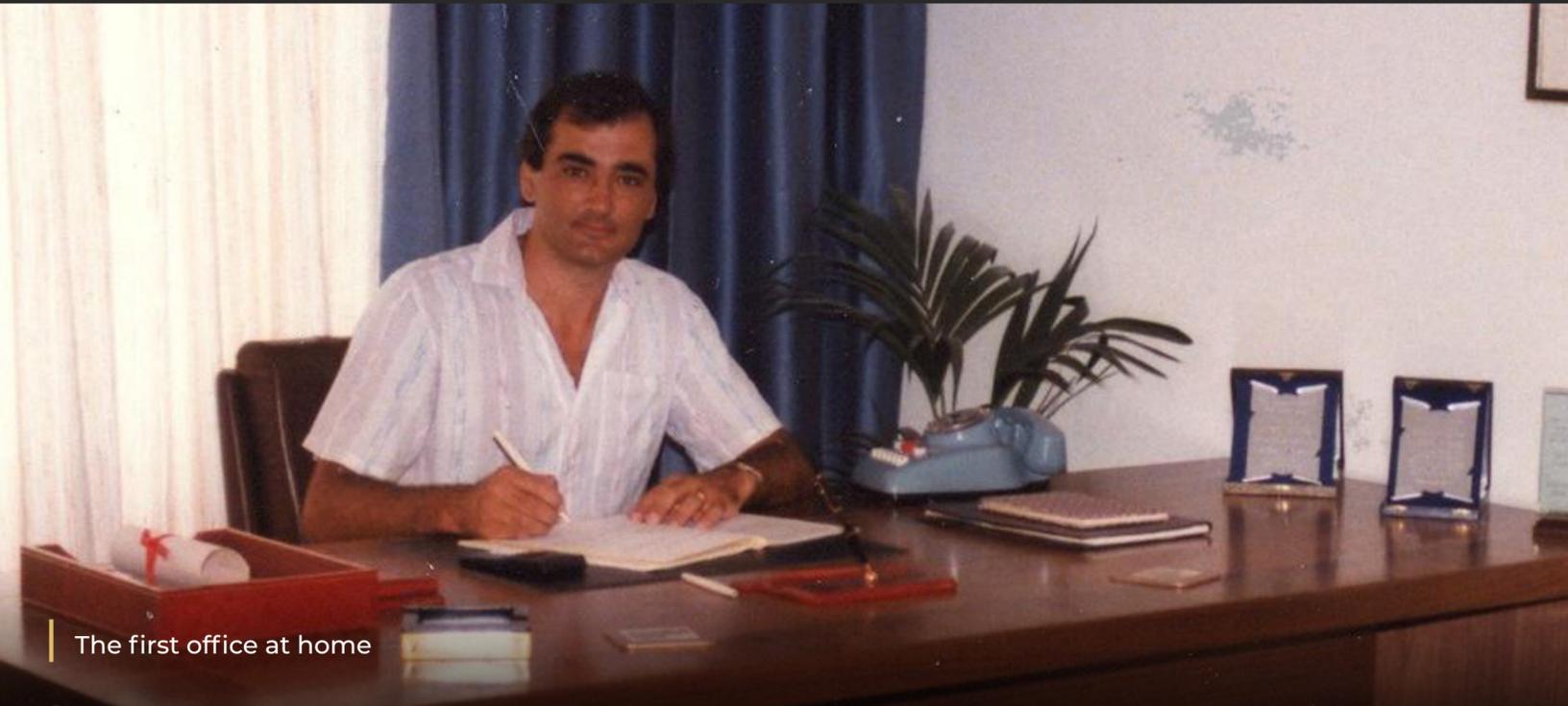
- 2016** | Angelo Xuereb named as Employer of the Year - Workers of the Year Award.
- 2017** | Aligned with a broader masterplan for the regeneration of Valletta, AX Group launches its first boutique hotel in the capital - AX The Saint John.
- 2018** | Angelo Xuereb nominated for the EY World Entrepreneur of the year.
- 2019** | AX Group repurposes a historic palazzo into Rosselli - AX Privilege.
- 2020** | A triumphant milestone for AX Hotels as Under Grain earns the prestigious Michelin star.  
  
AX Group establishes Malta's largest photovoltaic plant through a joint venture with PX Lettings and Solar Solutions.  
  
AX Group establishes its corporate base at the AX Business Centre in Mosta.

# 2021 – 2025

*AHEAD OF THE CURVE*



- 2021** | Angelo Xuereb awarded Lifetime Achievement Award by the Malta Stock Exchange.  
  
AX Group enhances Falcon House in Sliema with the addition of a new block.  
  
The Senglea Bastions are restored to their former splendour by AX Construction.
- 2022** | AX Real Estate p.l.c. celebrates bond listing.
- 2023** | Redevelopment of the Suncrest Hotel into AX ODYCY Hotel & Lido.
- 2024** | Palazzo Lucia is restored to its former glory and transformed into a prestigious office address in Valletta.
- 2025** | Verdala Terraces, Malta's most exclusive residential development welcomes first homeowners.  
  
The Grand Hotel Verdala is transformed into the Verdala Wellness Hotel, Malta's first.



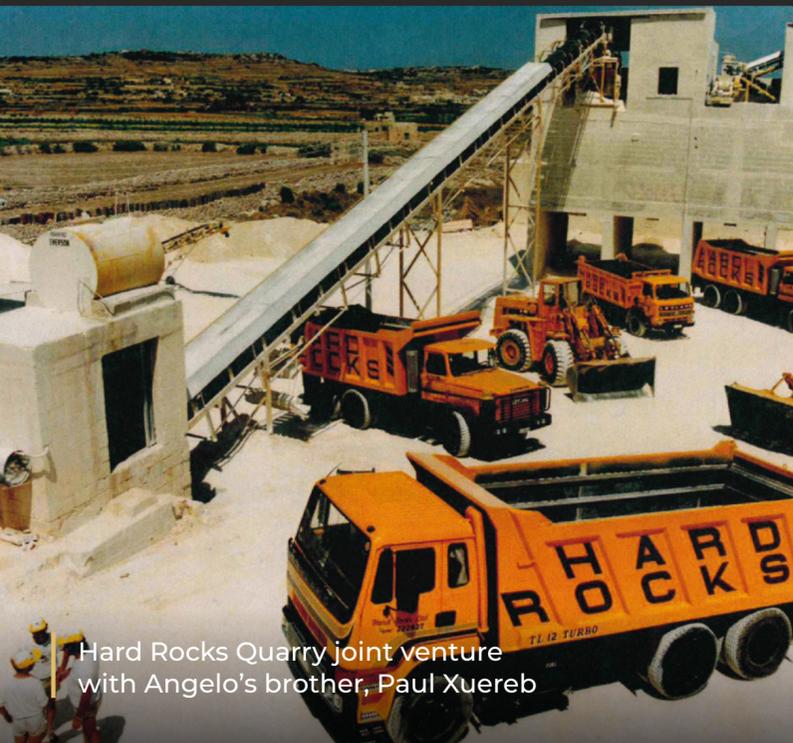
The first office at home



Ta' Qali football stadium



Investment in heavy machinery



Hard Rocks Quarry joint venture with Angelo's brother, Paul Xuereb



Sunny Coast



Precast and prestressed concrete factory Naxxar

# 1975 — 1985 HUMBLE BEGINNINGS



Falcon House Sliema - artistic impression



Completion of 150-metre power station chimney in 5 weeks



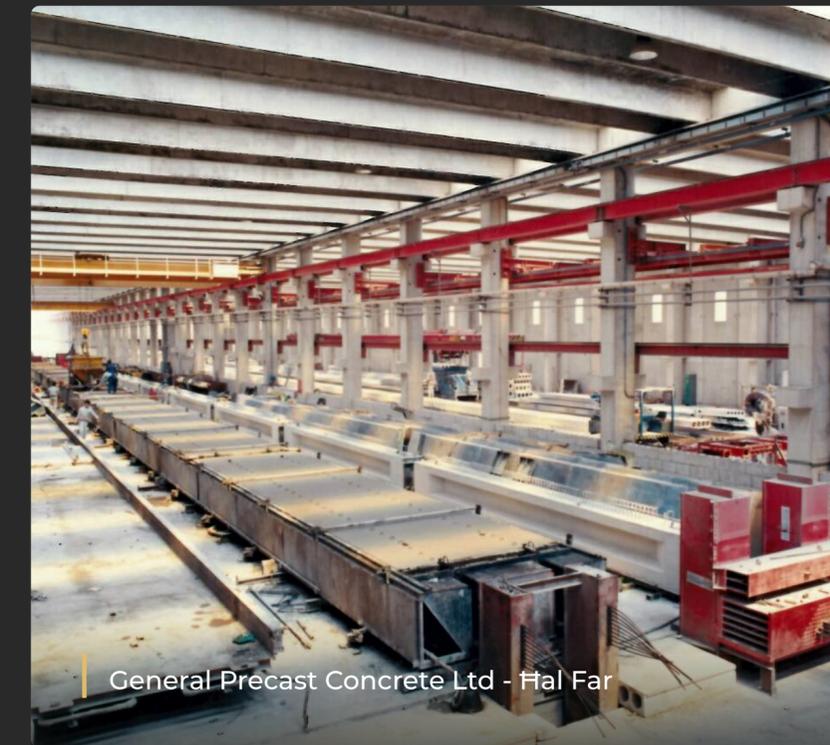
Project management at Suncrest Hotel led by Angelo Xuereb



Suncrest Hotel



AX Holdings - head office management team



General Precast Concrete Ltd - Hal Far

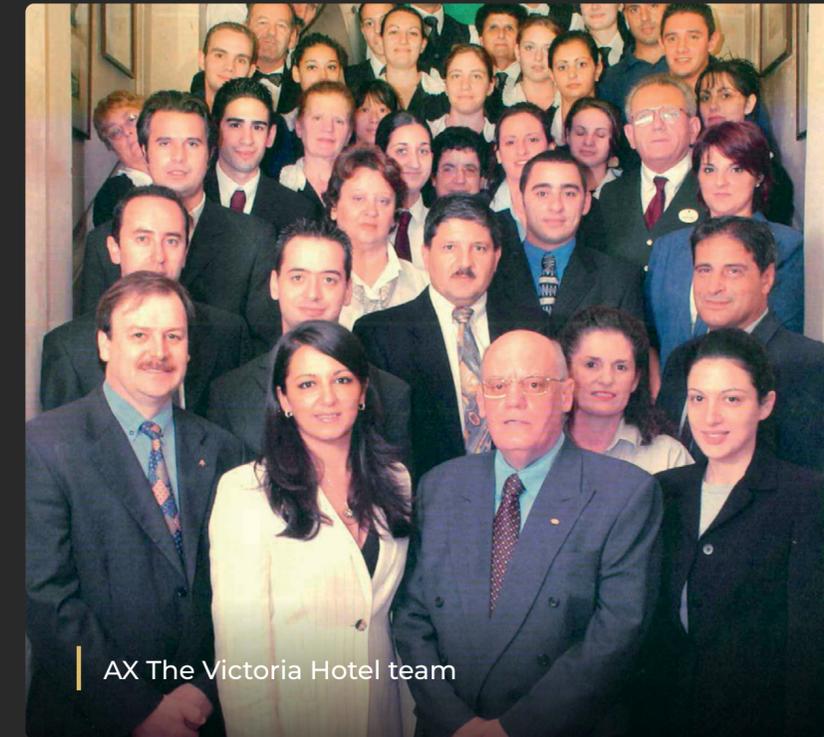
# 1986 – 1995 STEADY MOMENTUM



Construction of Verdala Mansions - Rabat



AX The Victoria Hotel - Sliema



AX The Victoria Hotel team



Palazzo Capua Sliema



Capua Palace Hospital



Valletta Waterfront

# 1996 — 2005 STRATEGIC EXPANSION



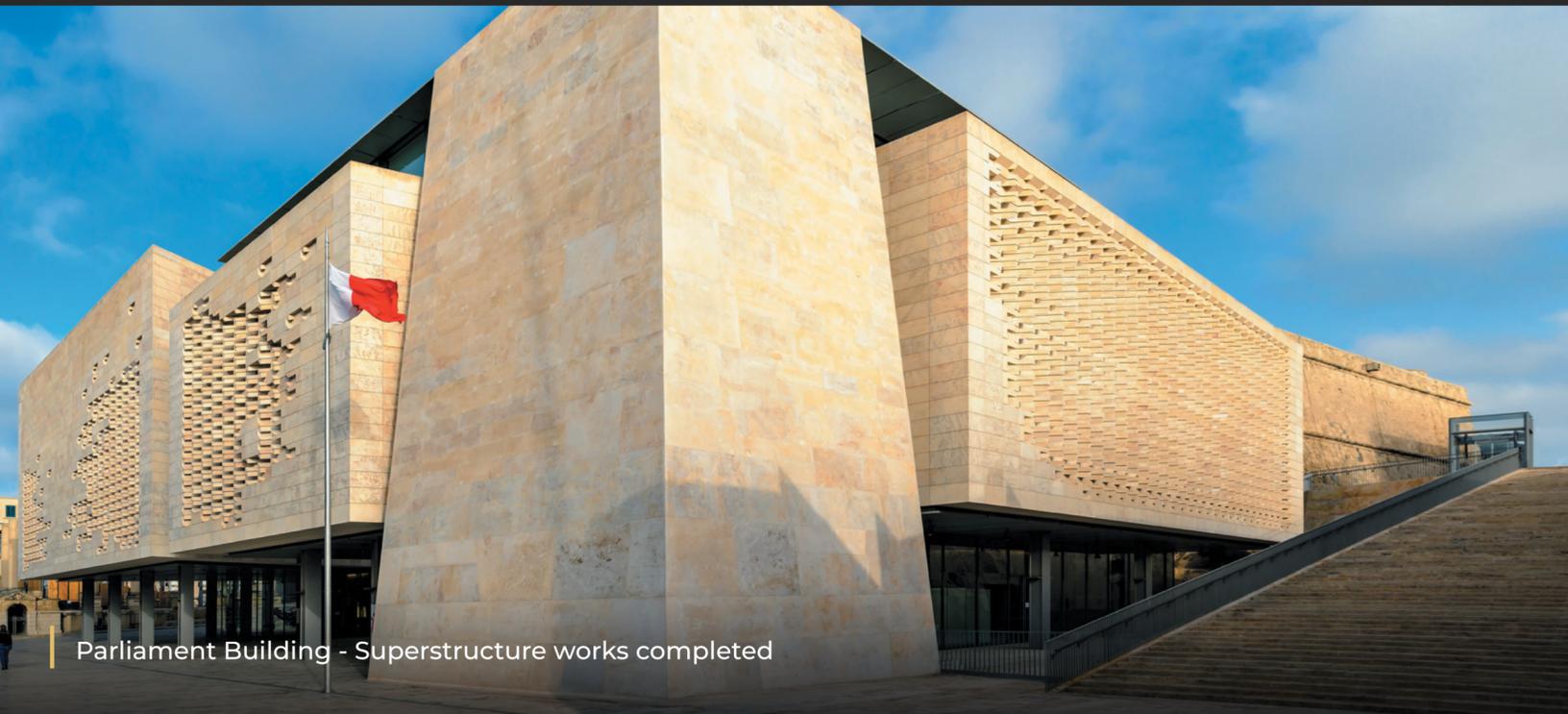
Angelo and Denise Xuereb on site - Parliament Building



Inauguration of Hilltop Gardens



AX The Palace - Lobby



Parliament Building - Superstructure works completed



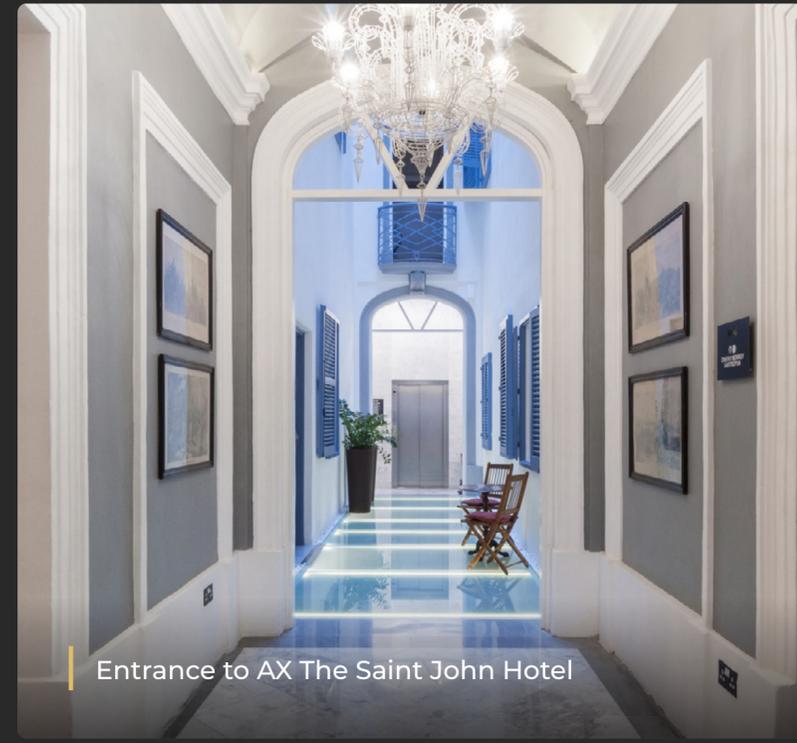
Angelo and Richard Xuereb on site - Hardrocks Business Park



Angelo and Claire Xuereb at AX The Palace inauguration



Imselliet Solar Farm - Mgarr



Entrance to AX The Saint John Hotel



Under Grain signature dish



AX Business Centre



Michelin Star awarded to Under Grain



Rosselli - AX Privilege



AX Real Estate p.l.c. - Listing at the Malta Stock Exchange



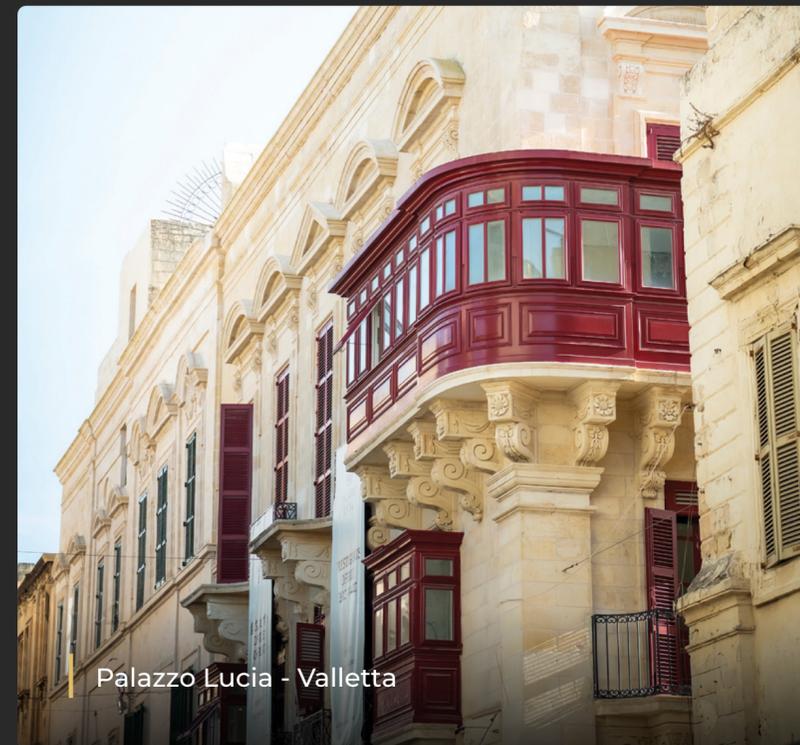
AX ODYCY Hotel - Qawra



Restoration works on the Senglea Bastions and Gardjola



Verdala Wellness Hotel - AX Privilege



Palazzo Lucia - Valletta



Royal Mansions - The Verdala Terraces



Angelo Xuereb and Micheal Warrington



Cutting of the cake moment



Mr and Ms Xuereb with Prime Minister Dr Robert Abela and Dr Lydia Abela



AX Group Board of Directors



50-year showcase

# 50-YEAR ANNIVERSARY EVENT

# BUSINESS SECTORS

SELECT A SECTION



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02. 50 YEARS

03. BUSINESS SECTORS

Economic Context - Malta

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AX Hotels

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50  
years

FROM VISION  
TO LEGACY

# ECONOMIC CONTEXT

## MALTA

50  
*years*

FROM VISION  
TO LEGACY

Malta's resilient economy continues to support sustained investment, stable growth, and long-term business confidence across sectors.





## MALTA ECONOMIC UPDATE AND OUTLOOK<sup>1</sup>

Macroeconomic indicators for 2025 published by the Central Bank of Malta in December 2025 estimate that growth in Malta’s real gross domestic product (“GDP”) is estimated to have moderated from 6.8% in 2024 to 3.7% in 2025. Private consumption growth is expected to have slowed from 6.2% to 3.7% over the same period, reflecting the ongoing normalisation of consumer demand following the exceptionally strong performance recorded in recent years. Government consumption growth is also

projected to have eased, rising by 5.4% in 2025 after a sharp increase of 9.2% in 2024, largely due to a base effect stemming from elevated growth in employee compensation in 2024.

Private investment growth is estimated to have decelerated to 1.7% in 2025 from 4.7% in 2024, partly reflecting weaker activity in residential construction and non-dwelling private investment. Export growth is likewise expected to have moderated, declining from 6.2% in 2024 to 4.7% in 2025, with goods exports projected to have contracted amid a weaker international environment. In contrast, import growth is expected to have edged up marginally, from 5.3% in 2024 to 5.5% in 2025.

Labour market conditions remained tight in 2025, with the unemployment rate forecast to have declined to 2.9%, from 3.1% in 2024, despite employment growth easing to 3.5% from 5.3% in 2024. Wage growth is estimated to have remained robust at 5.6% in 2025, although below the 6.8% recorded in the previous year.

Following a slowdown in Q1 2025, inflation, as measured by the Harmonised Index of Consumer Prices (“HICP”), picked up to around 2.5% in subsequent quarters. This reflected higher food and services inflation, alongside an increase in non-energy industrial goods inflation during Q3 2025. Overall, HICP inflation is projected to have remained unchanged at 2.4% in 2025, as

easing pressures from food inflation were offset by higher services inflation.

Looking ahead, real GDP growth is projected to remain stable at 3.7% per annum between 2026 and 2028, supported by solid domestic demand led by private consumption and investment. Net exports are also expected to contribute positively to growth, driven primarily by trade in services.

Private consumption growth is forecast to accelerate to 4.2% in 2026, reflecting the impact of Budget 2026 measures, notably the revision of income tax brackets for parents, before stabilising at around 4.1% in both 2027 and 2028.

<sup>1</sup> Source: Central Bank of Malta, ‘Outlook for the Maltese Economy 2025-2028’, 19 December 2025.

After expanding by an estimated 4.3% in 2025, gross fixed capital formation (“GFCF”) is projected to grow by 3.6% in 2026, slow sharply to 1.0% in 2027, and rebound to 3.8% in 2028. The moderation in 2027 is mainly attributable to a decline in government investment following the completion of projects financed through the EU’s Recovery and Resilience Facility by 2026, which is expected to offset continued growth in private investment. Conversely, both private and government investment are projected to increase in 2028.

Export growth is expected to continue moderating after 2025, reaching 3.5% by 2028. Growth in services exports is projected to ease over the 2026-2028 period following a prolonged phase of strong expansion, whilst goods exports are forecast to recover from 2026 onwards and strengthen further in 2027 and 2028, albeit at a pace slightly below that implied by the recovery in external demand. Import growth is projected to decelerate to 3.6% by 2028, influenced partly by developments in government investment and a slowdown in services imports. Overall, the current account surplus is expected to remain broadly stable at 6.8% of GDP in 2025 and 2026, before increasing marginally to 6.9% in 2027 and 2028.

Labour demand is expected to remain elevated between 2026 and 2028, although

employment growth is projected to moderate, reflecting slower economic growth and higher productivity. Inflows of foreign workers are expected to decelerate from 2026 following the implementation of the Malta Labour Migration Policy in August 2025. Nonetheless, the unemployment rate is projected to decline further to 2.8% over the 2026-2028 period, remaining below the estimated non-accelerating inflation rate of unemployment of around 3.1%. Wage growth is therefore expected to remain strong by historical standards, at the 4.7% level in 2026, before easing to 4.4% and 4.0% in 2027 and 2028, respectively.

HICP inflation is forecast to ease to 2.3% in 2026, and further to 2.1% in 2027 and 2028, driven mainly by a moderation in services inflation, which is projected to decline from an estimated average of 3.2% in 2025 to 2.4% by 2028. Energy prices are expected to remain unchanged, reflecting the Government’s commitment to price stability in this sector.

The general government deficit-to-GDP ratio is projected to have declined from 3.5% in 2024 to 3.3% in 2025, and is expected to fall below the 3% threshold in 2026, narrowing further to 2.1% by 2028. This improvement is primarily driven by a declining expenditure-to-GDP ratio, reflecting lower capital spending and

the gradual decline in outlays relating to inflation-mitigation measures.

The structural budget deficit is projected to narrow significantly, from 4.7% of GDP in 2024 to 2.4% by 2028, partly reflecting the declining profile of inflation-mitigation measures, which are not classified as temporary and therefore continue to weigh on the structural balance. Meanwhile, the general government debt-to-GDP ratio is expected to peak at 47.6% in 2026, before declining to 46.9% by 2028. This path reflects continued, though gradually narrowing, fiscal deficits, partly offset by higher debt servicing costs on government debt.

<b>KEY ECONOMIC INDICATORS</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
<b>MALTA</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>FORECAST</b>	<b>PROJECTION</b>	<b>PROJECTION</b>	<b>PROJECTION</b>
Real GDP growth (% change, year-on-year)	7.50	6.80	3.70	3.70	3.70	3.70
Inflation - HICP (% change, year-on-year)	5.60	2.40	2.40	2.30	2.10	2.10
Unemployment (% of labour supply)	3.50	3.10	2.90	2.80	2.80	2.80
General government balance (% of GDP)	(4.50)	(3.50)	(3.30)	(2.90)	(2.50)	(2.10)
General government debt (% of GDP)	47.40	46.20	47.40	47.60	47.50	46.90
Current account balance (% of GDP)	6.40	7.10	6.80	6.80	6.90	6.90

Sources: Central Bank of Malta, ‘Outlook for the Maltese Economy 2024-2027’, 16 December 2024. | Central Bank of Malta, ‘Outlook for the Maltese Economy 2025-2028’, 19 December 2025.

<sup>2</sup> Gross fixed capital formation consists of resident producers’ acquisitions, less disposals, of fixed assets during a given period. It also includes certain additions to the value of non-produced assets realised by producers or institutional units. Fixed assets are tangible or intangible assets produced as outputs from production processes that are used repeatedly, or continuously, for more than one year [Source: Eurostat, available at: [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:Gross\\_fixed\\_capital\\_formation\\_\(GFCF\)](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:Gross_fixed_capital_formation_(GFCF))].

<sup>3</sup> The non-accelerating inflation rate of unemployment refers to the level of unemployment that prevails without generating upward inflationary pressures.

<sup>4</sup> The structural balance is defined as the cyclically-adjusted balance, net of temporary government measures.

ECONOMIC SECTORS IN MALTA	TOURISM & HOSPITALITY	REAL ESTATE & PROPERTY	CONSTRUCTION	HEALTHCARE
<p><b>2025 HIGHLIGHTS</b></p>	 <ul style="list-style-type: none"> <li>- Inbound tourists Jan – Nov '25 3.8 million +12.6% YoY</li> <li>- Expenditure Jan – Nov '25 €3.74 billion +18.7% YoY</li> <li>- Representing over 10% of GDP and around 8% of gainfully occupied.</li> </ul>	 <ul style="list-style-type: none"> <li>- Residential Property Price Index +5.7% YoY between Q1 and Q3 2025</li> <li>- 8,838 new dwellings approved between Q1 and Q3 2025 (+37% YoY)</li> <li>- Almost €4 billion in final deeds of sale in 2025 vs €3.53 billion in 2024</li> <li>- First-Time Buyer scheme made permanent.</li> </ul>	 <ul style="list-style-type: none"> <li>- Stable gross value added (GVA) contribution of €610.7 million between Q1 and Q3 2025.</li> <li>- ~4% of GVA, ~6.5% of gainfully occupied.</li> <li>- Strong public and private project pipeline.</li> </ul>	 <ul style="list-style-type: none"> <li>- Government expenditure on healthcare and ageing representing ~7% of GDP.</li> <li>- Staff retention remained key challenge as international competition intensified.</li> </ul>
<p><b>2026-2028 OUTLOOK</b></p>	<ul style="list-style-type: none"> <li>- Robust but moderating growth.</li> <li>- Capacity and labour constraints may affect margins.</li> <li>- Focus on shoulder months, high-value tourism, and new niches and markets.</li> </ul>	<ul style="list-style-type: none"> <li>- Stable demand.</li> <li>- Price growth expected to decelerate.</li> <li>- Sustainability and affordability in focus.</li> </ul>	<ul style="list-style-type: none"> <li>- Temporary slowdown in 2027 as public investment is expected to dip due to the completion of projects co-financed by the EU.</li> <li>- Rebound expected in 2028 with new public projects.</li> <li>- Private construction remains strong despite labour shortages.</li> </ul>	<ul style="list-style-type: none"> <li>- Rising demand from ageing population.</li> <li>- Life expectancy + 1.9 years above EU average.</li> <li>- Meeting rising demand and expectations through investment and innovation.</li> </ul>

Sources: (i) National Statistics Office and Ministry for Finance.

AX CARE

# A COMMUNITY THAT CARES

50  
*years*

FROM VISION  
TO LEGACY



| Dedicated care at Simblija Care Home



Quiet moments at the Hilltop Gardens library



Hilltop Retirement Village lifestyle

2025 represented another year of strong performance for AX Care, as the division approached its tenth year of operations in Malta. As the business nears this milestone, it does so from a position of operational maturity, financial discipline and sustained demand across its portfolio.

High occupancy levels were maintained throughout the year at both Hilltop Gardens Retirement Village and Simblija Care Home, supporting the strongest GOP outcome recorded since AX Care's establishment in 2015. This performance reflects continued confidence among residents and their families, as well as the stability of the care model developed over the past decade.

These results were underpinned by sustained demand and consistent referrals, reinforced by continued confidence among residents and their families. This level of performance created the capacity to invest further in governance, cost discipline and operational systems, ensuring that the division remains well positioned for the years ahead. During the year, management undertook a comprehensive review of payroll, direct care costs and wider operating expenditure. The objective was to maintain financial discipline while responding responsibly to rising cost conditions. The review strengthened internal controls and supported a more resilient cost base, contributing to improved financial outcomes for the year.

Governance was further enhanced through the appointment of a new Head of Care, strengthening oversight of care protocols and supporting the continued development of standards in line with best practice and current research. In parallel, progress was made in digitising care records through the introduction of the KC Care platform. This has improved communication across departments, streamlined procurement coordination and ensured that critical information is accessible in real time, supporting a more responsive approach to care delivery.

Operationally, Hilltop Gardens Retirement Village maintained near-full occupancy throughout the year, with a waiting list exceeding 100 families. This continued demand reflects a sustained shift in attitudes towards retirement living in Malta and reinforces the long-term viability of the model. The village's purpose-designed residences are complemented by landscaped gardens, pools, social spaces and hospitality-led amenities that encourage active and connected living.

Within this environment, The Orchard restaurant continued to play an important role as a social hub for residents and their visiting families, supporting daily community life across Hilltop Gardens. The outlet also performed well as a venue for private functions and corporate events, contributing additional revenue and strengthening the village's broader offering.

Simblija Care Home also maintained high occupancy levels, supported by a balanced mix of long-term residency, respite and short-term stays. This flexibility continues to support families through different stages of care need while ensuring effective utilisation of capacity.

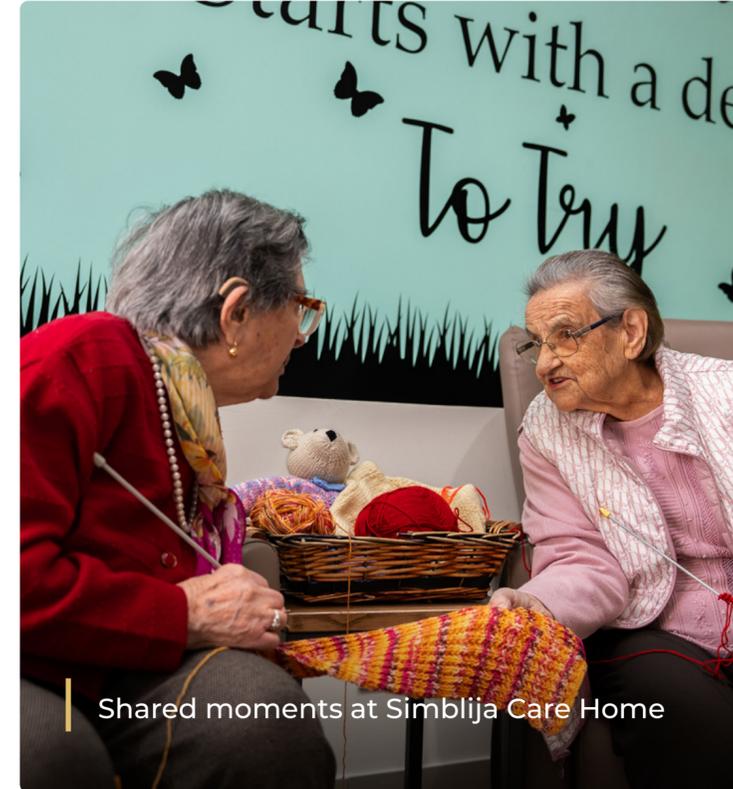
Revive Physio and Aquatic Therapy Centre delivered positive results, exceeding net profit targets and reinforcing its role within the AX Care portfolio. While remaining closely aligned with the needs of residents at Hilltop Gardens and Simblija, the centre also continued to attract external clients seeking physiotherapy, aquatic therapy and rehabilitation services, supporting its continued growth.

Resident engagement remained central across Hilltop Gardens and Simblija Care Home. A structured calendar of activities and seasonal events, supported by the Activities team, provided day and evening programming throughout the year. Importantly, engagement extended beyond the premises through organised outings and excursions across Malta, encouraging residents to remain socially active and connected to the wider community. Seasonal markets and themed events continued to bring together residents, families and visitors, reinforcing community integration.

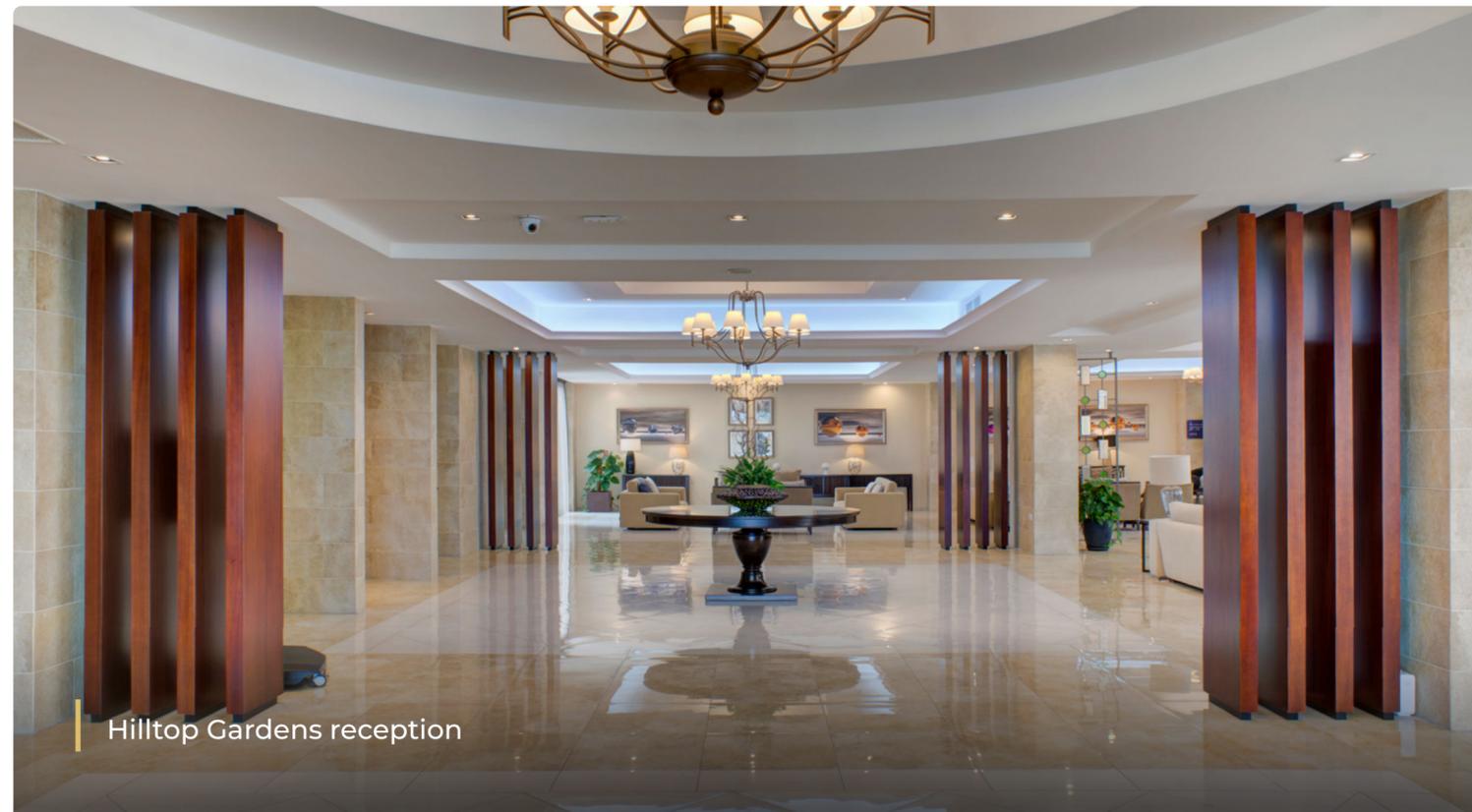
Preventative health initiatives also progressed during the year. A weekly Falls Prevention



Physiotherapy by Revive



Shared moments at Simblija Care Home



Hilltop Gardens reception

Programme was introduced at Revive, offering seniors practical strategies to reduce fall risk, improve mobility and maintain independence. Collaboration with sector associations, including dementia awareness initiatives and family support sessions, further reinforced AX Care's contribution within the broader care community.

Employee continuity and recognition remained important throughout the year. AX Care teams continued to participate in Group-wide long service awards and recognition initiatives, reflecting the value placed on loyalty, professionalism and consistent service across the organisation.

The focus for 2026 will be on consolidating this record financial performance while maintaining high occupancy and service standards. The reopening of the refurbished pool at Hilltop Gardens will further enhance resident wellbeing, while continued investment in governance, digital integration and preventative health will support sustainable progress across the division.

As AX Care enters its second decade, it does so from a position of operational stability and financial discipline, underpinned by sustained demand and a continued commitment to dignity, independence and quality of life.



Dedicated care at Simblija Care Home



New Orchard menu



Heartfelt moments shared at Hilltop Gardens



Outing to Marsaxlokk



Waters Chapel



Fun moments at Hilltop Gardens



Summer BBQ for residents and their loved ones

AX CARE

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AX HOTELS

EIGHT DIFFERENT  
JOURNEYS.  
*ONE PURPOSE.*

50  
*years*

FROM VISION  
TO LEGACY



V SPA indoor pool - Verdala Wellness Hotel



Pre-opening briefing at Verdala Wellness Hotel

AX Hotels has evolved into a central pillar of the Group's operations, shaped by five decades of steady development and market presence. What began as a single hospitality venture has grown into an eight property portfolio supported by a broad range of food and beverage outlets. For many customers, these hotels serve as the first point of contact with the AX brand, reinforcing the division's role within the broader Group.

Located across key tourism zones, the AX Hotels properties have become part of Malta's established hospitality offer. Their presence ensures a consistent flow of domestic and overseas guests, positioning AX Hotels as a stable contributor within a sector that continues to evolve in response to shifting travel patterns and market expectations.

Throughout the year, AX Hotels continued to advance its strategic priorities. Strong operational structures, combined with a leadership team with deep sector knowledge, enabled the division to maintain disciplined performance while enhancing the quality and consistency of the guest experience.

The division's operating model translated into strong financial results for the year, supported by solid occupancy levels, disciplined cost management, and sustained demand across key properties. These results underline the resilience of the portfolio and its contribution to the Group's overall performance.

A key milestones during the period was the opening of the Verdala Wellness Hotel in Rabat. More than an expansion of the portfolio,

Verdala marks AX Hotels' strategic entry into the wellness-focused luxury segment, an area of growing importance within international hospitality. The unique concept strengthens the breadth of the portfolio and establishes an early foothold in a market segment that continues to gain global relevance.

Operational progress during the year was supported by targeted investment in people, systems, and external partnerships. Engagement with tourism bodies, industry associations, and educational institutions helped strengthen talent pipelines and extend market reach. Upgraded systems and data driven tools improved operational oversight and reduced administrative load, enabling teams to focus more effectively on the delivery of guest facing services.

External recognition, including industry acknowledgements, guest feedback, and internationally accredited certifications, continued to reflect AX Hotels' steady performance.

This year's financial results reflects a division strengthening its operational base while preparing for the next phase of its evolution. AX Hotels is advancing with a model that places responsible growth, inclusive service, continuous innovation, and disciplined quality at the centre of its approach. This direction positions the portfolio to respond effectively to changing guest expectations, support the Group's long term priorities, and sustain its role as a stable contributor within Malta's hospitality sector.

## QAWRA

2025 represented the second full calendar year of operations for the four-star AX ODYCY Hotel in Qawra, and the first year in which all guest facilities and food and beverage outlets were fully operational throughout the year. This created the conditions for a year focused on consolidation, operational discipline, and record results across the hotel.

During the year, AX ODYCY Hotel delivered another robust operating performance, recording further growth in occupancy, turnover, and average room rates. An average occupancy level of around 85 percent was achieved through a deliberate focus on maintaining a balanced and diversified guest mix, limiting exposure to any single source market.

Demand was supported across leisure, group, and corporate segments, underpinned by strengthened relationships with local and international operators, agencies and increased presence on online booking platforms. This approach contributed to sustained year-round occupancy, improved resilience during shoulder months, and steadier revenue performance in an increasingly competitive environment. A similarly disciplined approach was applied across food and beverage operations, which continued to perform strongly and build relevance beyond peak seasonal demand.

Guest review scores were maintained at the

high levels achieved in the previous year, despite increased occupancy volumes. This reflects the effectiveness of operational processes and the team's ability to deliver consistent service quality at scale, while continuing to respond to evolving guest expectations.

Focus was placed on strengthening market positioning and supporting consistent performance, particularly through disciplined pricing and yield management within the Qawra - St Paul's Bay market.

AX ODYCY Hotel received further international and local recognition during the year, reflecting performance across architectural design, guest experience, and food and beverage operations. Building on its success in 2024, the property achieved additional distinction in 2025, including recognition for Best Leisure Development and Best Masterplan in Europe at the International Property Awards. Further acknowledgements followed through international tour operators and booking platforms, as well as at national level, where AX ODYCY Hotel was recognised by the Malta Tourism Authority for its approach to responsible tourism development.

The food and beverage portfolio continued to mature as an integral part of the hotel's overall proposition. Signature concepts such as Minoa Mediterranean Fusion, Medusa Sky Bar, Luzzu Family Restaurant, Trattoria Riccardo, and Cheeky Monkey Gastropub contributed to a diverse dining offer designed



Minoa Mediterranean Fusion Restaurant

to appeal to both resident guests and the local market. Several outlets received international and national recognition during the year, reflecting consistency in quality, service standards, and guest appeal. Collectively, the portfolio supports year-round activity and reinforces AX ODYCY Hotel's position as a destination in its own right.

Professional recognition was also achieved by members of the culinary and service teams, reflecting the depth of talent across the operation and the continued emphasis placed on training, consistency, and service standards.

Alongside commercial performance, AX ODYCY Hotel continued to advance its environmental and social commitments. During the year, the hotel was awarded Global Sustainable Tourism Council certification, reflecting progress against internationally recognised sustainability standards. Environmental initiatives included continued collaboration with Nature Trust Malta through turtle conservation programmes, as well as support for BirdLife Malta's efforts to protect local biodiversity. Community engagement also extended to ongoing support for Qawra Parish Church and local outreach initiatives, reinforcing the hotel's connection to its immediate surroundings.

Internal culture and team engagement remained an important focus throughout the year. Alongside marking AX Group's 50th anniversary and the second anniversary



Cheeky Monkey Creperie



Poseidon Hall - AX ODYCY

of AX ODYCY Hotel, emphasis was placed on strengthening leadership capability, supporting professional development, and reinforcing a consistent service culture across departments. Targeted training, internal progression opportunities, and structured engagement initiatives continued to support retention and performance, while creating space for teams to connect beyond day-to-day operations.

In 2026, AX ODYCY destination will enter its next phase with the planned redevelopment of the AX Sunny Coast, which will be rebranded to AX ODYCY Residences. The property is scheduled to close at the end of August 2026, with demolition works expected to commence in October. Phase 2 represents the next stage in the evolution of the wider ODYCY Malta destination, extending the vision established with AX ODYCY Hotel.

The next phase will introduce additional destination-level elements, including world-class spa and wellness facilities, conference and meeting halls, and new food and beverage concepts.

Preparatory work is well underway, with AX Development and senior hotel management teams advancing plans that prioritise sustainability, operational efficiency, and long-term relevance. The next stage of the AX ODYCY destination is shaped by the operational and commercial insight gained since the opening, providing a strong basis for continued growth, with a focus on innovation, relevance, and long-term performance.



Trattoria Riccardo



AX ODYCY destination



Medusa Sky Bar



2-year celebrations at AX ODYCY



Medusa Sky Bar



Minoa Deck



Cheeky Monkey Gastropub



Little Italy - Trattoria Riccardo



Exquisite dish at Minoa Mediterranean Fusion Restaurant



AX ODYCY recognised with 'Responsible Tourism Development Award'

AX HOTELS

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## SLIEMA

Our AX Hotels Sliema properties, comprising the five-star AX The Palace, the four-star AX The Victoria Hotel, and the luxury holiday rental concept AX Palazzo Capua, delivered a strong operating performance during the year, exceeding both the previous year's results and budget expectations.

The Sliema division recorded growth in both revenue and profitability, supported by consistently solid occupancy levels and average room rates that remained in line with budget projections while improving year on year. This performance translated into a meaningful uplift in profitability, with Gross Operating Profit exceeding budget by more than five percentage points.

Performance across the division was supported by sustained and targeted international sales activity. While AX The Palace and AX The Victoria Hotel are well established within their respective markets, continued emphasis was placed on broadening international exposure and reinforcing demand across key source markets. During the year, sales teams increased their presence at overseas trade fairs and roadshows, while further strengthening relationships with destination management companies and travel agents. Investment in digital channels and online direct sales also remained a priority, with both properties

maintaining strong visibility across their own booking platforms as well as leading online travel agents.

These efforts were complemented by a stable base of local corporate and group business, which continued to provide reliable year-round occupancy and support consistent demand across the hotels' food and beverage outlets. Together, these factors contributed to the strongest performance to date for both AX The Palace and AX The Victoria Hotel, underpinned by positive guest feedback and a continued focus on service refinement in line with evolving guest expectations.

Sustainability remained an important area of focus. Building on progress achieved in the previous year, AX The Palace and AX The Victoria Hotel continued to operate in line with Global Sustainable Tourism Council certification standards, reinforcing AX Hotels' long-term commitment to responsible hospitality. The certification framework encompasses environmental responsibility, social impact, and cultural stewardship, and continues to guide operational practices across both properties.

The year also brought further recognition across the Sliema portfolio, reinforcing its standing for service excellence and culinary quality. AX The Palace retained its Forbes Preferred Travel Guide status, placing it



Stellar service at TemptAsian Restaurant and Lounge

among a small group of hotels in Malta to hold this distinction. This recognition reflects the consistency of the guest experience delivered across the property, supported by established systems for service delivery and the ongoing management of guest feedback.

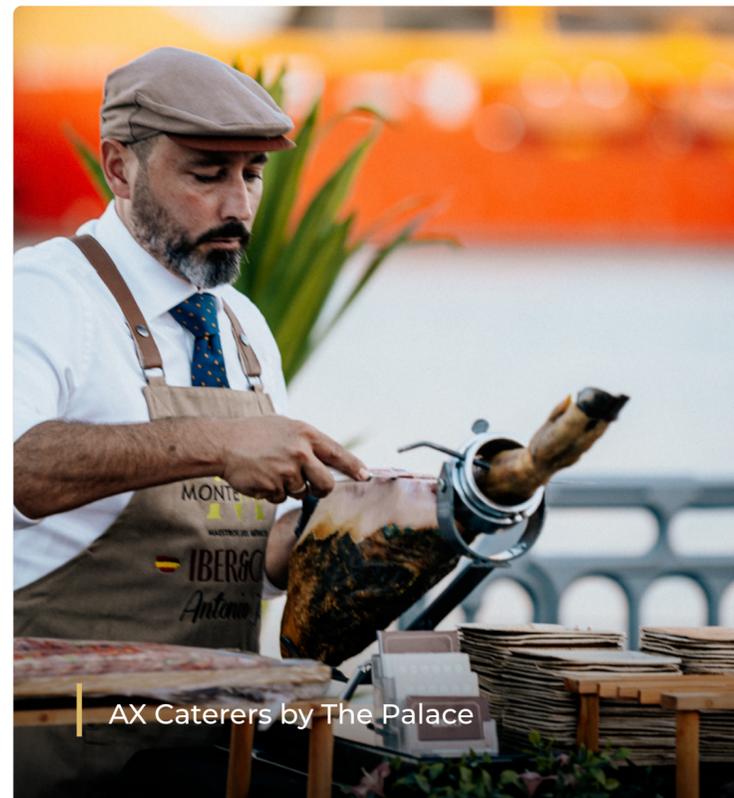
On the culinary front, TemptAsian received international recognition through multiple awards, while The Tabloid continued to be acknowledged at national level for its food offering. Culinary talent across the division was further recognised at the Mediterranean Culinary Arts Competition, where teams representing AX The Palace achieved gold, silver and bronze awards, reflecting the depth of skill and professionalism across kitchen and service functions.

The operational capability of the Sliema Hotels division was also demonstrated during AX Group's 50th anniversary celebration, held at the Valletta Waterfront in early September and attended by over 1,000 guests. AX Catering by The Palace was responsible for the delivery of the full hospitality experience, including catering, service, and on-site execution across multiple food and beverage formats. The event was delivered to a high standard and highlighted the division's capacity to manage complex, large-scale events alongside day-to-day hotel operations.

A strong and experienced team remains central to the sustained performance of



Executive Chef Joseph Xuereb guiding AX Caterers by The Palace teams during the 50-year event



AX Caterers by The Palace



AX Caterers by The Palace

the Sliema Hotels division. Throughout the year, emphasis was placed on maintaining a robust organisational structure, strengthening leadership capability, and fostering a positive and engaged working environment across all departments. Structured staff initiatives, including regular internal communications and team activities, supported collaboration and alignment across operations.

Monthly employee recognition awards were introduced to celebrate performance, professionalism, and service excellence, reinforcing a culture of accountability and appreciation. Alongside this, continued investment in training and professional development supported internal progression and skills development, helping to retain experience within the business while ensuring service standards remain consistent and relevant.

As established players within Malta's hospitality landscape, AX The Palace and AX The Victoria Hotel are considered as mature properties. Maintaining relevance through targeted investment therefore remains a priority. During the year, this approach was reflected in a number of focused improvements, including the installation of keyless RFID door locks across all rooms at AX The Palace and heating to the outdoor pool. At AX The Victoria Hotel, Copperfield's buffet restaurant was refurbished resulting



Forbes recognition at the MHRA Malta Hospitality Forum

in a noticeably enhanced presentation and ambience while preserving the traditional character valued by returning guests.

Looking ahead, a more comprehensive phase of investment is planned. AX The Palace is scheduled to undergo an extensive refurbishment of its public areas and guestrooms in November 2026, with the hotel expected to close for approximately five months to allow works to be carried out to defined standards of quality, safety and guest comfort.

Preparatory work is already underway, with AX Development and hotel management teams progressing design development, sample rooms, bills of quantities and tendering.

The refurbishment is intended to ensure the property remains relevant and competitive, while preserving the service ethos and identity that have long defined AX The Palace.



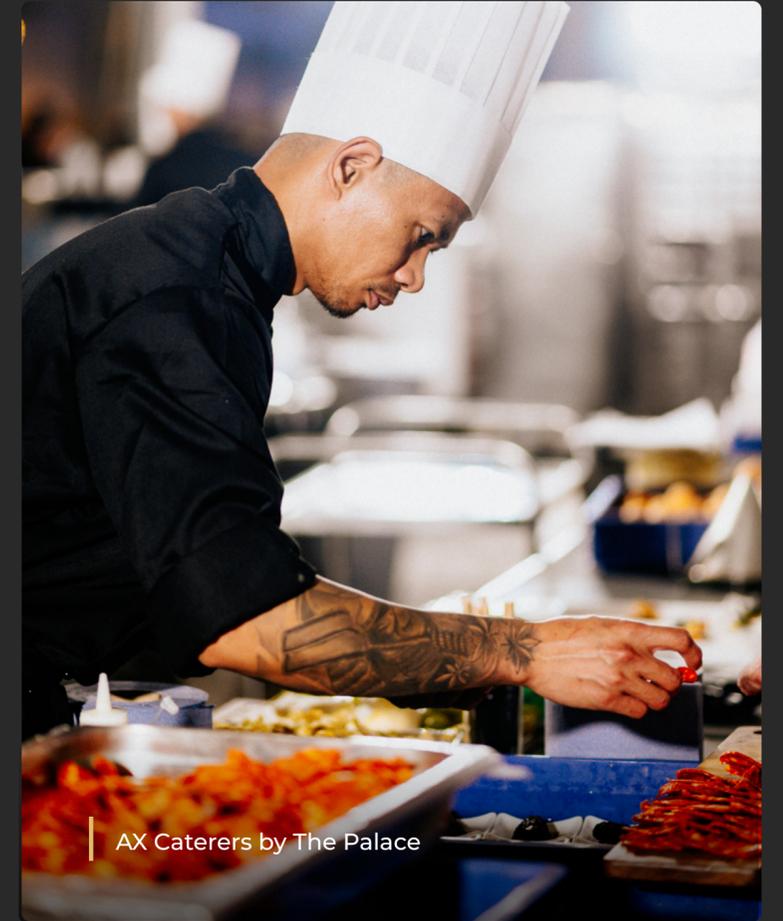
Networking lunches setup



Lounge360



Weddings at AX Palazzo Capua



AX Caterers by The Palace



Copperfield's restaurant



World Down Syndrome Day initiative



Sunday lunch at the Tabloid

AX HOTELS

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## VALLETTA

The Valletta Hotels division delivered another strong performance during 2025, outperforming both the previous year and budget expectations and recording the highest level of profitability achieved since opening. This result reflected disciplined operational management across a portfolio that combines boutique hospitality with award-winning and well-established food and beverage concepts in the heart of the capital.

AX The Saint John continued to perform strongly, maintaining solid occupancy levels and reinforcing its position as a leading boutique hotel in Valletta. Its rate performance continued to reflect the hotel's positioning within Valletta's upper segment, supported by consistent service delivery and a well-established operating model. Located on Merchants Street, the property remains a preferred choice for guests seeking an independent stay with immediate access to the capital's cultural, retail and dining offering.

Rosselli - AX Privilege delivered a strong performance, achieving a high average room rate for a five-star boutique property in the capital while also registering its highest occupancy levels since opening. With the Rosselli brand firmly established within

the local and international luxury segment, focus during the year was placed on further strengthening its presence among key international markets.

This positioning was supported by continued recognition across leading international platforms. Rosselli retained its Forbes Travel Guide recognition, reflecting the consistency of its luxury offering, service standards and guest experience. Improved ratings across major booking platforms further underlined the appeal of the restored palazzo and its growing reputation as a sought-after address within Valletta. A notable milestone during the year was Rosselli's acceptance into the Virtuoso Preferred Network, an exclusive global community of luxury travel advisors, with membership granted following rigorous evaluation and independent audits.

The year was further marked by significant culinary recognition. Rosselli AX Privilege became one of the first hotels in Malta to receive a Michelin Key, a distinction recognising exceptional accommodation experiences defined by character, design and service quality. Together with Under Grain retaining its Michelin Star for the sixth consecutive year and Grain Street holding its Bib Gourmand distinction for the fourth year running, Rosselli AX Privilege remains the only location in Malta to hold three Michelin distinctions under one roof. These achievements reflect a consistent



Bespoke weddings at Rosselli - AX Privilege

commitment to craft, precision and quality across both the hotel and its dining concepts. To mark this milestone, Rosselli AX Privilege unveiled a bespoke artistic installation in collaboration with Maltese artist James Dimech. Displayed within a street-facing showcase on the hotel façade during the festive season, the installation transformed the property into a temporary public exhibition, reinforcing Rosselli's connection to the cultural life of the capital and extending engagement beyond the hotel itself.

The standing of Under Grain and Grain Street continued to strengthen throughout the year, supported by the appointment of Victor Borg as Culinary Director for Rosselli AX Privilege and Verdala Wellness Hotel. The combined efforts of the kitchen and service teams remain central to the sustained performance of these Michelin-recognised restaurants, supported by ongoing investment in training and professional development. Additional recognition of team capability was achieved through awards at the Mediterranean Culinary Arts Competition, where a member of Rosselli's service team received a gold distinction.

Over Grain recorded its strongest performance to date, continuing to evolve as a key rooftop destination within Valletta's hospitality landscape. Operating successfully as both a cocktail lounge and an events venue, Over Grain benefited from its elevated setting and flexible format, performing particularly well



Michelin key recognition for Rosselli - AX Privilege



AX Privilege Culinary Director - Victor Borg



Under Grain

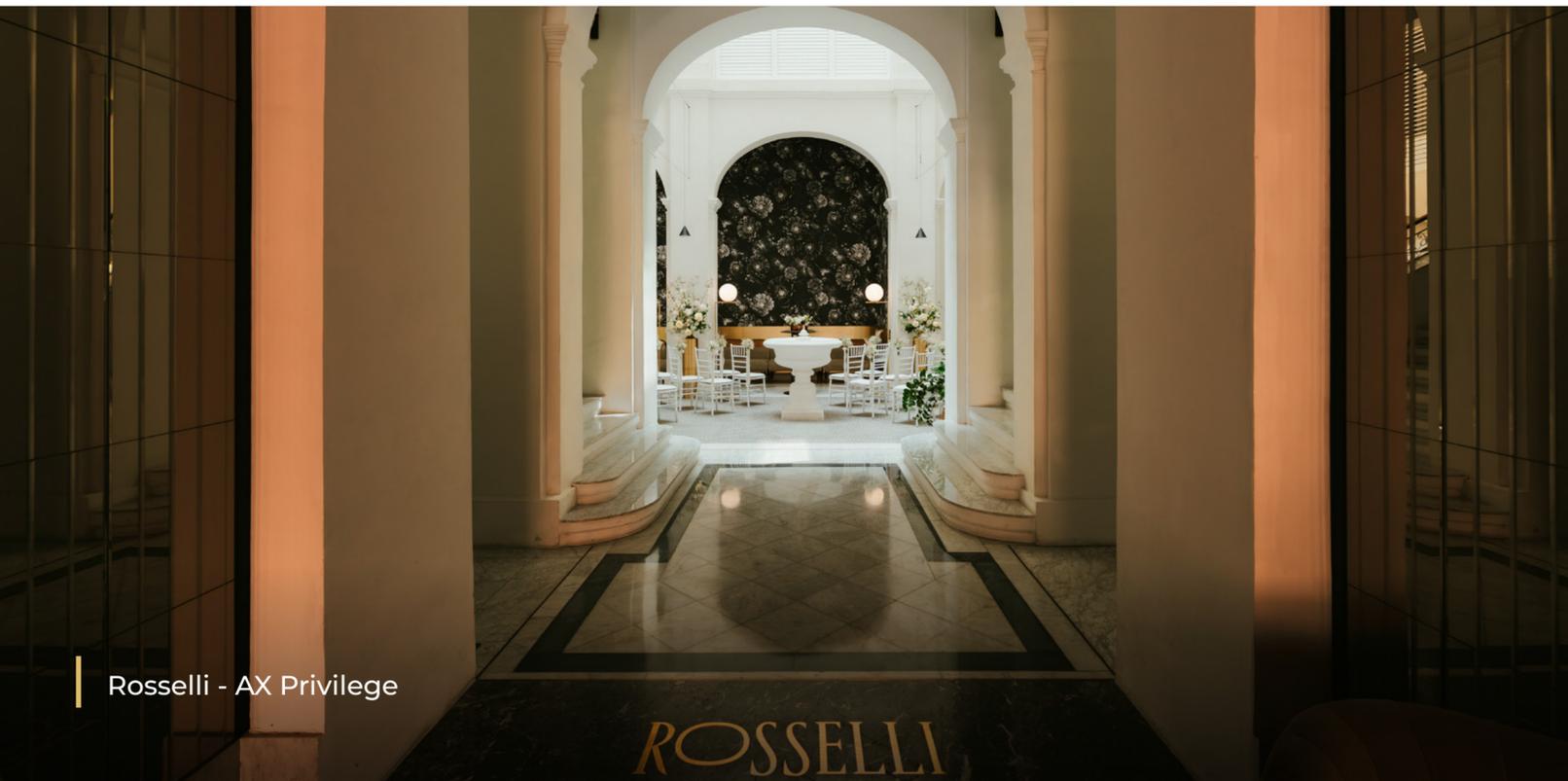
for private events and weddings. The outlet continued to consolidate its position, with confidence in its growth potential in the coming seasons.

Cheeky Monkey Gastropub also delivered a standout performance during the year. Targeted investments in the first half of the year included the refurbishment of the outdoor area, menu enhancements and the introduction of a new private room, allowing for greater flexibility while retaining the gastropub's relaxed character. These improvements translated into strong commercial results, with revenue in the second half of the year increasing by 25 percent. The outlet continues to strengthen its appeal among both local and visiting guests.

Community engagement remained an important consideration for the Valletta Hotels division. During the year, AX Group continued its longstanding support for the lighting of the dome of St Dominic Church, a visible cultural landmark within the capital. In addition, the Group sponsored the donation of books for Prize Day at St Elmo Primary School, part of San Ġorġ Preca College, with the presentation carried out in collaboration with the school management and the Valletta Local Council. This initiative reflects a place-based approach to community involvement, recognising the importance of supporting education and learning within the city in which the Group's Valletta properties operate.



Private Dining Room - Grain, Roselli AX Privilege



Roselli - AX Privilege



Private event at Roselli - AX Privilege



Michelin Key Paper Couture Project  
by artist James Dimech



Junior sommelier at Under Grain



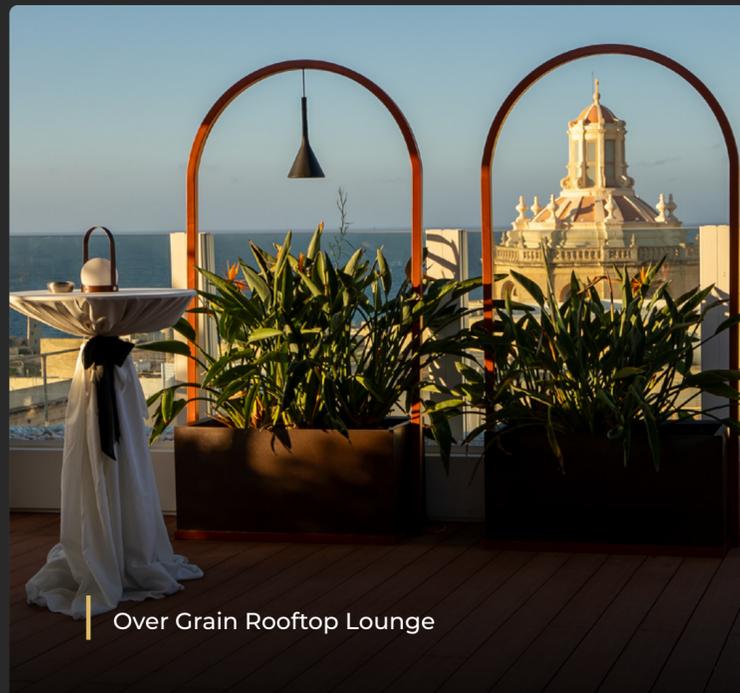
Forbes recognition by the  
MHRA Malta Hospitality Forum



Private Room at Cheeky Monkey Gastropub



Rosselli - AX Privilege



Over Grain Rooftop Lounge



AX The Saint John

AX HOTELS

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## RABAT

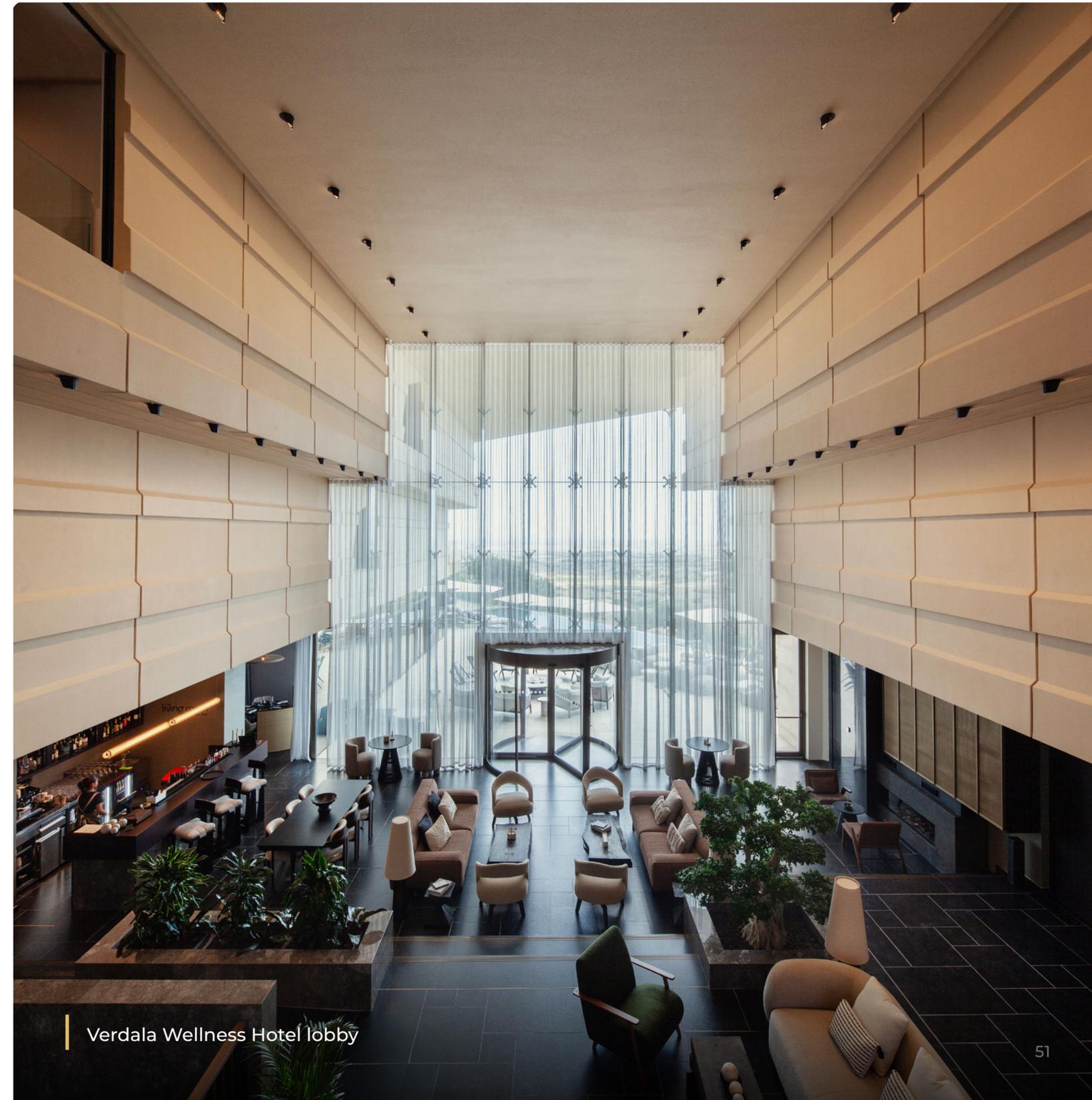
2025 marked the opening of a major new flagship property for the Group with the launch of Verdala Wellness Hotel, positioned as Malta's first fully integrated wellness destination. As the second hotel within the AX Privilege Collection, Verdala represents the Group's entry into a specialised hospitality niche, introducing a wellness-first operating model to the local market. The project forms part of a wider multi-year development programme, representing a total investment of €90 million delivered over 5 years, and reflects AX Group's long-standing approach to quality-led development across design, construction and operations. The development brings together accommodation, dining, wellness facilities and services within a single, purpose-built concept.

The concept for Verdala Wellness Hotel was developed in response to evolving international travel behaviour and the growing demand for structured, outcome-focused wellness experiences. Rather than adapting a traditional hotel format, the project was conceived from inception around a wellness-first framework, with wellbeing outcomes informing spatial planning, service design and operational processes. Accommodation, wellness services, dining and guest engagement were designed as a single, integrated journey, supporting a

form of travel increasingly associated with transformation rather than short-term retreat.

Delivery of the project required a highly coordinated, hands-on approach across the Group. During the first half of the year, focus was placed on completing guestrooms and public areas, commissioning IT and building management systems, procuring and installing specialised wellness, recovery and diagnostic equipment, and finalising operational procedures aligned with the wellness-led model. This phase was delivered within a clearly defined financial framework, with close oversight of capital expenditure, cost controls and phasing to ensure alignment between project delivery and the Group's financial objectives. Cross-functional teams spanning operations, wellness, food and beverage, IT, business transformation, marketing, purchasing and logistics worked within a structured governance framework to support timely delivery.

People capability formed a central pillar of the pre-opening phase. Given the specialised nature of the offering, AX Careers undertook a targeted international search for wellness, spa and clinical support professionals. This was supported by structured induction, cross-training and early staff engagement initiatives designed to embed the hotel's integrated wellness culture and service ethos from opening.



Verdala Wellness Hotel lobby

People development and wellbeing were treated as foundational elements of the Verdala operating model. Beyond specialist recruitment, emphasis was placed on building a multidisciplinary team culture aligned with the hotel's wellness philosophy. Structured training programmes were designed to support both technical competence and emotional intelligence, recognising the importance of empathy, communication and guest connection within a wellness-led environment. Staff wellbeing initiatives were embedded from the outset, and ongoing learning, internal collaboration and cross-functional exposure were encouraged to support retention, progression and long-term capability development.

Following a soft opening in August, early guest feedback informed final refinements ahead of the official inauguration, attended by the Prime Minister of Malta, Dr Robert Abela. We also hosted a commemorative event celebrating the legacy of the former Grand Hotel Verdala where former employees, members of the Xuereb family and the hotel's leadership team were brought together for a curated exhibition of memorabilia, providing a tangible link to the site's past and reaffirming AX Hotels' commitment to cultural continuity.

Verdala Wellness Hotel operates around a holistic and modular wellness model structured on Five Pillars of Wellbeing:



Views from Verdala Wellness Hotel



Verdala Wellness Hotel - Lobby



The Nest - V SPA

Nutrition, Movement, Rest & Recovery, Emotional Wellbeing, and Community & Connection. Phase One of operations focuses on holistic wellbeing, movement, recovery and nutrition-led programmes, with a defined roadmap towards a more medically supported, functional wellness offering as regulatory and operational readiness permits. The development of this model was informed through collaboration with international wellness and spa consultants, ensuring that facilities, treatments and programmes align with global best practice while remaining relevant to the local context. Continuous international benchmarking and research into evolving wellness practices inform the ongoing refinement of the concept.

Digitalisation underpins both the guest journey and operational efficiency. Verdala operates a predominantly paperless environment, with integrated digital platforms supporting accommodation, spa and wellness programme bookings, pre-arrival health and lifestyle profiling, and on-property service requests. Smart infrastructure, high-speed connectivity and building management systems support efficient monitoring of technical services, enabling personalised service delivery while reducing operational friction across departments.

Sustainability and decarbonisation were embedded from redevelopment through

to daily operations. The full demolition and reconstruction of the former structure enabled reduced visual mass, improved permeability, landscaped terraces and stronger integration with the surrounding Rabat environment. Environmental measures include energy-efficient building services, controlled external lighting to minimise light pollution, second-class water for irrigation, durable material selection, refillable in-room water solutions and initiatives encouraging reduced linen and towel changes. Verdala aligns with AX Group’s ESG framework and is progressing towards Global Sustainable Tourism Council certification, with a target timeframe of 2026.

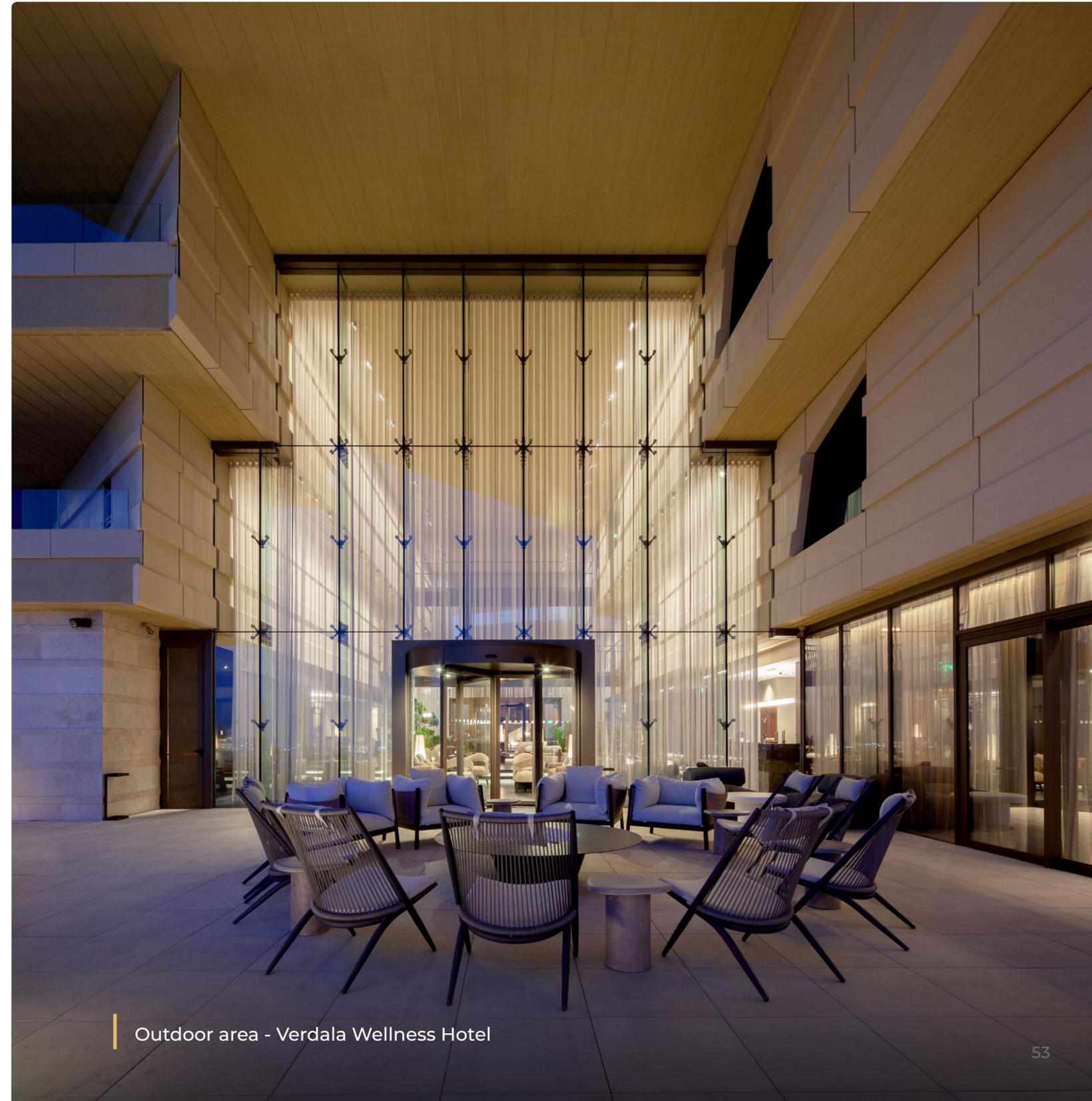
With operations established, market introduction of the property became the next priority. A structured programme of press stays and familiarisation trips was implemented following opening, welcoming international media, wellness specialists and trade partners to experience the concept first-hand. These initiatives supported early market visibility and helped establish Verdala Wellness Hotel’s positioning within key international wellness and luxury travel markets.

Early operational performance has been supported by outstanding guest reviews and consistently positive feedback, reflecting both the quality of the product and the delivery of the wellness-led experience.

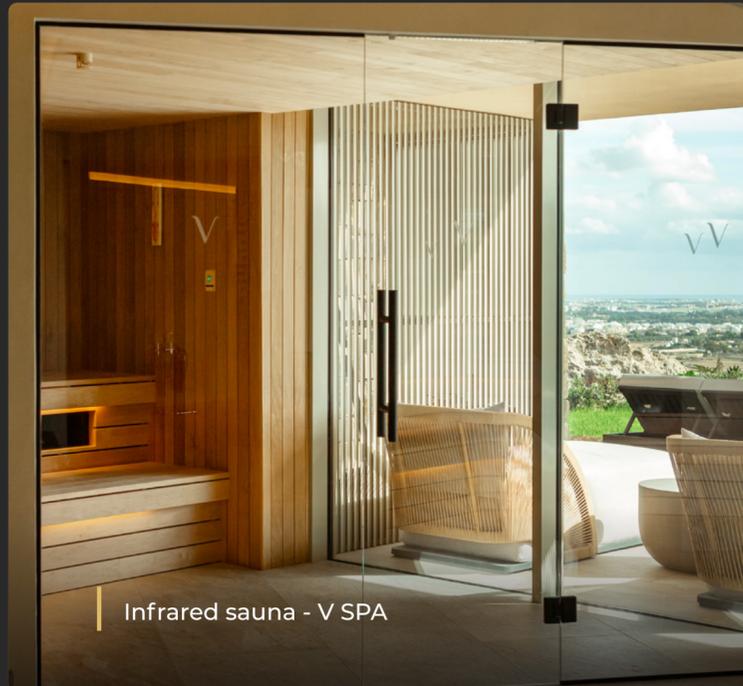
The hotel has also received immediate and encouraging feedback from the Rabat community and a range of local stakeholders, recognising the project’s contribution to the area and its sensitive integration within the wider locality.

Looking ahead, Verdala Wellness Hotel is positioned to respond to the growing demand for transformational travel, offering guests structured experiences that support long-term wellbeing alongside restorative stays. The operating model seeks to maintain a careful balance between commercial performance, guest outcomes and community integration, ensuring that growth remains measured and aligned with the hotel’s core wellness ethos.

Management is also progressing the next phase of development. Plans include the opening of an annex comprising 19 additional guestrooms, enhancing capacity in line with demand. Once complete, the property will comprise 46 hotel rooms, complemented by the annex and 24 serviced apartments branded separately as AX The Heights. Offered as studio, one-bedroom and two-bedroom units, these apartments provide flexibility for longer stays while allowing access to selected hotel services. Together, these steps support Verdala’s long-term positioning as a differentiated, wellness-led destination within the AX Hotels portfolio.



Outdoor area - Verdala Wellness Hotel



Infrared sauna - V SPA



The purifying facial by seed to skin



Designer Suite - Verdala Wellness Hotel



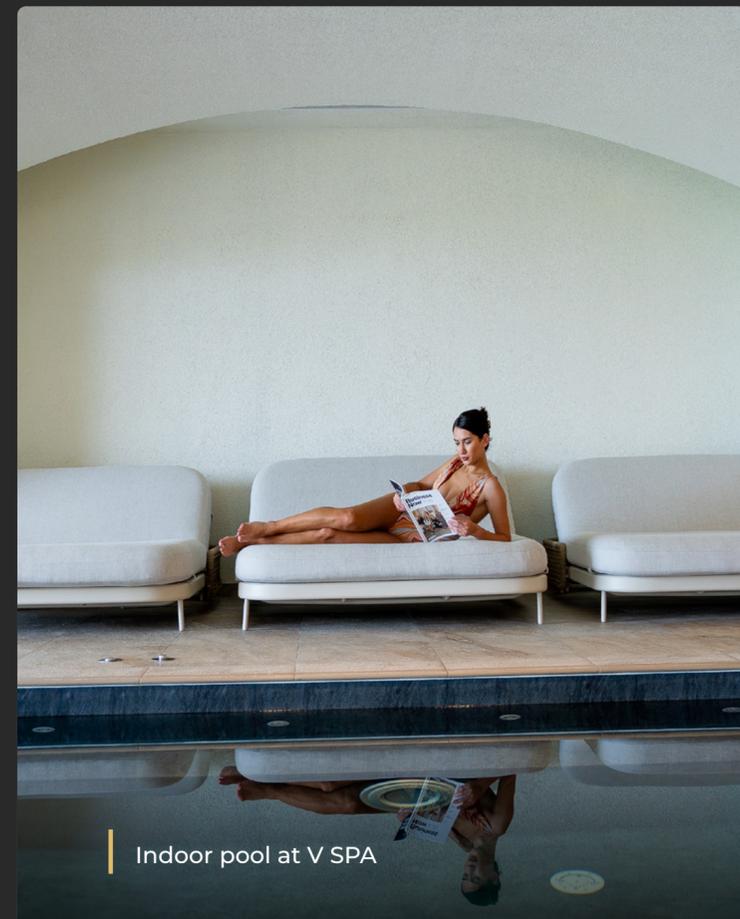
The Griffin Brasserie



Movement Lab - Outdoor Area



Echoes meditation zone - Verdala Wellness Hotel



Indoor pool at V SPA

AX HOTELS

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AX DEVELOPMENT

# REIMAGINING SPACES *WITH PURPOSE*

50  
*years*

FROM VISION  
TO LEGACY





Verdala destination



Panoramic penthouse at Verdala Terraces

During 2025, development activity across the Group was primarily focused on the delivery and completion of major projects, alongside preparatory work for forthcoming investments. As activity intensified across multiple sites, emphasis was placed on maintaining strong coordination, delivery discipline and oversight, ensuring that quality, programme and financial objectives remained aligned throughout the year.

A principal milestone during the year was the completion of the Verdala development in its entirety, one of the Group's most significant projects to date. This included the delivery of Verdala Wellness Hotel alongside its associated residential and complementary components. Final works encompassed public areas, guest accommodation, spa and wellness facilities, dining outlets, residences and external spaces. Particular attention was given to the relationship between the built form and its setting, with design and execution guided by a restrained architectural language and a deliberate sensitivity to the surrounding Rabat landscape. As a concept new to the local market, Verdala required careful alignment between design intent, technical delivery and operational readiness during its concluding stages.

Within this wider development, progress continued on the residential component at Verdala Terraces. During the year, residences were completed and handed over in

phases, with demand remaining strong and the majority of residences sold, making a significant contribution to the Group's financial performance for the year. As the project moved from delivery towards steady-state use, focus remained on finish quality, detailing and the completion of shared spaces, ensuring consistency with the overall character and standards established across the Verdala destination.

The Rabat site was further strengthened through the delivery of AX The Heights, a collection of serviced residences providing a distinct accommodation option designed for longer stays and independent travel.

With the Verdala development completed, focus during the latter part of the year shifted towards forthcoming hospitality investments. Preparatory works progressed on the comprehensive refurbishment of AX The Palace in Sliema, scheduled for 2026. This project will represent the hotel's first major upgrade in nearly two decades and will involve the full renewal of guestrooms and public areas. Design development, planning and sequencing advanced during the year to support a controlled closure and delivery programme.

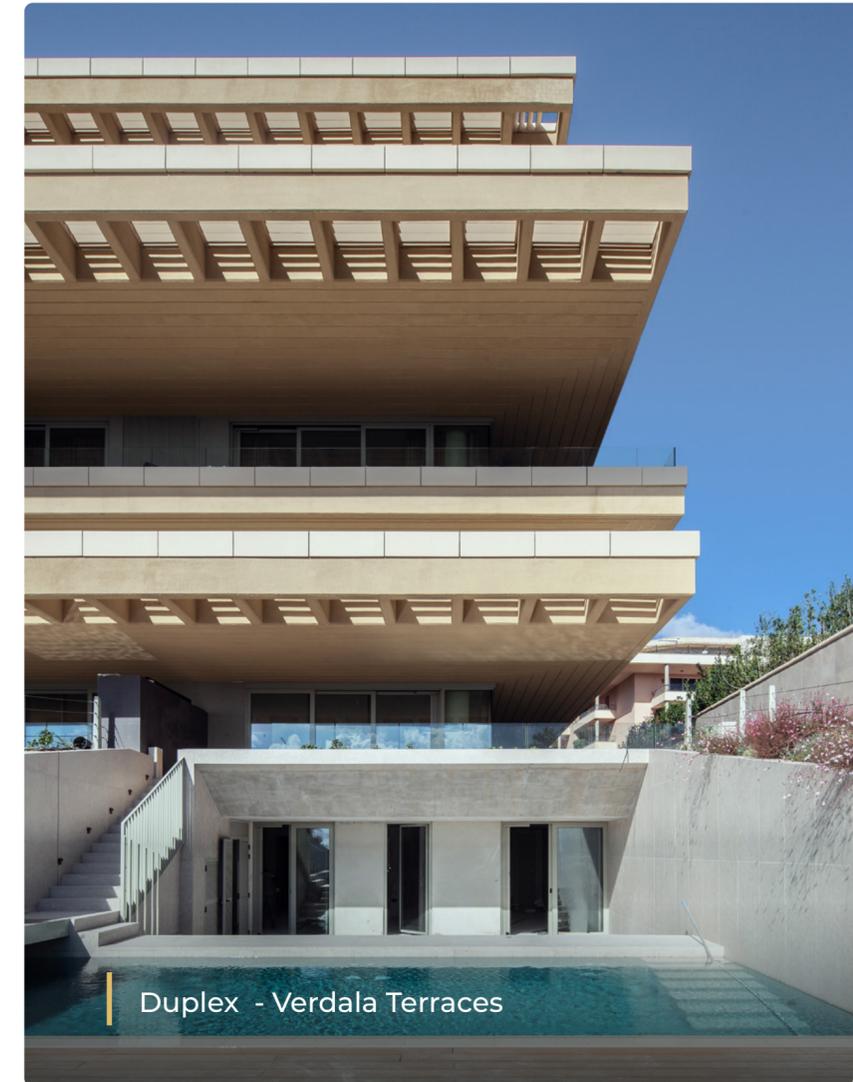
Preparatory work also continued on Phase Two of the AX ODYCY project, in close coordination with AX Construction. Activity during the year centred on detailed design development, budgeting, tendering and contracting,



Lobby, Grand Mansions - Verdala Terraces



Grand Mansions - Verdala Terraces



Duplex - Verdala Terraces

alongside the optimisation of permits and the effective use of existing assets. These preparatory stages are intended to ensure a disciplined and efficient transition into construction works planned for 2026.

During 2025, progress was made in strengthening the Group's longer-term land

position. Two parcels of land were acquired in Marsa, an area identified for its regeneration potential due to its strategic location between Valletta, the Three Cities and Malta International Airport. Early feasibility and planning discussions are underway, aligned with a broader objective to contribute to the careful renewal of underutilised urban areas

through considered development.

Looking ahead, development activity will remain focused on disciplined execution, contextual sensitivity and long-term relevance. With strengthened leadership in place following the appointment of a new General Manager, the Development function

is well positioned to operate with greater depth, structure and oversight. By balancing design quality, operational requirements and financial performance, the Group aims to ensure that each development contributes meaningfully to its surroundings while supporting sustainable growth across the portfolio.



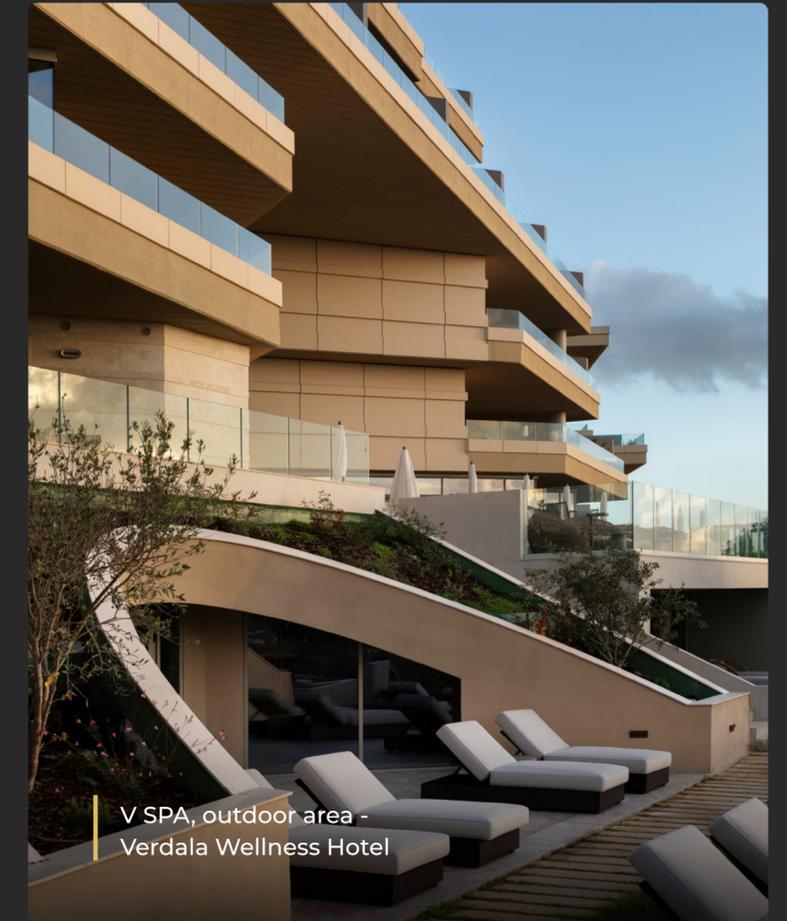
Lobby, Royal Mansions - Verdala Terraces



V SPA - Verdala Welless Hotel



Presentation of The Verdala Edition 3 Book to Deputy Prime Minister Dr Ian Borg



V SPA, outdoor area - Verdala Wellness Hotel



Privacy Modules - Verdala Terraces



Feature wall - V SPA



Lobby - Verdala Wellness Hotel

AX DEVELOPMENT

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AX CONSTRUCTION

BUILDING OUR FUTURE  
*RESTORING OUR  
HERITAGE*

50  
*years*

FROM VISION  
TO LEGACY



Ongoing restoration at the Jesuits' Church



Quintano Foods - new logistics centre

Building on its long-term portfolio diversification efforts, AX Construction continued to expand its external project base during 2025 while maintaining support for the Group's internal developments. The increase in externally commissioned works has contributed to a more balanced workload, reflecting a considered broadening of the company's activity. The completion of several complex projects during the year, together with the securing of new contracts, further reinforced AX Construction's standing in the market.

AX Construction's established expertise within Valletta remains a key differentiator. Years of experience operating within the capital's historic urban fabric have positioned the company as a trusted partner for projects requiring specialist skills, sensitivity and logistical coordination. Restoration works continued during 2025 at St John's Co-Cathedral, one of the most intricate projects undertaken by the company to date. Works progressed across the Tapestry Hall, staircase and dome, together with preparation of the external façades. Operating within a UNESCO World Heritage site necessitates restricted access, phased works and, at times, night operations. Ongoing discoveries during restoration have required careful reassessment of scope and methodology to ensure that the landmark is preserved to the highest standards.

Following the completion of restoration works on the adjoining oratories of the Jesuits' Church in 2024, including the Oratory of the Immaculate Conception, the Onorati Oratory and the sacristy, AX Construction continued restoration activity on the main church throughout 2025. The project, which commenced in 2021 under the company's stewardship in collaboration with the Jesuits' Church Foundation and the Restoration & Preservation Department, has focused on the conservation of structural, architectural and artistic elements of one of Valletta's most significant historic landmarks. Completion of the wider restoration programme is expected for early 2026, marking the culmination of a comprehensive multi-year conservation effort. In addition, AX Construction has also been engaged to carry out restoration on one of the chapels as part of the wider conservation efforts.

Additional works in Valletta included the refurbishment of the parvis and the installation of a lifting platform at St Paul's Pro-Cathedral, enhancing inclusive access while preserving the building's historic character. The company also undertook the rehabilitation of Ġiġa Suites, a structurally compromised building being converted into tourist accommodation. Given its location within narrow stepped streets, the project required detailed logistical planning and coordination of deliveries, paving works and neighbouring properties. Rehabilitation

works are also ongoing at a palazzo on St Paul Street, where the structure has been consolidated and internal spaces reconfigured to realise the designer's vision while respecting the building's historical integrity. The project also includes the construction of an F3 reinforced concrete lift shaft and walkways as part of the overall restoration and conversion into hospitality accommodation.

Beyond Valletta, AX Construction delivered restoration works at Villa LuginsLand in Rabat, a Grade 1 historic property where the team undertook the careful restoration of the villa, backyard and associated structures.

Projects for corporate clients were also progressed, including works for Bank of Valletta and multiple assignments within Farsons Group. Having substantially completed civil works at the new Quintano Foods Logistics Centre, AX Construction was subsequently awarded the finishes package for delivery in 2026, extending its involvement into the final fit-out phase of the project.

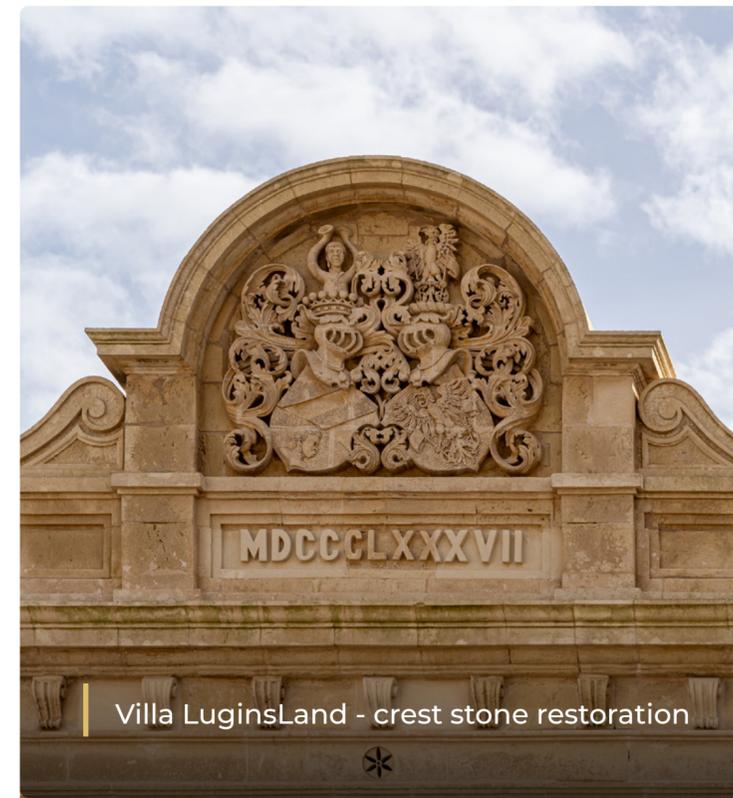
Among the key third party projects delivered during the year was the Schengen Arrivals extension at Malta International Airport. The works included the extension and refurbishment of the arrivals building with the introduction of the Schengern Corridor to the West Side of the airport. The works also included the upgrading of the



Villa LuginsLand - outdoor area



Villa LuginsLand - facade



Villa LuginsLand - crest stone restoration

baggage reclaim area with two additional baggage carousels and revamped finishes in all the Arrival Lounge. AX Construction was also involved in the concrete repair works to the airport's original main tower. The project underscores AX Construction's capability in delivering nationally significant infrastructure within live operational environments requiring careful sequencing and strict compliance.

Beyond its scale, the airport project reflects a broader shift in the local construction landscape. As Malta's building stock matures, demand is increasing for specialist concrete repair and rehabilitation expertise. AX Construction has steadily built technical capability in this area, including works previously undertaken at the Farsons Old Brewery House, developing the knowledge and methodologies required to restore ageing structures safely and effectively.

Additional works include a private villa development at Santa Maria Estates, external restoration at the Fortizza Building in Sliema, and the restoration of the Sacro Monte in Rabat's piazza. In Naxxar, AX Construction completed a residential block for Caritas, further demonstrating the company's ability to deliver across varied sectors.

Alongside third-party assignments, AX Construction continued to support internal

Group projects. Following completion of core works at Verdala Wellness Hotel in 2024, the company remained closely involved during 2025 in final external works, landscaping, road infrastructure and site coordination to ensure full operational readiness.

Preparatory works also advanced on Phase Two of the AX ODYCY development in Qawra. During 2025, activity focused on detailed planning, site logistics preparation and coordination ahead of the scheduled demolition of the Sunny Coast Hotel and associated lidos. These enabling stages will provide the foundation for the next phase of construction works planned for 2026 and beyond, forming part of the wider regeneration of the Qawra seafront.

Investment in people and compliance remained a priority. During the year, AX Construction secured all required BCA Mason's Licences, maintaining adherence to evolving regulatory standards. Continued investment in Skills Card certification and technical training ensured that site teams remain fully compliant and equipped to operate safely and professionally. The company also welcomed interns into its restoration unit, supporting the development of future specialist skills in heritage conservation.

AX Construction enters 2026 with a strong order book, supported by a balanced mix

of restoration, infrastructure and hospitality projects. A notable addition is the upgrading of the pathway between the Ħaġar Qim and Mnajdra Temples, enhancing infrastructure within one of Malta's most important archaeological sites. Works commenced in late 2025 and are set to continue progressing throughout 2026.

The company remains focused on disciplined execution, technical capability and maintaining the standards that underpin its reputation within Malta's construction sector.



Marnisi Wine Estate



Marnisi Wine Estate - facade



Denise Xuereb with team at the Jesuits' Church



Ongoing construction at Quintano Foods' new logistics centre



Visit of the Archbishop and Minister Dr Owen Bonnici at St John Co-Cathedral



Construction of new pathway at Hagar Qim



St John Co-Cathedral



Restoration of cupola at the Jesuits' Church



Stone placement at St Paul Palazzo - Valletta

AX CONSTRUCTION

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AX REAL ESTATE

# DIVERSIFIED PROPERTY PORTFOLIO

50  
*years*

FROM VISION  
TO LEGACY



Next phase of value creation - Qawra Phase 2

2025 marked another significant year for AX Real Estate, demonstrating the Group's evolution as a proactive value-creation property holder. Through disciplined investment, strategic asset management, and close alignment with the Group's core business niches, AX Real Estate has continued to convert strong operational performance into tangible financial returns.

During the year, AX Real Estate recorded an 11.5% increase in revenue, rising from €19.4 million to €21.64 million. This growth was driven by the strength of the underlying operating assets within the portfolio, where higher revenues were largely the result of increased variable rental income.

In Qawra, the continued success of AX ODYCY translated into an uplift in excess of €1.3 million in rental income from previous year, highlighting the close link between operational excellence and property returns. Similarly, AX hotels in Sliema, AX The Palace and AX The Victoria Hotel, delivered a combined increase of €473,000 from previous year, supported by solid occupancy, sustained demand, and effective positioning within their respective markets.

Another important driver of AX Real Estate's performance in 2025 was the completion and opening of the Verdala Wellness Hotel in August. With an investment of €18.6 million to date, the project moved from development

into income generation within the same financial year, delivering its first base rental income over the initial three months of operation. While modest in absolute terms, this early contribution is significant as it marks Verdala's transition from a capital investment to a revenue-generating asset, laying the foundation for sustained long-term returns expected to strengthen in the year ahead.

At the same time, we continued to tap into further value from our Rabat-based assets through the commencement of works on the adjacent Virtu Heights apartments. With an estimated investment of €3.4 million and completion targeted for the second quarter of 2026, this development extends the value of our wider Rabat estate. By maximising the potential of existing assets, the Group is continuing its strategy of positioning this Rabat area as a desirable hospitality destination that will support the existing income streams.

Another material contributor to intragroup income during the year was the leasing of Hilltop Gardens and Simblija Care Home, which together generated €1.75 million in rental and leasing income.

Alongside its hospitality-led assets, AX Real Estate continued to generate stable income from the leasing of warehouses, office spaces, and residential units in Mosta, Sliema,

Naxxar, Qawra and Burmarrad. These third-party rentals maintained near-full occupancy throughout the year, delivering rental income of approximately €867,000. This diversified portfolio plays an important role in underpinning predictable, low-volatility revenue streams that complement the Group's larger, performance-linked assets. The year also included some limited sales of immovable property, further contributing to overall returns.

The strength of the Group's performance is reflected in results that exceeded expectations set at earlier stages. Revenues surpassed the Financial Analysis Summary by almost €2.3 million and outperformed the initial Financial Due Diligence Report projections made at IPO stage by nearly €3.8 million.

Adjusted EBITDA rose by more than €2.3 million, or 13%, reaching almost €20.8 million. This growth reflects stronger underlying operating performance, before taking into account any revaluation gains. In parallel, the Group recorded fair value gains of almost €13.5 million on its investment properties, a marked turnaround from the €690,000 loss recorded in the previous year. These gains were largely driven by the operational trading performance of the Qawra and Sliema hotel assets.

As a result, profit before tax increased to

over €27.7 million, up from €11.3 million the year before. This strong financial outcome has reinforced the Board's confidence in continuing to invest in the portfolio. Capital expenditure for the year totalled €14.5 million, bringing total investment since listing on the Malta Stock Exchange to over €84.6 million.

Looking ahead to 2026, AX Real Estate is already progressing from strong performance into the next phase of value creation. Building on the success of AX ODYCY, the Group will commence Qawra Phase 2, a major redevelopment project centred on the former Sunny Coast Resort and Spa and the adjacent Sunny Coast and Luzzu lidos. This redevelopment will transform the site into a significantly larger, modern aparthotel concept with 161 rooms, supported by a large, interlinked lido complex spanning the existing ODYCY lido, Luzzu, and the Sunny Coast Leisure Centre.

This project is designed to establish further scale and efficiency across the Qawra seafront, allowing the Group to better serve higher guest volumes while maximising the potential of an already successful destination. Alongside this, the coming year will also see the completion and opening of the Virtu Heights project, adding additional income-generating assets to the portfolio. Together, these developments form part of an approved capital expenditure budget of nearly €11.7 million for 2025/26.

Furthermore, building on the consistently high demand for its AX Care properties, the Group has taken a forward-looking approach to generating further value from this part of the portfolio. Simblija Care Home and Hilltop in Naxxar have operated at or near full capacity for several years, clearly demonstrating sustained demand for quality care facilities and validating the long-term strength of this investment.

In response, AX Real Estate has entered into a promise of sale agreement on a site adjacent to these existing properties. This acquisition is intended to support both horizontal and vertical extensions to the current facilities, allowing the Group to expand capacity in a controlled and strategic manner. The contract of sale is expected to be finalised during the 2026 financial year. This planned expansion builds on proven performance rather than speculative growth. By increasing capacity where demand is already established, the Group is positioning AX Care to generate additional, stable revenue streams over the long term, whilst also addressing growing community needs.

With these projects in mind, finance costs increased slightly to €6.5 million during the year. Importantly, the Group's capital structure remains healthy and well balanced, with gearing improving from previous year, decreasing from 52.8% to 51.1%. This stronger

financial position translated directly into improved returns for shareholders. Basic earnings per share more than doubled, rising from €0.03 to €0.08.

The Group's robust results also enabled a meaningful return of value to investors through dividends. This included a final gross dividend of approximately €2.3 million for the 2023/24 financial year paid in May 2025, an interim gross dividend of €4.9 million for 2024/25 paid in September 2025, and, subject to shareholder approval, a proposed final dividend of just under €7.1 million payable in May 2026.



AX Real Estate Annual General Meeting



AX Real Estate Annual General Meeting



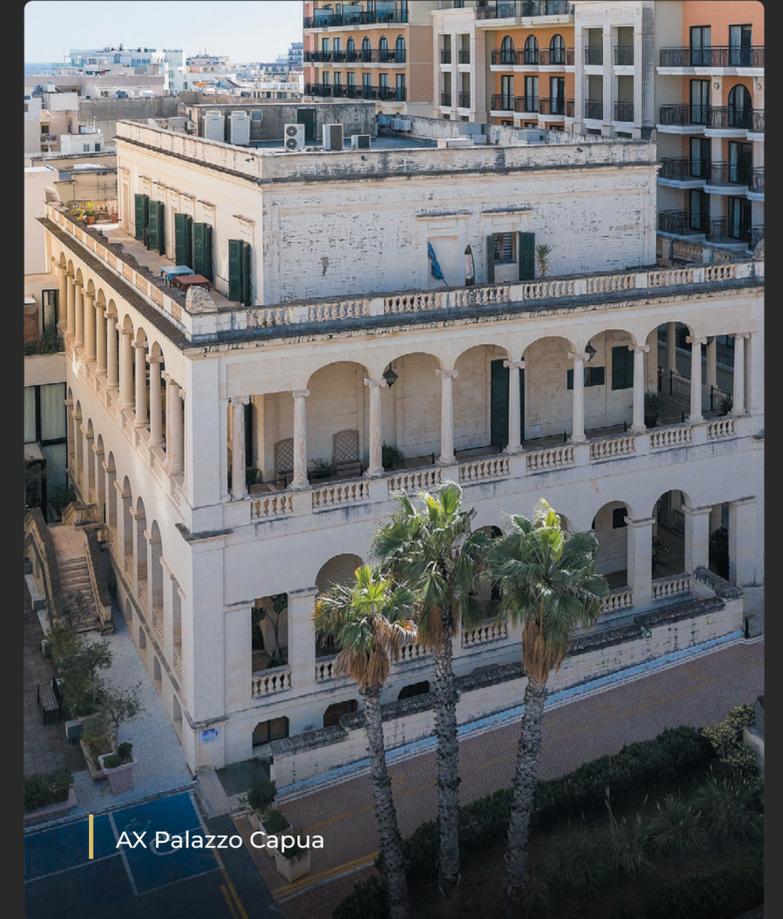
Verdala Wellness Hotel



AX Business Centre



Simblija Care Home



AX Palazzo Capua



Warehouses at Hardrocks Business Park



Falcon House offices



AX ODYCY

AX REAL ESTATE

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## AX RENEWABLE ENERGY

# GREEN ENERGY SOLUTIONS

50 years

FROM VISION  
TO LEGACY

The Group's investments in the renewable energy sector continued to generate stable revenue and consistent returns during FY 2025, contributing positively to overall performance.

During the year, contracts were awarded for the installation of two additional photovoltaic systems: one located on the roof of AX ODYCY Hotel and the

other across the Verdala Wellness Hotel and Verdala Terraces development. While the incremental financial returns from these installations are expected to be modest relative to the Group's broader energy portfolio, they reflect a continued commitment to maximising available roof space for renewable generation where investment criteria are met.



Imselliet Solar Farm - Imgarr

AX GROUP

# OTHER INVESTMENTS

50 years

FROM VISION  
TO LEGACY

Valletta Cruise Port delivered another strong performance during FY 2025, with passenger movements and vessel calls remaining broadly in line with 2024 levels. The Port of Valletta continues to be recognised as a key Mediterranean cruise destination and, with the steady resumption of cruise itineraries including Tunisia, Malta remains a natural and strategically positioned port of call within the region.

Home-porting operations continued to represent an important component of activity during the year, with passenger embarkations and disembarkations exceeding 180,000. This reinforces Valletta's role not only as a transit destination but also as a turnaround

port for selected cruise operators.

During the year, the company progressed the consolidation of its landside infrastructure through the issuance of a tender for the development of a car park at the Atrium site, with works scheduled to commence in 2026. This investment is intended to enhance operational capacity and support the continued growth of commercial activity across the Valletta Waterfront, particularly in relation to office and restaurant tenants.

The company registered record profits for FY 2025 and distributed €1,000,000 in dividends, of which €363,750 pertained to AX Group's shareholding.



Valletta Cruise Port

# BUSINESS FUNCTIONS

SELECT A SECTION



- 01. AX GROUP PROFILE
- 02. 50 YEARS
- 03. BUSINESS SECTORS
- 04. BUSINESS FUNCTIONS**
  - Investor Relations
  - Careers
  - Information Technology
- 05. ESG
- 06. FINANCIAL STATEMENTS

50  
years

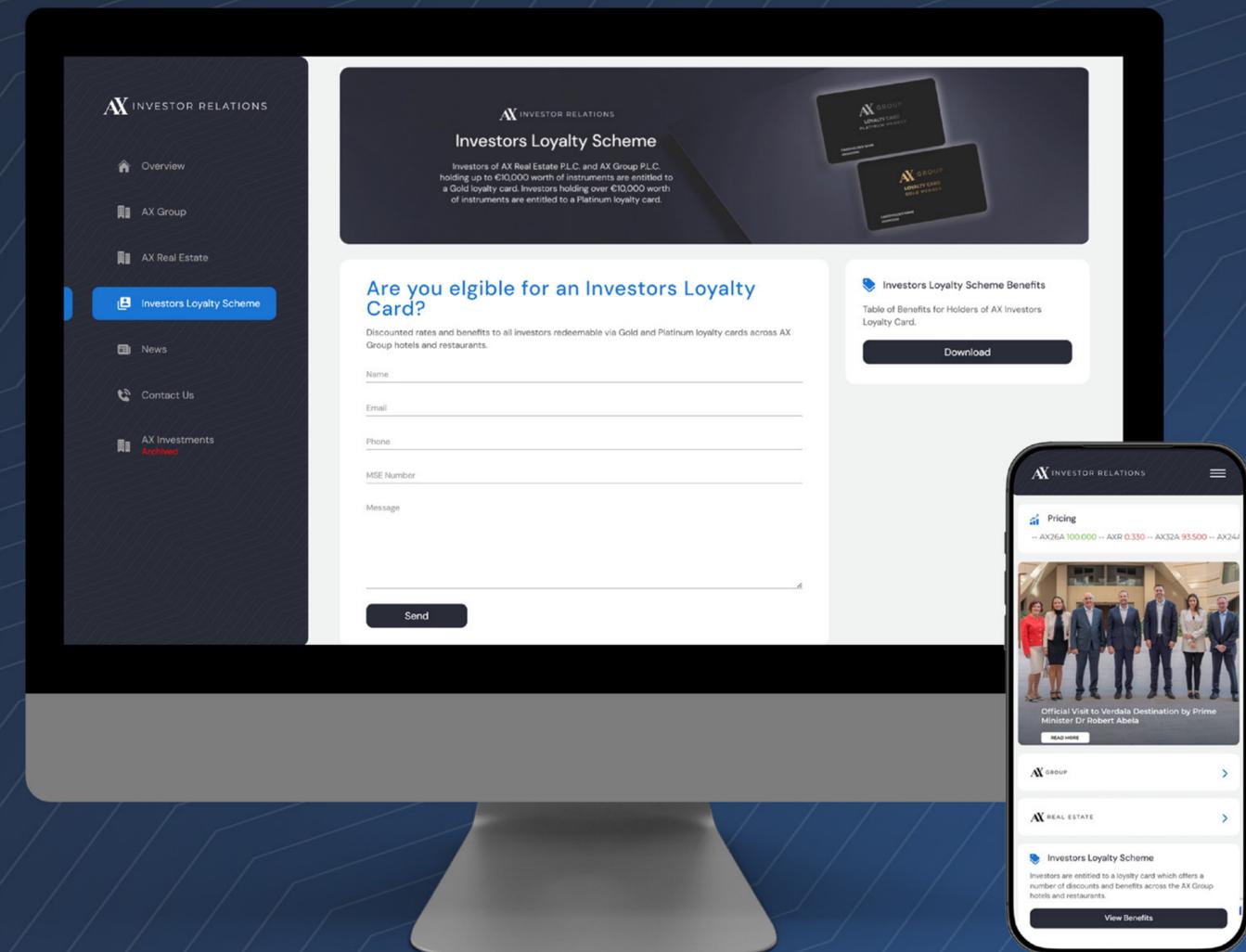
FROM VISION  
TO LEGACY

# AX INVESTOR RELATIONS

## TRANSPARENCY FOR TRUST

50 years

FROM VISION  
TO LEGACY



For five decades, AX Group’s growth has been strengthened by the confidence and long standing support of the investing public. Since listing on the Malta Stock Exchange in 1995, the Group has issued multiple listings to support key developments across its portfolio, consistently attracting strong public participation and reflecting confidence in its strategy and execution.

This trust is underpinned by AX Group’s disciplined approach to capital deployment, with investments carefully selected to deliver long-term value beyond financial returns.

We have a strong track record of delivering expected returns, supported by transparency, accountability, and responsible governance. In recent years, this commitment has been reinforced through a dedicated Investor Relations function, focused on maintaining open communication, strengthening investor relationships, and ensuring that progress across the Group’s projects is clearly communicated.

Recent flagship projects have provided clear validation of AX Group’s long-term investment strategy. Developments such as the redeveloped AX ODYCY destination and the launch of Verdala Wellness Hotel reflect the Group’s disciplined approach to capital

allocation. Both assets have been structured with partial public ownership, ensuring that value creation directly benefits investors. Throughout the lifecycle of these investments, AX Group has remained focused on responsible capital deployment, transparency, and accountability.

AX Group places great importance on cultivating an informed and engaged investor community. For this reason, in 2025 the Group organised a showaround of the AX ODYCY resort, inviting brokers to explore the property they have invested in and to experience the facilities, dining outlets, and accommodation first-hand.

The intention was to allow stakeholders to see the project for themselves, to understand how it has taken shape, and to share in the pride and satisfaction of seeing the investment fully realised and performing successfully. Similarly, another showaround is planned for 2026 giving investors the opportunity to experience the Verdala Wellness Hotel firsthand. Those interested in attending the 2026 show around are encouraged to reach out to our Investor Relations Office.

Alongside the site visits, AX Investor Relations has remained proactive in its engagement with stakeholders through a coordinated programme of strategic initiatives. The Annual General Meeting

continues to be a well-attended event, providing an opportunity for management to meet investors, present the annual report and financial results, and offer deeper insight into the Group’s performance across its key business areas. The AGM also serves as an important social and networking occasion, helping to strengthen existing relationships.

In addition to the AGM, AX Group also hosts a dedicated presentation of the Annual Report following its publication, specifically for the stockbroking community. This event ensures brokers receive timely updates and deeper context around the Group’s performance and strategic direction.

Complementing these initiatives, the Group’s annual investor newsletter has become a key communication method, increasingly focused on delivering more substantive, data-driven content following the AGM.

The AX Investors’ Loyalty Card also remains part of the Group’s wider commitment to recognising investor support beyond financial returns, while allowing stakeholders to experience AX Group’s facilities and offerings firsthand.

2025 was characterised by stability from both an investment and financial perspective, with no capital market activity undertaken beyond the Group’s regular investor engagement programme. As

AX Group approaches the maturity of its 3.25% bond in December 2026, the Group continues to ensure all obligations are managed responsibly and in line with investor expectations.

Preliminary discussions have commenced with the MFSA regarding a potential share buyback structure. These discussions remain at an early stage, and any developments will be communicated in due course, in line with regulatory requirements and broader market considerations.

**AX** INVESTOR RELATIONS

EXPLORE MORE



AX CAREERS

# A REWARDING WORK CULTURE

50 years

FROM VISION  
TO LEGACY



Grain Street management team



2025 was a defining year for AX Careers, marked by significant progress in strengthening the Group's talent capabilities amid a challenging labour market. Despite persistent industry-wide shortages and intensified competition across Malta's hospitality, construction and care sectors, AX Careers continued to strengthen its role as a strategic enabler to the organisation, ensuring the Group remained equipped with the people and capabilities required to deliver on its ambitions.

A central focus of the year was preparing the Verdala Wellness Hotel for its opening in August. This required sourcing a wide range of operational, technical, and specialist talent, particularly in wellness and spa services. To meet these needs, AX Careers expanded its international recruitment reach and adopted a more selective, structured approach to candidate search. This effort not only secured the specialised expertise required but also broadened the team's exposure to a new hospitality niche. Alongside recruitment, the team worked closely with Verdala's HR and leadership team to ensure new employees were effectively onboarded and aligned with AX Group's values, service culture, and operating standards.

Throughout the year, Malta's hospitality sector faced intense competition for talent, placing pressure on local recruitment. As one of the country's largest operators, AX

Group required sourcing solutions beyond the domestic market. AX Careers and Group HR responded with targeted overseas initiatives, complemented by local activities such as the May open recruitment day in May. Candidates underwent interviews and practical assessments to evaluate technical ability, communication skills, customer service aptitude, and English proficiency. Throughout the process, AX Group upheld all labour migration, Skills Pass, and ethical recruitment requirements, ensuring full compliance.

While recruitment remained essential, retention continued to be the Group's foremost people priority throughout 2025. The HR division continued to build internal mobility pathways, strengthen succession planning, and invest in targeted development programmes tailored to organisational needs. Several internal promotions were recorded across the Group in 2025, including the appointment of Verdala's Senior General Manager from within the organisation, demonstrating the depth and strength of the internal talent pipeline.

A significant milestone for the HR division was the launch of the Group's first independently run employee satisfaction survey, delivered in partnership with an external specialist partner. This initiative marked an important shift toward a more transparent and employee centred approach

to listening and engagement. External specialist partner's independent oversight ensured full anonymity, encouraging open and honest participation. The findings were shared across the organisation, and areas requiring further analysis were addressed through targeted focus groups, fostering constructive dialogue and reinforcing a culture of continuous improvement.

AX Group continued its investment in digital transformation, introducing automation across several HR processes, including work permit management and internship administration. These improvements reduced manual workloads, increased efficiency, and allowed HR teams to dedicate more time to supporting employees and leadership teams. Significant progress was made in evaluating and selecting a new Human Resource Management System, planned for implementation in 2026 to enhance transparency, integration, and employee experience.

The HR division carried out a comprehensive policy review to ensure alignment with evolving legislation, workplace expectations, and the Group's organisational scale. Particular emphasis was placed on labour migration compliance and EU pay transparency, reinforcing trust, clarity, and fairness across the workforce.

AX Careers also strengthened its engagement with students and early



Andrew Gauci, Financial Controller at AX ODYCY receiving the Chairman Award



Waiter of the Year Competition - Sliema F&B Team



50-year commemorative pin for all AX employees

career talent. The team shifted from broad promotional activity to more direct interactions, including the quarterly student newsletter, which now reaches approximately 600 subscribers. This initiative offers insight into AX Group's culture and opportunities, supporting long term talent interest.

Recognition of long-serving employees remained an integral element of the Group's people framework in 2025. Long service awards and ongoing recognition initiatives celebrated performance, loyalty, reinforcing a culture of appreciation and shared success.

As AX Group enters 2026, retention remains the primary focus of its people strategy, supported by continued investment in engagement, internal development, and organisational culture. Recruitment will continue to support areas of growth, with open recruitment days planned for February and participation in key career expos throughout the year.

Several initiatives launched in 2025 will move into implementation, including the AX Careers recruitment chatbot, the redesigned AX Careers website, and the rollout of the new HRMS. Together, these developments position AX Careers to continue strengthening the Group's workforce planning, operational support, and long term investment in its people as AX Group moves into its next phase of growth.



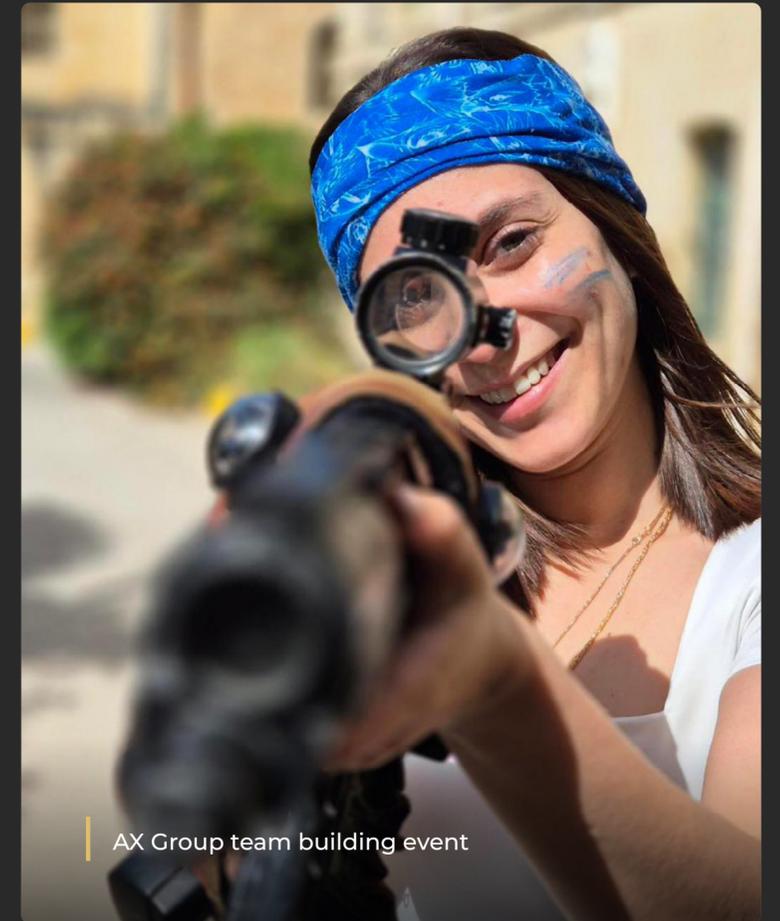
Marketing team, part of the 50-year organising committee



AX Construction summer party



Women's Day celebrated at our Valletta properties



AX Group team building event



50-year commemorative pin



Staff initiatives at AX ODYCY



International Happiness Day at our Sliema properties

AX CAREERS

EXPLORE MORE



AX GROUP

# INFORMATION TECHNOLOGY

50  
*years*

FROM VISION  
TO LEGACY



Data, Analytics and Enterprise Systems Unit

Fifty years into AX Group's journey, we recognise that digital innovation, spanning data connectivity and the accelerating rise of artificial intelligence, has become more critical than ever to the way we conduct business.

Three years ago, the Group made the strategic decision to strengthen its technology function by bringing IT capabilities together under one cohesive department focused on driving innovation and supporting operational efficiency across the organisation.

This integrated approach was designed to position the IT department as a key enabler of long term growth. With this structure now firmly established, the past year has seen the team concentrate on optimisation and scaling initiatives aligned with the Group's strategic objectives.

In 2025, AX Group strengthened its technological and data capabilities through two key appointments. The Head of Data and Analytics is now driving more effective use of information across the organisation, supporting improved planning, clearer performance monitoring, and more informed decision making.

In parallel, the recruitment of an IT Security Engineer has reinforced the Group's protection against cyber risks, safeguarding

systems, client data, and business continuity. Together, these roles have enhanced the resilience and scalability of AX Group's digital infrastructure, ensuring it remains robust, secure, and ready to support future growth. Our Enterprise Resource Planning (ERP) project advanced into a critical phase following the completion of the proposal stage in the previous year. Once implemented, this Group-wide system will bring finance, procurement, and other core functions onto a single platform, reducing manual processes, improving accuracy, and giving management clearer, more timely insight into performance across the business.

Alongside this, continued progress was made in replacing older, fragmented systems with more modern and connected solutions. Upgrades to property management and point-of-sale platforms have improved reliability and reporting across hospitality operations.

Digital improvements also advanced in other business units. At Simblija Care Home, the rollout of specialised care management software moved into further phases, supporting more efficient operations and improved resident care through reducing administrative burden on our care teams. Within AX Construction, the ongoing implementation of a Document Management System continued to

streamline workflows, reduce duplication, and improve collaboration across teams.

A key priority for AX Group in our approach to digital innovation is to ensure that technology enhances the experience of our guests and clients, rather than replacing the human touch that defines our service.

Building on the success of MAXIE, our AI-enabled hospitality chatbot launched in 2024 through our AX Hotels website, the Group is exploring various AI-driven solutions aimed at improving customer experience and operational effectiveness. These initiatives are designed to simplify routine interactions, such as answering common guest queries, guiding users to the right service, or supporting bookings and requests outside core hours.

As we continue to invest in digital tools, the focus remains on maintaining this balance. Technology will support and enhance operations, but the Group remains firmly a people-led organisation, where expertise and human connection continue to shape the experiences delivered to our customers, clients, and stakeholders.

# ENVIRONMENTAL SOCIAL AND GOVERNANCE

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Environmental, Social, Governance

06. FINANCIAL STATEMENTS

50  
years

FROM VISION  
TO LEGACY



# CHARTING OUR **ESG JOURNEY**



Angelo & Josephine Xuereb awarded the Femeraid International Cross of Honour for Humanitarian Work - AX Foundation



Volunteering at the Soup Kitchen in Valletta

The past year marked a significant shift in how AX Group measures and manages its environmental impact. The organisation significantly strengthened the way it tracks energy use, emissions, water consumption, and waste across its portfolio, supported by improved asset-level data, better metering, and stronger supplier engagement. This has laid a solid foundation for more informed and effective planning.

Importantly, these efforts are already translating into practical efficiencies, particularly within the hospitality sector. The approach to date has prioritised data-driven operational improvements, creating a robust foundation upon which future targets can be set with confidence and aligned to initiatives that deliver meaningful, measurable outcomes.

Building on the plans set out in 2024, the Group is proud that the AX The Palace, AX The Victoria Hotel and AX ODYCY are amongst the first hotels in Malta to achieve certification from the Global Sustainable Tourism Council (GSTC), the leading global authority on sustainable tourism standards. The GSTC framework covers environmental responsibility, social impact, and cultural stewardship, and this achievement reflects AX Hotels' long-term ambition to lead in responsible hospitality at both a local and international level. Progress is also underway towards GSTC certification for the Group's Valletta hotels, reinforcing the aim of

aligning luxury and service excellence with a sustainable, future-focused approach.

During the year, the Group generated 2,996 MWh of renewable electricity through its solar assets, helping to offset a portion of its overall energy demand. This includes a 33% ownership of the Imselliet and our Hilltop solar plants and full ownership of Skyline solar plants. Together, these assets reduce reliance on grid electricity and embedding renewable energy into the Group's long-term operational footprint.

We also took steps to reduce waste across operations, with a particular focus on everyday materials and operational efficiencies. At our hotels in Sliema, single-use laundry bags were replaced with durable alternatives, eliminating approximately 9,600 plastic bags annually. The transition to electric chafing dishes also removed the need for around 23,500 alcohol fuel cans each year, while reducing both fuel use and disposal costs.

Alongside these initiatives, the Group continued to strengthen waste separation and reporting practices across hospitality, construction, and care operations, while assessing improved weighing and monitoring systems to enhance data accuracy. Together, these measures reflect a shift toward measurable waste reduction embedded into daily operations, rather than isolated interventions.

Despite this progress, the Group recognises that some areas of its footprint remain challenging to measure accurately. This is especially true for emissions from purchased goods, services, and wider value chain activities, where data quality relies heavily on third party disclosures and industry benchmarks.

To address these gaps, the Group is working to strengthen asset-level registers and metering, collaborate more closely with suppliers to obtain product-level environmental data, and increase automation in data-collection processes. Together, these efforts will help build a more reliable and credible baseline, ensuring that future targets are grounded in robust data rather than assumptions.

On the social front, AX Group has continued to take an active and hands-on approach to the communities it operates in. Throughout the year, the Group supported a wide range of local initiatives through donations, volunteering, and partnerships with voluntary organisations, focusing on areas where it could make a difference.

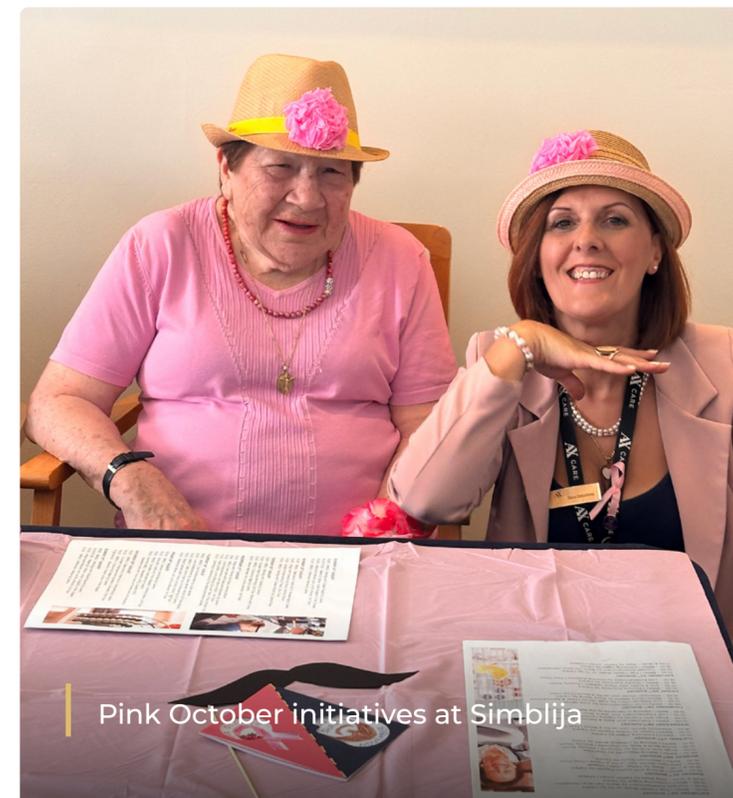
Support was extended to organisations such as Dar Merħba Bik through donations of essential women’s items and clothing, as well as to the YMCA Charity Shop and the AAA Pet Sanctuary. With regards animal welfare, AX Group also contributed both



ESG Committee visit at the WasteServ Magħtab Facility



AX Group employees at the Caritas Charity Run for Life



Pink October initiatives at Simblija

time and financial support to the Island Sanctuary. Environmental awareness formed part of these efforts, with employees participating in tree planting and watering activities in collaboration with Coast is Clear.

Community engagement also included volunteering at the Soup Kitchen in Valletta and at Wardija School, alongside curated educational visits for students across primary, secondary, post-secondary, and tertiary levels at AX Group operations. Together, these initiatives show a culture of responsibility that goes beyond financial contributions, encouraging active participation and fostering stronger, lasting connections with the communities AX Group serves.

AX Foundation, the philanthropic arm of AX Group, continued to play a central role in translating the Group’s values into social impact by identifying real gaps in support systems and responding with long-term initiatives that promote inclusion, dignity, and opportunity, particularly for individuals with invisible disabilities.

Last year, the Foundation concentrated strongly on employability and wellbeing, especially within the neurodivergent community. One of the most impactful initiatives was a two-day specialist training programme organised in collaboration with the Ministry for Inclusion and Voluntary

Organisations. Delivered by international experts from Specialisterne Ireland and APVA Portugal, alongside local specialists from Prism Malta, the programme brought together public and private sector frontliners from organisations such as Aġenzija Sapport, Jobsplus, CRPD, and AX Group’s own HR teams to equip those closest to recruitment and support services with the tools needed to create meaningful employment pathways for neurodivergent individuals.

This effort was further supported through a one-day national conference addressed to employers, senior managers, and business leaders, including representatives from key industry bodies. The event combined policy perspectives, professional guidance, and first-hand accounts from neurodivergent individuals, grounding the conversation in lived experience rather than theory.

The Foundation also invested in early intervention and mental wellbeing, including fully funding the inauguration of the San Andrea School Nurture Room and Therapy Spaces, which provide calm, supportive environments for students facing emotional, social, or educational challenges. In parallel, the Foundation continued its third year of support for the Children in Need Foundation and Fondazzjoni Sebħ, helping to deliver consistent psychotherapy services to children in residential care. This long-

term effort demonstrates the Foundation’s belief that lasting change is built through sustained support, not one-off gestures.

Last year also marked the fourth edition of the AX Ability Award, an initiative that celebrates achievement, resilience, and advocacy in the field of invisible disabilities. The 2025 AX Ability Award was presented to Ms Mel McElhatton. Diagnosed with autism and ADHD in adulthood, Mel has since built a distinguished career as a mental health therapist, addiction specialist, and trainer in wellbeing and neurodiversity. A graduate in social work with a Master’s degree in psychotherapy, Mel’s work continues to champion inclusion, equality, and mental wellbeing across multiple communities.

As well as giving back to the wider community and recognising the achievements of others, AX Group remains equally committed to supporting its own people, most notably through the AX Staff Solidarity Fund, which provides direct financial assistance to employees and their dependents facing serious health or financial challenges. During 2025, the Fund distributed over €42,000 in support, offering reassurance and stability to colleagues during some of the most difficult moments of their lives. This initiative underscores the Group’s belief that responsibility begins from within, by standing firmly behind its people when they need it most.



Mel McElhatton recognised with the AX Ability Award



Enhancing Employment Opportunities for Neurodivergent Individuals conference

AX Foundation's work also earned external recognition during the year. The Foundation was awarded the Femeraid International Cross of Honour for Humanitarian Work by the Sovereign Order of St John of Jerusalem, in acknowledgement of its sustained efforts to support individuals with invisible learning challenges, particularly those on the autism spectrum. The award was presented during a ceremony in Valletta and received by the Foundation's first Chairperson, Ms Josephine Xuereb and AX Group Chairman Mr Angelo Xuereb.

During the year, AX Foundation mobilised support through hotel room and F&B donation schemes, staff driven initiatives, community events, and matched employee contributions. These combined efforts reinforce both the Foundation's broader social mission and its commitment to supporting AX Group employees. Collectively, these efforts ensure that both the Foundation's broader social mission and its commitment to employee support remain strong, active, and rooted in shared responsibility.



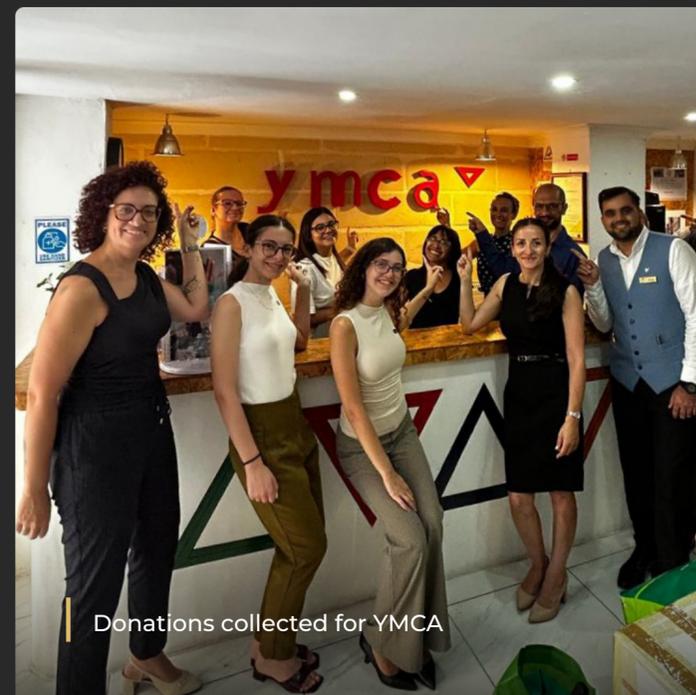
Volunteering at the Island Sanctuary



AX Group football tournament - won by the Sliema team



Collaboration with MSPCA



Donations collected for YMCA



BirdLife awareness day hosted at AX ODYCY



Pink October at AX ODYCY

# FINANCIAL STATEMENTS



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FROM VISION  
TO LEGACY

# INTERACTIVE CONTENTS

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This version of the Annual Report is not the official version. The official version is the ESEF Annual Financial Report 2025 that can be found on the Company's website [www.axinvestor-relations.mt](http://www.axinvestor-relations.mt) or on the Malta Stock Exchange portal.

## DIRECTORS, OFFICERS AND OTHER INFORMATION

*Registration:* AX Group p.l.c. was registered in Malta as a public limited liability company under the Companies Act, Cap. 386 of the Laws of Malta on 18 January 1991, with the registration number C 12271.

*Directors:* Mr Angelo Xuereb  
Ms Denise Xuereb  
Ms Claire Xuereb  
Mr Josef Formosa Gauci  
Mr Christopher Paris  
Mr John Soler  
Mr Michael Warrington  
Mr Tonio Fenech (appointed on 11 November 2025)

*Secretary:* Dr Edmond Zammit Laferla

*Registered Office:* AX Group  
AX Business Centre  
Triq id-Difiza Civili  
Mosta, MST 1741  
Malta

*Country of incorporation:* Malta

*Company registration number:* C 12271

*Auditors:* Ernst & Young Malta Limited  
Regional Business Centre  
Achille Ferris Street  
Msida, MSD 1751  
Malta

*Principal bankers:* Bank of Valletta p.l.c.  
58, Zachary Street,  
Valletta, VLT 1130  
Malta

*Legal adviser:* Dr David Wain  
AX Group  
AX Business Centre  
Triq id-Difiza Civili  
Mosta, MST 1741  
Malta

The Directors present their annual report and the audited consolidated and separate financial statements ("the financial statements") of AX Group p.l.c. ("the Company") and its subsidiaries (collectively "the Group" or "AX Group") for the year-ended 31 October 2025.

**Principal Activities**

The AX Group is primarily engaged in four main business sectors namely; Care, Construction, Hospitality, Real Estate and Development and is also involved in renewable energy.

**Performance Review**

*Company*

The Company generated revenues of EUR9,350,675 (2024: EUR13,523,836). This included management fees of EUR2,478,903 (2024: EUR2,217,237), dividends received from subsidiaries of EUR6,656,447 (2024: EUR11,171,486) and rental income of EUR215,325 (2024: EUR135,113). Staff costs incurred amounted to EUR4,658,404 (2024: EUR3,870,169) and operating costs incurred amounted to EUR1,429,334 (2024: EUR1,574,254).

Moreover, during 2025, the Company disposed of EUR4,051,200 (2024: EUR6,169,000) of its holding of AX Real Estate p.l.c. debt instruments, incurring a realised loss of EUR324,908 (2024: EUR595,563). The remaining debt instruments held were remeasured at fair value at year end, resulting in an increase in fair value of EUR303,242 (2024: EUR435,447).

Operating profit of the Company amounted to EUR2,514,638 (2024: EUR9,406,580).

During the year, finance costs rose to EUR3,970,946 (2024: EUR3,716,351), primarily due to higher interest charges on intra-group loans. Conversely, finance income increased by EUR393,341, largely driven by higher interest rates on intra-group lending.

The profit for the year amounted to EUR3,595,957 (2024: EUR9,642,214).

*Group*

During the current year, the Group registered total revenue of EUR130,909,881 (2024: EUR83,343,606). The Group's primary growth during the year was driven by the signing of the first contracts of sale of the Verdala Terraces residential units, generating revenue of EUR34,619,600 from property sales. Additionally, further promise of sale agreements were entered into for these units, further strengthening the outlook for the coming year.

The Hospitality division delivered an outstanding performance, with revenues increasing by EUR7,719,818 compared to 2024. The strongest growth came from Qawra, where the hotel continues to build on the momentum since its reopening in 2023. Both Sliema and Valletta also surpassed their budgeted revenue targets. Additionally, the Hospitality division welcomed the Verdala Wellness Hotel, which opened in August 2025. In its first three months, the hotel has made encouraging progress, successfully attracting occupancy and steadily positioning itself as a premier five-star wellness destination in Malta.

The Care division recorded an 8.2% increase in revenue compared to the prior year. Independent apartments at Hilltop Gardens maintained full occupancy throughout the year, while the Care Home operated at near-full occupancy for most of the period. Improved cost management and revenue growth enabled the division to surpass its budgeted operating profit.

The Construction division has increased its revenue from third-party work by EUR5,581,754 compared to last year. The division has successfully secured numerous contracts for the current year and beyond. The Construction division was still involved in the Verdala project during the current year. The main third-party projects during the current year included construction and finishing works for the Schengen Arrivals Extension at the Malta International Airport, the construction of the St. John Co-Cathedral Annex, construction of a warehouse complex for Quintano and construction works on an office block in Mosta.

In February 2025, the Group signed a promise of sale agreement for the acquisition of a plot of land in Marsa. The final deed is expected to be signed in 2026.

In March 2025, the Group entered into another promise of sale agreement to acquire a parcel of land in Naxxar, situated adjacent to the Hilltop Complex.

The Group reported a share of results from associates and joint ventures of EUR1,536,535 (2024: EUR2,104,953). This reflects the Group's investment in Hardrocks Estates Limited, Valletta Cruise Port p.l.c. and Imselliet Solar Limited, entities in which the Group has a non-controlling interest.

Operating costs rose to EUR58,986,307 in 2025, compared to EUR27,362,043 in 2024. This increase primarily reflects the cost of property sold during the year, amounting to EUR24,124,089, as well as the Group's expanded operations. Staff costs also grew by 13% compared to the prior year. The higher operating and personnel expenses are consistent with the increased activity within the Hospitality and Construction divisions.

The depreciation of property, plant, and equipment experienced a EUR1,856,277 increase over last year, primarily driven by substantial investments in the development of the AX ODYCY Hotel and Lido in Qawra as well as the newly opened Verdala Wellness Hotel in Rabat.

The Group achieved a significant improvement in profitability, reporting an operating profit of EUR24,723,319 in 2025, more than doubling the EUR11,477,584 recorded in 2024. This strong performance reflects the successful execution of the Group's strategic initiatives, including robust revenue growth across all divisions, as well as the planned contribution from property sales.

Finance costs increased by EUR1,473,032 over the previous year reflecting the interest on the bank loan obtained for the Verdala development which was being capitalised in the prior year.

The Group's profit before taxation for the year amounted to EUR16,857,617 (2024: EUR5,812,014).

Other comprehensive income amounted to EUR6,914,379 in 2025, compared to EUR5,753,886 in the prior year. This increase primarily reflects gains on property revaluations, net of deferred tax, driven largely by the Qawra properties. The uplift in valuations is attributable to the strong and improving performance of the AX ODYCY Hotel and Lido.

As at year-end, the AX Group's equity stood at EUR272,489,211 (2024: EUR248,829,558).

## DIRECTORS' REPORT - CONTINUED

## Performance Review - continued

## Financial Key Performance Indicators

	Group		Company	
	2025	2024	2025	2024
	EUR	EUR	EUR	EUR
Revenue and other operating income	131,130,355	83,550,472	9,416,153	13,576,106
Adjusted EBITDA*	35,823,179	24,033,119	3,328,415	8,131,683
Operating profit	24,723,319	11,477,584	2,514,638	9,406,580
Net finance costs	(9,402,237)	(7,770,523)	(606,571)	(745,317)
Profit after tax	17,385,475	5,067,350	3,595,957	9,642,214
Earnings per share	13.22	3.82	-	-
Total equity and liabilities	529,386,806	513,112,469	205,546,346	196,602,536

\*The Group measures Adjusted Earnings before Interest, Tax, Depreciation and Amortisation ("Adjusted EBITDA") as operating profit after adjusting for gain/(loss) on revaluation of investment properties, movement in fair value of financial asset, (loss)/gain on disposal of financial asset and depreciation. This key performance indicator is not defined by International Financial Reporting Standards but can be directly calculated with reference to the Statement of Profit or Loss.

**Going Concern**

Having made an appropriate assessment of going concern as discussed in Note 2.1 to these financial statements, the Directors, at the time of approving these financial statements, have determined that there is reasonable expectation that the Group and the Company have adequate resources to continue operating for the foreseeable future. For this reason, these financial statements have been prepared on a going concern basis which assumes that the Group and the Company will continue in operational existence for the foreseeable future and will meet their financial obligations as and when they fall due.

**Principal Risks and Uncertainties**

The Company is exposed to risks inherent to its operation, with the main risks summarized as follows:

## 1. Strategy Risk

Risk management falls under the responsibility of the Board of Directors ("the Board"). The Board is continuously analysing its risk management strategy to ensure that risk is adequately identified and managed. The Audit Committee regularly reviews the risk profile adopted by the Board.

## 2. Operational risks

The Company's revenue is mainly derived from dividend income, interest charges and rental income charged to related parties and hence the Company is heavily dependent on the performance of the AX Group. The Company regularly reviews the financial performance of the AX Group of companies to ensure that there is sufficient liquidity to sustain its operations.

## 3. Legislative risks

The Company is governed by a number of laws and regulations. Failure to comply could have financial and reputational implications and could materially affect the Company's ability to operate. The Company has embedded operating policies and procedures to ensure compliance with existing legislation.

**Financial Risk Management and Exposures**

Note 34 to the financial statements provides a detailed analysis of the financial risk to which the Group and the Company are exposed.

**Dividends and Reserves**

During the year, AX Real Estate p.l.c., a subsidiary of the Company, declared dividends amounting to EUR640,201 due to non-controlling interest. The Directors intend to distribute a further gross dividend amounting to EUR629,347, equivalent to EUR0.02586 per ordinary share due to non-controlling interest.

**Events After the Reporting Period**

The Group has undergone a shareholding restructuring process. As part of this process, as at 17 November 2025, the existing shareholders of the Company transferred their shareholdings to a newly incorporated limited liability company, ARCD Holding Limited, registered in Malta. Subsequently, on 5 December 2025, ARCD Holding Limited transferred all of its shareholding in AX Group p.l.c. to AX Ventures Limited, another newly incorporated limited liability company registered in Malta, which has become the new immediate parent company of AX Group p.l.c. The ultimate beneficial ownership remains unchanged, as the same shareholders continue to hold their interests above the new intermediate holding company.

**Directors**

In accordance with the Company's Articles of Association, the present Directors remain in office.

**Auditors**

Ernst & Young Malta Limited have expressed their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

**STATEMENT ON NON-FINANCIAL INFORMATION**

**Basis of Preparation**

In line with Directive 2014/95/EU and pursuant to Article 177 of the Companies Act, Cap. 386 of the Laws of Malta, and in terms of the Sixth Schedule to the Act, the Directors hereby report on the impact of the Group's activities on environmental, social and employee matters, respect for human rights, and anti-corruption and bribery matters. The reporting scope corresponds to that used in the financial statements.

This non-financial statement, presented as the Group's Sustainability Report, has been prepared in alignment with the "Guidelines on non-financial reporting (methodology for reporting non-financial information)" (2017/C 215/01). The statement is structured in a way to focus on topics that have been deemed material by the Group. These include Climate Change, Water and Marine Resources, Resource Use and Circular Economy and Own Workforce.

**Our Business Model**

Founded in 1975 by Chairman Angelo Xuereb, AX Group started as a civil engineering firm and has since evolved into one of Malta's leading diversified organisations operating across four key sectors: Hospitality, Care, Construction and Real Estate and Development. AX Group's diversified ecosystem enables it to serve a broad range of customers and stakeholders while contributing to sustainable value creation for the communities in which it operates.

The Hospitality division, consisting of nine licensed accommodation establishments, is the Group's primary source of revenue. In August 2025, the Group launched its latest project, The Verdala Wellness Hotel, offering Malta's first dedicated wellness hotel. Significant progress was made toward obtaining GSTC certification for several of its hotels, reinforcing the Group's commitment to internationally recognised standard.

Complementing the Group's Hospitality operations is AX Construction, which delivers a diverse portfolio of services ranging from civil engineering, structural works and finishing, restoration and heritage projects. Throughout the reporting period, the Group worked on several landmark projects including restoration works at the Jesuit's Church in Valletta, civil and finishing works for the new Schengen Arrivals Extension at Malta International Airport, and the extension and restoration of the St. John's Co-Cathedral.

The Care sector provides accommodation, assisted living, and other care services to the retiring and elderly community through Hilltop Gardens Retirement Village and Simblija Care Home, based in Naxxar. The Revive Physiotherapy and Aquatic Centre, based within the same complex, offers holistic care to residents and third parties, collectively offering a comprehensive set of care facilities for residents and visitors alike.

Through strategic investments, the Development division identifies opportunities to invest in and develop residential, commercial, and mixed-use property projects. The Real Estate and Development division manages a portfolio of properties aimed at generating stable rental income. In addition, the Group holds equity investments in Valletta Cruise Port p.l.c., a port operations company and Imselliet Solar Limited, which operates solar farms.

**Environmental Matters**

**Climate Change**

The Group's operational scale and reliance on energy, goods and services result in a carbon footprint that underscores Climate Change as a material topic for the organisation. Over the reporting period, notable progress has been made in energy and carbon emissions quantification, as a first step towards a better understanding of footprint and its optimisation, as well as several actions which have been implemented across its operations.

*Energy*

During the reporting period, AX Group consumed 13,530 MWh of electricity, the majority (~86%) of which was consumed by the Group's Hospitality operations. Given the scale of electricity use, the Group closely monitors its consumption through multiple channels, primarily through utility bills. Several projects were carried out during the reporting period related to energy efficiency, such as the upgrading of lighting in kitchens, balconies and corridors at the Sliema properties saving 27 MWh and 9.62 tCO<sub>2</sub>eq per year.

Description	Value
Total Electrical Energy Consumed by AX Group	13,530 MWh/MVAh
Total Renewable Energy generated by AX Group <sup>1</sup>	2,996 MWh
Total Energy Generated from of fossil fuels	24,188 GJ

<sup>1</sup> AX Group owns 33% of the Imselliet and Hilltop plants, and 100% of Skyline plant.

*Carbon Footprint*

During the reporting period, the Group advanced the quantification of its carbon footprint in line with the Greenhouse Gas (GHG) Protocol. As data quality improves, the Group will be better positioned to assess potential approaches for future carbon-related planning. At this stage, no formal carbon-reduction targets have been set.

Scope	Category	Emissions (tCO <sub>2</sub> eq)
1	Combustion Emissions	1,735
2	Electricity Consumption	5,262
3.1	Operational Goods and Services	24,200
3.2	Capital Goods and Services	7,500
3.3	Fuel and Energy Related Activities	447
3.5	Waste Generated in Operations	423
3.7	Employee Commuting	795

## DIRECTORS' REPORT - CONTINUED

## STATEMENT ON NON-FINANCIAL INFORMATION - CONTINUED

## Environmental Matters - continued

## Climate Change - continued

## Carbon Footprint - continued

Scope	Category	Emissions (tCO <sub>2</sub> eq)
3.13	Downstream Leased Assets	446
3.15	Investments	653

Despite significant progress in quantifying emissions, gaps in data quality and availability persist, compromising the quality and scope of carbon emission calculations. Most Scope 3 emissions shown above, which depend on the value chain and a number of third parties, are provided as indicative figures, rather than precise calculations. Such limitations are due to the lack of supplier-specific disclosures, and the reliance on industry average data rather than supplier specific ones. To address these constraints, the Group is strengthening asset-level registers and metering, enhancing supplier engagement to obtain product-level footprints, and automating data-collection processes, steps that will improve completeness and accuracy and enable a more reliable understanding of the Group's carbon footprint to inform future target-planning.

**Water Consumption**

In a similar manner to energy, the Group's extensive operations, particularly within the Hospitality division, result in a significant volume of water consumption.

Source / Destination	Volume
Mains Supplied Water (WSC)	140,000m <sup>3</sup>
Other sources - Bowser / Seawater Desalination	13,000m <sup>3</sup>

The Group has already implemented several concrete measures to improve water efficiency across its operations. As part of ongoing efforts to obtain and maintain sustainability certifications, the Group's hotels have introduced initiatives such as linen re-use programmes, with estimated water savings of around 1,200m<sup>3</sup> of water and 1,575kg of detergent per annum. Similarly, AX Care operations have undertaken improvements to their water efficiency, particularly by using 4675m<sup>3</sup> of second-class water in the laundry machines.

**Circular Economy**

As highlighted in earlier sections, waste has been identified as a material topic for the Group. Throughout 2025, the Group continued to strengthen its waste reporting and management processes. While progress has been made, certain data gaps and quality constraints remain. To further improve data integrity, the Group is evaluating the introduction of better weighing systems aimed at reducing measurement errors and manual handling of such data while enhancing transparency of our impacts.

Waste Category	Estimated Weight (Tonnes)
Construction Waste	2,966
Mixed Waste (including Municipal waste)	794
Organic Waste	570
Mixed Recyclables (including Glass)	335
Oil / Grease Waste	14

During the current year, in its Sliema Hotels, the Group replaced single use laundry bags with durable alternatives, avoiding approximately 9,600 bags annually; switched to electric chafing dishes, eliminating around 23,500 alcohol fuel cans (~2 tonnes of metal) and reducing fuel and disposal costs.

**Group Environmental Policies**

During the current year, the Group upheld its ECO agenda, which was introduced a few years ago, to encourage more sustainable behaviours across its entities. While no formal monitoring is yet in place, managers rely on anecdotal evidence to assess whether our efforts are contributing to a reduction in the Group's environmental impact. Simultaneously, significant work was also carried out on the Group's Sustainability Policy with the aim of being launched in the next financial year.

**Employee Matters**

During the current year, the Group carried out an extensive review of its policies, to streamline processes across the Group's operations. This work, coordinated by the HR department, is an ongoing process and aims to harmonise previously fragmented policies into core employee-related policy clusters, consolidating guidance on recruitment, employment terms, workplace behaviour, employee welfare, performance management and operational procedures.

*Our Workforce*

AX Group's workforce is made up of circa 1,300 employees, originating from 73 countries. Approximately 80% of the workforce are foreign nationals. The Hospitality division employs the largest share (65%) of the Group's employees, followed by the Construction division. Most of the employees (77%) are directly employed with the Group while the remaining 23% are sub-contracted through employment agencies. 0.15% of the Group's employees are registered with the Commission for Rights of Persons with Disability. In terms of age distribution, around 61% of employees are between 30 and 50 years old and the average employee age is 36 years old. During the year, two males and two females made use of parental leave, while 625 employees took a total of 29,700 hours of sick leave.

*Staff Wellbeing*

It is the Group's priority to ensure the wellbeing of its staff. Beyond providing safe and secure working conditions, the Group prides itself in providing a positive and healthy environment for its employees. Beyond pro-

## DIRECTORS' REPORT - CONTINUED

### STATEMENT ON NON-FINANCIAL INFORMATION - CONTINUED

#### Environmental Matters - continued

#### Employee Matters - continued

##### Staff Wellbeing - continued

viding fair wages and working conditions, the Group offers flexible working arrangements aimed at improving employees' work-life balance. The Company does not tolerate any form of bullying, harassment or unfair treatment.

Excellence of employees is celebrated through the annual AX Awards, performance bonuses and gifts to celebrate key employee milestones. Team-building events, recreational activities, and commemorative gatherings are organised regularly for all employees with the aim of fostering collaboration and boosting morale. The Group offers several benefits to its staff including health insurance for employees with subsidies for dependants, complimentary mental wellness sessions, free and subsidised gym memberships, discounts on AX Hotels products and services and various affiliated outlets and partner organisations.

##### Staff Training and Development

During the current year, employees completed 26,900 hours of training, averaging 20 hours of training per person. Through the close collaboration with the HR teams across the Group operations, skill gaps are identified and training pathways are designed for all operations to ensure consistent, high-quality staff development.

The AX Academy, launched in mid-2025 is the Group's cornerstone for continuous learning and equal opportunities, structured across three levels: CORE (foundational training, compulsory Health and Safety, values and culture), PRO (industry specific and professional skills across employment law, digital marketing, tech/finance, construction trades and machinery, and care practices), and ADVANCE (leadership development, team leadership, change management, strategic thinking, emotional intelligence and advanced digital/AI). Delivery blends external training partners with internal subject matter experts; to uphold quality, internal trainers receive accredited certification in instructional techniques.

##### Health, Safety and Workplace Incidents

The Group prides itself in taking a proactive approach to safeguarding employee well-being and maintaining a safe working environment. As a result, during the current year, no serious incidents or injuries were recorded. Health and Safety measures are coordinated across the Group by the respective operations and include mandatory Health and Safety training for all staff, with specialised modules for high-risk roles, regular drills and Health and Safety Policy updates and internal inspection and compliance checks.

Despite the numerous measures and efforts made to avoid injuries, the nature of the Group's operations still exposes workers to residual risks. The Group has developed a comprehensive Incident Reporting System over the years to monitor and analyse workplace incidents across its operations. Whenever an incident involving staff occurs, both the Occupational Health and Safety Authority ("OHSA") and the respective insurance providers are promptly notified. In cases when OHSA conducts on-site inspections, the Group ensures full cooperation and compliance with any requests for further investigation. Beyond regulatory compliance, the Group is committed to learning from each incident and implementing practical measures to reduce the likelihood of

recurrence.

In addition, given the inherent health and safety risks associated with the construction industry, the Group's executive team introduced a monitoring tool to continuously track health and safety performance across its construction sites. Prepared by an independent health and safety officer, the tool provides regular insights into site conditions and performance, enabling management to take timely and appropriate action whenever required.

##### Employee Feedback

In 2025, AX Group undertook a comprehensive Employee Engagement Survey to gain a clear, data-driven understanding of engagement levels, workplace culture and the overall employee experience. Beyond diagnosing organisational challenges, the survey served as a meaningful way to show employees that their voices matter, offering a safe and anonymous platform for honest feedback and reinforcing a culture of appreciation and transparency. It also allowed to explore how employees perceive leadership, communication, support, recognition, wellbeing and overall working conditions, helping the organisation identify what is strengthening or undermining engagement across units.

Ultimately, the survey's purpose was to guide targeted actions that build a more connected, supportive and people centred workplace. The 2025 Employee Engagement Survey was delivered through a structured collaboration between AX Group and an external specialist partner, who designed, administered and analysed the survey to ensure full confidentiality and methodological integrity. The external partner developed multilingual online and printed tools, while AX supported accessibility, communications and participation across all business units. This rigorous and inclusive approach resulted in an 82% participation rate and provided robust insights into guiding AX Group's People Strategy.

#### Social Matters

The Group plays an active role in supporting both local and national communities. Through a range of outreach programs, Corporate Social Responsibility ("CSR") initiatives and other engagement efforts, the Group places strong emphasis on fostering positive relationships with its stakeholders and contributing to societal wellbeing.

#### Affected Communities

##### Community Initiatives

Throughout the year, the Group gave priority to reaching out to communities and helping wherever possible, through fundraising, donations, CSR activities and collaborations with voluntary organisations. Some of the main community initiatives from the current year include the following:

- Supported the restoration of Palazzo San Paolo's historic façade in Rabat, preserving Malta's architectural heritage
- Donated women's items and clothing to Dar Merħba Bik
- Donated items to the YMCA Charity Shop and AAA pet sanctuary
- Supported the Island Sanctuary through volunteer efforts and a financial donation

## DIRECTORS' REPORT - CONTINUED

### STATEMENT ON NON-FINANCIAL INFORMATION - CONTINUED

#### Social Matters - continued

- Organised a tree planting and watering activity in collaboration with Coast is Clear
- Volunteered at the Soup Kitchen in Valletta
- Volunteered at the Wardija School
- Curated visits for various students (primary/secondary/post-secondary/tertiary) at AX Group operations.

#### AX Foundation

In 2025, the AX Foundation continued its mission to promote inclusion and support individuals with invisible disabilities through a series of impactful initiatives. We organized specialist training sessions and a national conference to help employers and professionals adopt best practices for employing neurodivergent individuals. Beyond awareness, the Foundation funded calming and therapeutic spaces in schools and supported projects that provide consistent psychotherapy for children in residential care.

Celebrating resilience remained a priority, with the AX Ability Award recognizing individuals who have overcome invisible challenges and contributed to advancing disability rights. Through the AX Staff Solidarity Fund, we provided over EUR42,000 in assistance to employees and their families during times of serious health or financial hardship.

Our efforts were sustained through fundraising initiatives such as hotel room and food and beverage donation schemes, community events such as the AX Group Football Tournament, and employee contributions matched by AX Group. These initiatives collectively raised tens of thousands of euros, ensuring the sustainability of both the General Fund and the Staff Solidarity Fund.

#### Governance Matters

##### Business Conduct

###### Leadership

The Executive Management Team ("EMT") is comprised of 6 females and 5 males, while the Board of Directors is composed of 2 females and 6 males. All members of these bodies are Maltese nationals. The Group's leadership has zero tolerance towards bribery and corruption, reflected in the Group's policies and Code of Ethics. As a result, during the reporting period, no instances of bribery or corruption were identified or recorded.

###### Upholding Good Governance and Ethical Standards

A cornerstone of the Group's governance framework is the Employee Code of Conduct, which outlines the principles for effective, ethical and positive behaviour across the Group. This code ensures that all employees uphold the highest standards of integrity and professionalism, reinforcing our commitment to responsible and ethical business practices. The Group's internal auditor, who reports regularly to the Audit Committee, supports this function and ensures that all our internal controls are adhered to.

#### Governance of ESG Matters

The Group's ESG governance operates across complementary tiers to ensure clear accountability and strategic alignment. At the operational level, top management including any supporting operation-level committees oversee day-to-day ESG responsibilities, including progress toward certification (e.g. GSTC in hotels), delivery of sustainability targets and implementation of initiatives.

The Group's Sustainability Office serves as the central coordination point for legally mandated ESG disclosures, and supports the development of Group-wide sustainability initiatives. Oversight of the Sustainability Office rests with the Managing Director of Finance & Administration, a member of the EMT, ensuring that ESG developments and risks are communicated at the highest level. During the reporting period, the Sustainability Office's capacity was increased through the recruitment of a full-time ESG Analyst.

The Group's ESG Committee, coordinated by the Sustainability Office and composed of cross-functional representatives from all divisions, provides a strategic forum to review best practices, engage stakeholders, assess performance and recommend policies that drive long-term sustainable value creation.

As a founding and active member of the Malta ESG Alliance ("MESGA"), the Group contributed to raising awareness and driving positive change across the corporate landscape through this collaborative platform.

#### IT Governance

During this year, the IT Department continued to strengthen AX Group's technological capabilities through a series of strategic initiatives. The Infrastructure Team enhanced cybersecurity by upgrading firewalls and commenced the migration of user accounts to secure cloud locations, delivering improved identity management and secure, flexible access while reducing reliance on physical infrastructure.

The Business Transformation Team maintained its focus on monitoring and optimising processes to drive operational efficiency, streamline workflows and promote digital-first practices throughout the Group. The IT Support Team consolidated previously separate operations into a unified structure, improving responsiveness and service quality while encouraging teamwork and enhancing digital skills among employees.

In addition, the newly established Data and Analytics Team began planning for a centralised Data Warehouse and the introduction of robust data governance frameworks, enabling more effective use of information, supporting informed decision-making and ensuring compliance with data standards.

Furthermore, AX Group formed an AI Task Force, bringing together members from across the organisation to identify, develop and implement AI-driven projects. This initiative aims to leverage artificial intelligence to enhance operational efficiency, improve customer experiences and unlock new opportunities for innovation across all business units.

Collectively, these initiatives have reinforced security, enhanced efficiency and laid the foundation for data-driven and AI-enabled growth, aligning with AX Group's long-term strategic objectives.

#### EU Taxonomy Disclosure

In accordance with Article 8 of the EU Taxonomy Regulation and Article 10(2) of the Disclosures Delegated Act (Commission Delegated Regulation (EU) 2021/2178), AX Group is required to disclose information about how

## DIRECTORS' REPORT - CONTINUED

## STATEMENT ON NON-FINANCIAL INFORMATION - CONTINUED

## EU Taxonomy Disclosure - continued

and to what extent the Group's activities qualify as environmentally sustainable. Furthermore, the regulation requires the disclosure of Key Performance Indicators ("KPIs"), namely, the proportion of revenue ("Turnover"), capital expenditures ("CapEx") and operating expenditure ("OpEx") which are considered as eligible and/or aligned in terms of the EU Taxonomy. The Group also discloses qualitative information (according to Section 1.2 of Annex I of the Disclosures Delegated Act).

For financial year 2025, reporting undertakings are permitted to continue applying the EU Taxonomy reporting rules in place prior to the amendments introduced by the revised EU Taxonomy Delegated Act. In line with this option, AX Group p.l.c. has elected to apply the non-amended reporting framework applicable until 31 December 2025, applying those rules in full in accordance with the "all-or-nothing" principle. This disclosure is provided for transparency purposes and reflects the clarification issued by the European Commission in its published FAQ (QANDA/25/1726, point 11), which confirms that undertakings choosing not to apply the revised Delegated Act for FY2025 must specify within their sustainability-related contextual information which set of reporting rules they have applied.

The EU Taxonomy is supplemented by delegated acts which establish 'technical screening criteria'. These criteria define the specific requirements and thresholds for an activity to be considered as "significantly contributing" to a sustainability objective and "does not significantly harm" the other objectives.

Regulation Reference	Regulation Name
2021/2178	Disclosures Delegated Act (DDA)
2021/2139	Climate Delegated Act (CDA)
2022/1214	Complementary Climate Delegated Act (CCDA)
2023/2485	Amended Climate Delegated Act (ACDA)
2023/2486	Environmental Delegated Act (EDA)
2026/73	Delegated Act amending the DDA, CDA and EDA

**Identifying Eligible Activities**

To identify business activities that may be in scope of the Regulation, the Group relied on the EU Taxonomy package including the delegated acts referred to above. The eligibility assessment was carried out using a combination of granular data on the Group's activities, assets, and financial information, complemented by a review of officially assigned NACE codes for its subsidiaries. Initially, economic activities were classified as eligible or non-eligible based on their correspondence with the NACE codes referenced in the delegated acts discussed above.

**Abbreviations:** **CCM** - Climate Change Mitigation; **CCA** - Climate Change Adaptation; **CE** - Transition to a Circular Economy; **BIO** - Restoration of Biodiversity and Ecosystems

The main assumptions applied during this assessment is the adequacy and relevance of the NACE classification system in capturing all pertinent economic activities, as well as its alignment with current business practices. Following this thorough review, the following taxonomy-eligible economic activities were identified for the financial year ending 31 October 2025:

NACE Code	Economic Activity	CDA Ref.	EDA Ref.	Objective
F41	Construction	7.1	3.1	CCM, CCA, CE
L68	Real Estate & Development	7.7		CCM, CCA
Q87	Residential Care Activities	12.1		CCA
I55	Hotels and Similar Accommodation		2.1	BIO

The Group determined that none of its eligible economic activities qualify as 'enabling' or 'transitional' under the EU Taxonomy. Furthermore, in compliance with Article 8 of the Disclosures Delegated Act (as amended), disclosures were prepared regarding Taxonomy-aligned, eligible, and non-eligible economic activities, excluding those referenced in Sections 4.26–4.31 of Annexes I and II to the Climate Delegated Act, as these did not apply to the Group's operations.

Additionally, while the EU Taxonomy allows the inclusion of certain OpEx and CapEx related to eligible or aligned activities in KPI calculations, no such expenditures were recorded as of 31 October 2025. Financial data was utilized to calculate relevant KPIs, as outlined in the *Key Performance Indicators*.

**Determination of Alignment**

Following the identification of eligible economic activities, the Group assessed these for "Taxonomy Alignment" through a sequential process, where each step is contingent on the successful completion of the previous one. The process comprised the:

1. Assessment of Substantial Contribution to the Taxonomy's environmental objectives, based on the Technical Screening Criteria ("TSC") set out in the delegated acts,
2. Confirmation of "Do No Significant Harm" ("DNSH") compliance,
3. Confirmation of adherence to Minimum Social Safeguards,
4. Calculation of KPIs reflecting the proportion of aligned versus non-aligned eligible activities across turnover, CapEx and OpEx.

It was determined that none of the Group's activities met the Technical Screening Criteria for substantial contribution (Step 1). Under the Taxonomy framework, all criteria must be satisfied for an activity to be considered

## DIRECTORS' REPORT - CONTINUED

## STATEMENT ON NON-FINANCIAL INFORMATION - CONTINUED

## EU Taxonomy Disclosure - continued

aligned. Failure to meet any one condition results in non-alignment. Consequently, for the current reporting year, Taxonomy-aligned activities accounted for 0% of turnover, CapEx and OpEx.

This outcome highlights the significant gap between eligibility and alignment, reflecting the more stringent requirements for alignment. The Group remains committed to addressing these gaps by implementing processes to capture the necessary data in line with the Climate and Environmental Delegated Acts.

**Key Performance Indicators**

The Group's Taxonomy disclosures have been prepared in accordance with the Disclosures Delegated Act, as amended by Annex II of the Environmental Delegated Act, and are based on the same consolidation principles applied in the Group's financial reporting under IFRS to ensure comparability. KPIs are presented at Group level and reflect the consolidated financial results.

The evaluation of eligibility and calculation of KPIs for Taxonomy reporting was performed through a structured approach:

1. **Determining denominators** for the three required KPIs (Turnover, CapEx and OpEx) by extracting consolidated figures from the Group's financial reporting system (as defined in Section 1.1.1.2.1 of the Disclosures Delegated Act (2021/2178)).
2. **Calculating numerators** for all identified eligible sub-activities within the Group, based on revenues, capital expenditures and operating expenses linked to Taxonomy-eligible activities (as defined in Section 1.1.1.2.2 of the Disclosures Delegated Act (2021/2178)).

*Disclosure Approach*

The information regarding eligibility and alignment is presented in the format required by the Disclosures Delegated Act, as amended by Annex II of the Environmental Delegated Act. Since none of the Group's eligible activities met all alignment criteria, the quantitative tables focus exclusively on eligibility. Activities have been classified as follows:

- EL: Taxonomy-eligible for the relevant objective
- N/EL: Taxonomy-non-eligible for the relevant objective

All economic activities have been considered, as materiality does not apply under the Delegated Act. Where an activity contributes substantially to more than one environmental objective, the higher percentage is reported to avoid double counting. Eligible and non-eligible activities aggregate to 100%.

Based on the above considerations and methodology, the tables below show the actual KPIs related to the EU Taxonomy, including comparatives.

KPIs	Turnover		CapEx		OpEx	
	2025	2024	2025	2024	2025	2024
Financial Year						
Taxonomy Eligible – Aligned	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Taxonomy Eligible – Not Aligned	99.3%	99.0%	91.6%	99.5%	93.4%	90.6%
Non-Eligible	0.7%	1.0%	8.4%	0.5%	6.6%	9.4%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

The KPIs are based on the following figures:

KPIs	Turnover		CapEx		OpEx	
	2025	2024	2025	2024	2025	2024
	EUR	EUR	EUR	EUR	EUR	EUR
Taxonomy Eligible – Aligned	-	-	-	-	-	-
Taxonomy Eligible – Not Aligned	130,007,365	82,471,971	34,561,945	41,893,320	89,054,805	53,935,273
Non-Eligible	902,516	871,635	3,157,363	222,760	6,252,371	5,582,080
<b>TOTAL</b>	<b>130,909,881</b>	<b>83,343,606</b>	<b>37,719,308</b>	<b>42,116,080</b>	<b>95,307,176</b>	<b>59,517,353</b>

For the financial year-ended 31 October 2025, the Group's taxonomy-eligible activities remained comparable to the previous year.

DIRECTORS' REPORT - CONTINUED

STATEMENT ON NON-FINANCIAL INFORMATION - CONTINUED

EU Taxonomy Disclosure - continued

Key Performance Indicators - continued

In terms of the Disclosures Delegated Act, the above information shall be presented in the following format:

(1) Turnover KPIs

Economic Activities	Codes	Absolute Turnover	Proportion of Turnover 2025	Substantial Contribution Criteria						DNSH Criteria						Minimum Safeguards	Proportion of Taxonomy Aligned / Eligible Turnover 2024	Category Enabling / Transitional Activity (E/T)
				Climate Change Mitigation	Climate Change Adaptation	Water and mineral resources	Circular Economy	Pollution	Biodiversity and Ecosystems	Climate Change Mitigation	Climate Change Adaptation	Water and mineral resources	Circular Economy	Pollution	Biodiversity and Ecosystems			
		EUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	
<b>A. TAXONOMY ELIGIBLE ACTIVITIES</b>																		
<b>A.1. Taxonomy-aligned</b>																		
Turnover of A.1		-	0%	0%	0%	0%	0%	0%	0%								0%	
<b>A.2 Taxonomy-Eligible but not Taxonomy-Aligned</b>																		
Construction	CCM7.1 CCA7.1 CE3.1	17,155,240	13.1%	EL	EL	N/EL	EL	N/EL	N/EL								13.9%	
Real Estate and Development	CCM7.7 CCA7.7	36,062,400	27.6%	EL	EL	N/EL	N/EL	N/EL	N/EL								2.9%	
Other Residential Care Activities	CCA12.1	7,775,755	5.9%	N/EL	EL	N/EL	N/EL	N/EL	N/EL								8.6%	
Hotels and Similar Accommodation	BIO2.1	69,013,970	52.7%	N/EL	N/EL	N/EL	N/EL	N/EL	EL								73.6%	
Turnover of A.2		130,007,365	99.3%														99.0%	
Total (A) = (A.1 + A.2)		<b>130,007,365</b>	<b>99.3%</b>														<b>99.0%</b>	
<b>B. TAXONOMY NON-ELIGIBLE ACTIVITIES</b>																		
Turnover of Taxonomy Non-Eligible Activities		<b>902,516</b>	<b>0.7%</b>														<b>1.0%</b>	
TOTAL TURNOVER (A+B)		<b>130,909,881</b>	<b>100.0%</b>														<b>100%</b>	

DIRECTORS' REPORT - CONTINUED

STATEMENT ON NON-FINANCIAL INFORMATION - CONTINUED

EU Taxonomy Disclosure - continued

Key Performance Indicators - continued

(2) CapEx KPIs

Economic Activities	Codes	Absolute CAPEX	Proportion of CAPEX 2025	Substantial Contribution Criteria						DNSH Criteria						Minimum Safeguards	Proportion of Taxonomy Aligned / Eligible CAPEX 2024	Category Enabling / Transitional Activity (E/T)
				Climate Change Mitigation	Climate Change Adaptation	Water and mineral resources	Circular Economy	Pollution	Biodiversity and Ecosystems	Climate Change Mitigation	Climate Change Adaptation	Water and mineral resources	Circular Economy	Pollution	Biodiversity and Ecosystems			
		EUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	
<b>A. TAXONOMY ELIGIBLE ACTIVITIES</b>																		
<b>A.1. Taxonomy-aligned</b>																		
CAPEX of A.1		-	0%	0%	0%	0%	0%	0%	0%								0%	
<b>A.2 Taxonomy-Eligible but not Taxonomy-Aligned</b>																		
Construction	CCM7.1 CCA7.1 CE3.1	231,963	0.6%	EL	EL	N/EL	EL	N/EL	N/EL								0.6%	
Real Estate and Development	CCM7.7 CCA7.7	28,401,901	75.3%	EL	EL	N/EL	N/EL	N/EL	N/EL								89.5%	
Other Residential Care Activities	CCA12.1	177,705	0.5%	N/EL	EL	N/EL	N/EL	N/EL	N/EL								0.4%	
Hotels and Similar Accommodation	BIO2.1	5,750,376	15.2%	N/EL	N/EL	N/EL	N/EL	N/EL	EL								9.0%	
CAPEX of A.2		34,561,945	91.6%														99.5%	
Total (A) = (A.1 + A.2)		<b>34,561,945</b>	<b>91.6%</b>														<b>99.5%</b>	
<b>B. TAXONOMY NON-ELIGIBLE ACTIVITIES</b>																		
CapEx of Taxonomy Non-Eligible Activities		<b>3,157,363</b>	<b>8.4%</b>														<b>0.5%</b>	
TOTAL CAPEX(A+B)		<b>37,719,308</b>	<b>100.0%</b>														<b>100%</b>	

DIRECTORS' REPORT - CONTINUED

STATEMENT ON NON-FINANCIAL INFORMATION - CONTINUED

EU Taxonomy Disclosure - continued

Key Performance Indicators - continued

(3) OpEx KPIs

Economic Activities	Code	Absolute OPEX	Proportion of OPEX 2025	Substantial Contribution Criteria						DNSH Criteria						Minimum Safeguards	Proportion of Taxonomy Aligned / Eligible OPEX 2024	Category Enabling / Transitional Activity (E/T)	
				Climate Change Mitigation	Climate Change Adaptation	Water and mineral resources	Circular Economy	Pollution	Biodiversity and Ecosystems	Climate Change Mitigation	Climate Change Adaptation	Water and mineral resources	Circular Economy	Pollution	Biodiversity and Ecosystems				
		EUR	%	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	
<b>A. TAXONOMY ELIGIBLE ACTIVITIES</b>																			
<b>A.1. Taxonomy-aligned</b>																			
OPEX of A.1		-	0%	0%	0%	0%	0%	0%	0%									0%	
<b>A.2 Taxonomy-Eligible but not Taxonomy-Aligned</b>																			
Construction	CCM7.1 CCA7.1 CE3.1	16,151,823	16.9%	EL	EL	N/EL	EL	N/EL	N/EL									15.9%	
Real Estate and Development	CCM7.7 CCA7.7	26,336,771	27.6%	EL	EL	N/EL	N/EL	N/EL	N/EL									2.8%	
Other Residential Care Activities	CCA12.1	5,792,807	6.1%	N/EL	EL	N/EL	N/EL	N/EL	N/EL									9.5%	
Hotels and Similar Accommodation	BIO2.1	40,773,404	42.8%	N/EL	N/EL	N/EL	N/EL	N/EL	EL									62.5%	
OPEX of A.2		89,054,805	93.4%															90.6%	
<b>Total (A) = (A.1 + A.2)</b>		<b>89,054,805</b>	<b>93.4%</b>															<b>90.6%</b>	
<b>B. TAXONOMY NON-ELIGIBLE ACTIVITIES</b>																			
B. OpEx of Taxonomy Non-Eligible Activities		6,252,371	6.6%															9.4%	
<b>TOTAL OPEX (A+B)</b>		<b>95,307,176</b>	<b>100.0%</b>															<b>100%</b>	

## DIRECTORS' REPORT - CONTINUED

## STATEMENT ON NON-FINANCIAL INFORMATION - CONTINUED

## EU Taxonomy Disclosure - continued

## Reconciliation

The Group's consolidated net turnover captured in the denominator of the KPI amounting to EUR130,909,881 (2024: EUR83,343,606) reconciles with the amount disclosed in the 'Revenue' financial statement line item included in the 'Statements of Profit or Loss and Other Comprehensive Income' in the consolidated financial statements included in this annual report.

The Group's total CapEx captured in the denominator of the KPI can be reconciled to the consolidated financial statements of the Group included in this annual report, by reference to the respective disclosures capturing the additions for property, plant and equipment, investment property and inventories.

Capex Reconciliation		2025	2024
	Note	EUR	EUR
CapEx per KPI denominator		37,719,308	42,116,079
Additions as per consolidated financial statements relating to:			
Property, plant and equipment	15	20,592,358	22,757,034
Investment properties	16	2,980,898	2,101,426
Inventories relating to Verdala terraces*		14,146,052	17,257,619
		37,719,308	42,116,079

\*The figure presented pertains to the additions made to the Verdala Terraces project during the current year. This amount is included within Inventories (Note 21) in the consolidated financial statements. Furthermore, it also includes the transfer from inventory to property, plant and equipment and the transfer from inventory to investment properties, as illustrated in both the Property, Plant, and Equipment (Note 15) and Investment Properties (Note 16) sections of the consolidated financial statements.

The Group's consolidated OpEx captured in the denominator of the KPI of EUR95,307,176 (2024: EUR59,517,353) reconciles with the summation of the amounts disclosed in the 'Operating costs' and 'Staff costs' financial statement line items included in the 'Statements of Profit or Loss and Other Comprehensive Income' in the consolidated financial statements included in this annual report.

**Signed on behalf of the Board of Directors on 20 February 2026 by Mr Angelo Xuereb and Mr Michael Warrington as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report 2025.**

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required by the Companies Act, Cap. 386 of the Laws of Malta to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the EU which give a true and fair view of the state of affairs of the Group and the Company at the end of each financial year and of the profit or loss of the Group and the Company for the year then ended. In preparing the financial statements, the Directors should:

- adopt the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business;
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on the accruals basis;
- value separately the components of asset and liability items; and
- report comparative figures corresponding to those of the preceding accounting period.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company and which enable the Directors to ensure that the financial statements comply with the Companies Act, Cap. 386 of the Laws of Malta. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. The Directors are also responsible for safeguarding the assets of the Group and the Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## CORPORATE GOVERNANCE - STATEMENT OF COMPLIANCE

Pursuant to Capital Market Rule 5.97 issued by the Malta Financial Services Authority, the Company is hereby reporting on the extent of its adoption of "the Code of Principles of Good Corporate Governance" (the "Code") previously established by the Malta Stock Exchange. The Board has reviewed its Corporate Governance practices and an explanation of how the Principles of Good Governance have been applied is contained in this report.

The Company acts as the ultimate holding company to the AX Group of companies and does not itself carry on any trading activities other than for the purpose of funding the Group as and when the demands of its business so requires, and accordingly is economically dependent on the subsidiaries.

### Compliance

Although the adoption of the Code is not mandatory, the Board has considered the principles embodied in the Code and has noted the Code's recommended practices aimed towards the fulfilment of these same principles. The Board has also taken into account the nature of the Company's structure, business activities and operations and in the light of such considerations it has formulated the view that the Company was generally in compliance with the Code throughout the period.

### The Board

The Board of Directors of AX Group p.l.c. (the "Board") is currently made up of eight Directors, four of whom are independent from the Company or any related Group Company. Pursuant to generally accepted practices, as well as the Company's Articles of Association, the appointment of Directors to the Board is reserved exclusively to the Company's shareholders.

The present Directors are Mr Angelo Xuereb, Ms Denise Xuereb, Ms Claire Xuereb, Mr Tonio Fenech, Mr Josef Formosa Gauci, Mr Christopher Paris, Mr John Soler and Mr Michael Warrington. Messrs Fenech, Formosa Gauci, Paris and Soler are independent Non-Executive Directors.

In the opinion of the Board, the independent Non-Executive Directors are free from significant business, family or other relationship with the Group, its shareholders or its management, that would create a conflict of interest such as to impair their judgement.

Mr Angelo Xuereb has been appointed as Chairman of the Board and Mr Michael Warrington as the Chief Executive Officer and Deputy Chairman of the Company. Mr Kenneth Abela has resigned from his post of Chief Executive Officer Designate in September 2025.

The Board acknowledges its statutory mandate to conduct the administration and management of the Company. The Board's functions are governed by Chapter 5 of the Capital Market Rules and the Code of Corporate Governance for Listed Entities.

The Board is also responsible for ensuring that the Company installs and operates effective internal control and management information systems and that it communicates effectively with the market.

The Board met seven times during the year under review. The Board has a formal schedule of matters reserved to it for decision. Directors receive board and committee papers 10 days in advance of meetings and

## CORPORATE GOVERNANCE - STATEMENT OF COMPLIANCE - CONTINUED

**The Board - continued**

have access to the advice and services of the Company Secretary. Directors may, in the furtherance of their duties, take independent professional advice on any matter at the Company's expense.

The Company, due to its continuous oversight and communication with its shareholders, has not established a performance evaluation committee chaired by a Non-Executive Director in order to carry out a performance evaluation of its role.

**Audit Committee**

The Committee is chaired by Mr John Soler, and its other members are Mr Josef Formosa Gauci and Mr Christopher Paris. Mr Josef Formosa Gauci is considered by the Board to be competent in accounting and auditing in terms of the Capital Market Rules. As described above, all three Directors are independent Non-Executive Directors.

The Company Secretary acts as secretary to the committee which also receives the assistance of the Group Chief Executive Officer, Mr Michael Warrington, the Group Managing Director of Finance and Administration, Mr Albert Bonello and the Group Internal Auditor, Ms Isabelle Spiteri.

The Audit Committee met eight times during the year under review.

**Remuneration and Nomination Committee**

The Remuneration and Nomination Committee (the "RemNom Committee") is composed of Mr Josef Formosa Gauci (Chairperson), Mr Christopher Paris and Mr John Soler, all of which are independent Non-Executive Directors.

In its function as remuneration committee, the RemNom Committee is charged with the oversight of the remuneration policies implemented by the Group with respect to its senior management.

In its function as nominations committee, the RemNom Committee is charged with enhancing the quality of nominees to the Board and ensuring the integrity of the nominating process and with proposing the remuneration package of Directors and senior executives of the Group.

The RemNom Committee met two times during the year under review.

**Dealings by Directors and Senior Officers**

Conscious of its responsibility for monitoring dealings by Directors and senior officers in the Company's securities, the Board approved a Code of Conduct for Securities Transactions by Directors, Executives and Employees in compliance with Capital Market Rules 5.102 to 5.116. The code provides guidance to the Company's officers and serves as a minimum standard of good practice when dealing in the Company's securities.

During the year under review, there were no transactions in the Company's securities involving Directors or any of the Company's employees in possession of unpublished price-sensitive information.

**Internal Control**

The Board is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve objectives, and can provide only reasonable, and not absolute, assurance against material misstatement or loss.

A policy is in place, laying down the minimum required reports that should be made available to the Board in order to keep it informed in a structured and systematic manner on the operational and financial performance of the Company.

**Institutional Shareholders**

The Company is privately held and has no institutional shareholders.

**Risk Identification**

Management is responsible for the identification and evaluation of key risks applicable to their areas of business. Risks may be associated with a variety of internal or external sources including control breakdowns, disruption in information systems, competition, natural catastrophe and regulatory requirements.

The Board is responsible to review its risk management policies and strategies and oversee their implementation to ensure that identified operational risks are properly assessed and managed.

**Directors' Remuneration**

The Board determines the remuneration of the Directors. The Directors' and senior executives' annual remuneration for the financial year under review, as approved by the Board, amounted to EUR2,622,233. This is a fixed remuneration and there are no variable elements or share options included. For the purposes of clarity, although several Directors sit on various committees of the Company, such Directors did not receive extra remuneration for occupying such roles during the year under review.

**Commitment to Maintain an Informed Market**

The Company recognises the importance of maintaining a dialogue with its stakeholders to ensure that its strategies and performance are understood. The Company communicates with stakeholders by way of the Annual Report and Financial Statements and by publishing its results on a six-monthly basis during the year, as well as through company announcements to the market in general.

The Board has also implemented an Investor Relations Program, which aims at giving Bondholders rewards to be used within the Group to foster loyalty. This program, which is managed by AX Group p.l.c. executives, includes the issue of the AX Investors Loyalty Card and the periodic dissemination of the AX Group Newsletter.

**Corporate Social Responsibility**

The Company is conscious of its responsibility towards the society in which it operates. It promotes environmentally friendly measures such as the reduction in the Company's carbon footprint as well as encourages its employees to lead a healthy and active lifestyle. More information on environmental, social and governance matters is found in the Statement of Non-Financial Information in the Directors' Report.

*Signed on behalf of the Board of Directors on 20 February 2026 by Mr Angelo Xuereb and Mr Michael Warrington as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report 2025.*

	Notes	Group		Company	
		2025	2024	2025	2024
		EUR	EUR	EUR	EUR
Revenue	7	130,909,881	83,343,606	9,350,675	13,523,836
Other operating income		220,474	206,866	65,478	52,270
Operating costs	11	(58,986,307)	(27,362,043)	(1,429,334)	(1,574,254)
Staff costs	8	(36,320,869)	(32,155,310)	(4,658,404)	(3,870,169)
Depreciation	15,17	(11,934,199)	(10,077,922)	(659,257)	(569,050)
Gain/(loss) on fair valuation of investment properties	16	834,339	(2,477,613)	(132,854)	(200,000)
Gain on fair value of financial asset	20	-	-	303,242	435,447
(Loss)/gain on disposal of financial asset		-	-	(324,908)	1,608,500
<b>Operating profit</b>		<b>24,723,319</b>	<b>11,477,584</b>	<b>2,514,638</b>	<b>9,406,580</b>
Share of results of associates and joint ventures	19	1,536,535	2,104,953	-	-
Finance income	9	72,735	231,417	3,364,375	2,971,034
Finance costs	10	(9,474,972)	(8,001,940)	(3,970,946)	(3,716,351)
Profit before taxation		16,857,617	5,812,014	1,908,067	8,661,263
Taxation	13	527,858	(744,664)	1,687,890	980,951
<b>Profit for the year</b>		<b>17,385,475</b>	<b>5,067,350</b>	<b>3,595,957</b>	<b>9,642,214</b>
<b>Attributable to:</b>					
Owners of the parent		15,397,937	4,449,620	-	-
Non-controlling interest		1,987,538	617,730	-	-
		17,385,475	5,067,350	-	-

	Notes	Group		Company	
		2025	2024	2025	2024
		EUR	EUR	EUR	EUR
<b>Basic earnings per share</b>	14	<b>13.22</b>	3.82	-	-
<b>Other comprehensive income</b>					
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods</i>					
Gain on property revaluations	15	9,605,072	7,072,651	-	-
Taxation	13	(2,690,693)	(1,318,765)	-	-
<b>Other comprehensive income net of tax</b>		<b>6,914,379</b>	5,753,886	-	-
<b>Total comprehensive income</b>		<b>24,299,854</b>	10,821,236	<b>3,595,957</b>	9,642,214
<b>Attributable to:</b>					
Owners of the parent		22,312,316	10,203,506	-	-
Non-controlling interest		1,987,538	617,730	-	-
<b>Total comprehensive income</b>		<b>24,299,854</b>	10,821,236	<b>3,595,957</b>	9,642,214

The notes on pages 108 to 141 form an integral part of these financial statements

## STATEMENTS OF FINANCIAL POSITION

	Notes	Group		Company	
		2025	2024	2025	2024
		EUR	EUR	EUR	EUR
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	15	368,736,539	343,800,766	1,129,104	935,592
Investment properties	16	59,828,214	61,443,002	12,106,934	9,592,854
Right-of-use assets	17	3,821,302	3,706,899	4,627,574	4,944,268
Net investment in the lease	17	-	-	813,252	1,063,394
Investment in subsidiaries	18	-	-	89,451,933	87,866,933
Investments in associates and joint ventures	19	9,738,721	8,645,937	-	-
Loans receivable	20	388,892	388,892	68,178,188	62,485,306
Financial assets	20	-	-	7,332,434	11,080,392
		442,513,668	417,985,496	183,639,419	177,968,739
<b>Current assets</b>					
Inventories	21	55,263,599	66,234,134	3,239,354	3,179,131
Trade and other receivables	22	21,016,378	17,707,222	17,363,196	12,542,163
Net investment in the lease	17	-	-	250,142	240,350
Current tax asset		-	616,471	757,863	2,488,557
Cash at bank and in hand	23	10,593,161	10,569,146	296,372	183,596
		86,873,138	95,126,973	21,906,927	18,633,797
<b>Total assets</b>		<b>529,386,806</b>	<b>513,112,469</b>	<b>205,546,346</b>	<b>196,602,536</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
Share capital	25	1,164,688	1,164,688	1,164,688	1,164,688
Revaluation reserve	25	218,384,813	214,005,845	3,789,682	3,886,290
Other reserves		616,095	616,095	285,342	285,342
Retained earnings	25	38,862,580	20,929,232	101,969,079	98,276,514
		259,028,176	236,715,860	107,208,791	103,612,834

	Notes	Group		Company	
		2025	2024	2025	2024
		EUR	EUR	EUR	EUR
<b>Non-controlling interest</b>		<b>13,461,035</b>	12,113,698	-	-
<b>Total equity</b>		<b>272,489,211</b>	248,829,558	<b>107,208,791</b>	103,612,834
<b>Non-current liabilities</b>					
Trade and other payables	26	11,523,722	12,517,872	1,224,981	1,399,991
Bank borrowings	27	53,890,517	63,621,749	-	-
Other financial liabilities	28	-	-	15,391,959	3,912,273
Debt securities in issue	29	94,529,311	90,671,876	64,289,834	64,186,996
Non-current lease liabilities	17	3,439,657	3,622,187	5,274,629	5,705,411
Deferred tax liabilities	30	17,149,141	20,549,360	361,623	333,633
		180,532,348	190,983,044	86,543,026	75,538,304
<b>Current liabilities</b>					
Trade and other payables	26	42,584,863	39,522,736	2,335,067	1,704,479
Bank borrowings	27	28,801,274	29,903,372	-	-
Other financial liabilities	28	732,395	8,449	5,976,847	12,282,994
Debt securities in issue	29	3,911,729	3,810,761	3,084,349	3,089,469
Current tax liability		304,921	-	-	-
Current lease liabilities	17	30,065	54,549	398,266	374,456
		76,365,247	73,299,867	11,794,529	17,451,398
<b>Total liabilities</b>		<b>256,897,595</b>	264,282,911	<b>98,337,555</b>	92,989,702
<b>Total equity and liabilities</b>		<b>529,386,806</b>	<b>513,112,469</b>	<b>205,546,346</b>	<b>196,602,536</b>

The notes on pages 108 to 141 form an integral part of these financial statements.

*The financial statements on pages 103 to 141 have been authorized for issue by the Board of Directors on 20 February 2026 and were signed on its behalf by Mr Angelo Xuereb and Mr Michael Warrington as per Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Report 2025.*

## STATEMENTS OF CHANGES IN EQUITY

## GROUP

	Share capital	Revaluation reserve	Other reserves	Retained earnings	Attributable to equity holders of the parent	Non-controlling interest	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
At 31 October 2023	1,164,688	209,785,089	616,095	19,235,716	230,801,588	12,738,710	243,540,298
Profit for the year	-	-	-	4,449,620	4,449,620	617,730	5,067,350
Other comprehensive income for the year, net of tax	-	5,753,886	-	-	5,753,886	-	5,753,886
Total comprehensive income for the year	-	5,753,886	-	4,449,620	10,203,506	617,730	10,821,236
Dividends (Note 25)	-	-	-	(5,000,000)	(5,000,000)	(531,976)	(5,531,976)
Derecognition of non-controlling interest	-	-	-	710,766	710,766	(710,766)	-
Fair value movement of investment properties, net of tax	-	(1,533,130)	-	1,533,130	-	-	-
At 31 October 2024	<b>1,164,688</b>	<b>214,005,845</b>	<b>616,095</b>	<b>20,929,232</b>	<b>236,715,860</b>	<b>12,113,698</b>	<b>248,829,558</b>
Profit for the year	-	-	-	15,397,937	15,397,937	1,987,538	17,385,475
Other comprehensive income for the year, net of tax	-	6,914,379	-	-	6,914,379	-	6,914,379
Total comprehensive income for the year	-	6,914,379	-	15,397,937	22,312,316	1,987,538	24,299,854
Dividends (Note 25)	-	-	-	-	-	(640,201)	(640,201)
Fair value movement of investment properties, net of tax	-	(2,535,411)	-	2,535,411	-	-	-
At 31 October 2025	<b>1,164,688</b>	<b>218,384,813</b>	<b>616,095</b>	<b>38,862,580</b>	<b>259,028,176</b>	<b>13,461,035</b>	<b>272,489,211</b>

## COMPANY

	Share capital	Revaluation reserve	Other reserves	Retained earnings	Total
	EUR	EUR	EUR	EUR	EUR
At 31 October 2023	1,164,688	4,066,290	285,342	93,454,300	98,970,620
Profit for the year	-	-	-	9,642,214	9,642,214
Total comprehensive income for the year	-	-	-	9,642,214	9,642,214
Dividends (Note 25)	-	-	-	(5,000,000)	(5,000,000)
Fair value movement of investment properties, net of tax	-	(180,000)	-	180,000	-
At 31 October 2024	<b>1,164,688</b>	<b>3,886,290</b>	<b>285,342</b>	<b>98,276,514</b>	<b>103,612,834</b>
Profit for the year	-	-	-	<b>3,595,957</b>	<b>3,595,957</b>
Total comprehensive income for the year	-	-	-	<b>3,595,957</b>	<b>3,595,957</b>
Fair value movement of investment properties, net of tax	-	<b>(96,608)</b>	-	<b>96,608</b>	-
At 31 October 2025	<b>1,164,688</b>	<b>3,789,682</b>	<b>285,342</b>	<b>101,969,079</b>	<b>107,208,791</b>

The notes on pages 108 to 141 form an integral part of these financial statements.

	Notes	Group		Company	
		2025	2024	2025	2024
		EUR	EUR	EUR	EUR
<b>Cash flows from operating activities</b>					
Profit before taxation		16,857,617	5,812,014	1,908,067	8,661,263
<i>Adjustments for:</i>					
Depreciation	15,17	11,934,199	10,077,922	659,257	569,050
Dividend receivable	7	-	-	(6,656,447)	(11,171,486)
Share of results of associates and joint ventures	19	(1,536,535)	(2,104,953)	-	-
Movement in fair value of investment properties	16	(834,339)	2,477,613	132,854	200,000
Movement in fair value of financial asset	20	-	-	(303,242)	(435,447)
Loss/(gain) on disposal of financial asset		-	-	324,908	(1,608,500)
Gain on termination of lease		-	-	(52,978)	-
Movement in expected credit loss	11	(100,283)	(81,134)	20,223	44,358
Movement in provision for litigation		-	(46,666)	-	-
Movement in provision for obsolete stock		-	(15,669)	-	-
Other short-term employee benefits	8	1,140,214	1,453,447	400,453	137,153
Issue cost amortisation	10	174,641	179,102	102,838	102,838
Interest expense	10	9,165,177	7,527,230	3,868,108	3,613,513
Interest income	9	(72,735)	(231,417)	(3,364,375)	(2,971,034)
Operating profit/(loss) before working capital changes		36,727,956	25,047,489	(2,960,334)	(2,858,292)
Movement in inventories	15,16,21	9,794,038	(17,116,963)	(60,223)	-
Movement in trade and other receivables		(6,879,310)	(5,976,238)	(2,182,143)	(651,284)
Movement in trade and other payables		1,116,597	10,036,753	(2,131,489)	(22,837,600)
Cash flows from/(used in) operating activities		40,759,281	11,991,041	(7,334,189)	(26,347,176)
Interest paid		(9,344,003)	(6,176,939)	(3,197,379)	(862,500)
Interest received	9	72,735	231,417	19,448	68,737

	Notes	Group		Company	
		2025	2024	2025	2024
		EUR	EUR	EUR	EUR
Taxation (paid)/credit received		(4,641,662)	475,553	1,297,393	1,707,812
Net cash flows from/(used in) operating activities		26,846,351	6,521,072	(9,214,727)	(25,433,127)
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment		(18,681,716)	(23,188,224)	(510,454)	(134,089)
Payments to acquire investment properties		(630,898)	(2,217,282)	(296,934)	-
Dividends received	19	443,751	1,348,025	-	-
Disposal of financial assets		-	-	3,726,292	7,776,780
Movement in loan to subsidiary		-	-	7,041,319	7,352,705
Net cash flows (used in)/from investing activities		(18,868,863)	(24,057,481)	9,960,223	14,995,396
<b>Cash flows from financing activities</b>					
Bank loan drawdowns		10,779,574	19,973,917	-	-
Bank loan repayments		(22,345,496)	(7,765,529)	-	-
Proceeds from debt securities in issue		3,682,794	5,050,011	-	10,924,704
Payment of lease liabilities	17	(162,735)	(174,953)	(632,720)	(343,220)
Dividends to non-controlling interest		(640,201)	(531,976)	-	-
Net cash flows (used in)/from financing activities		(8,686,064)	16,551,470	(632,720)	10,581,484
<b>Net movement in cash and cash equivalents</b>		(708,576)	(984,939)	112,776	143,753
<b>Cash and cash equivalents at beginning of year</b>		9,344,746	10,329,685	183,596	39,843
<b>Cash and cash equivalents at end of year</b>	23	8,636,170	9,344,746	296,372	183,596

The notes on pages 108 to 141 form an integral part of these financial statements.

## 1. General Information

AX Group p.l.c. (C 12271) is a public limited liability company incorporated in Malta. The Company is the parent company of the Group, which is mainly involved in the provision of hospitality and entertainment services, care services, construction and property development. The Company's registered office is at AX Group, AX Business Centre, Triq id-Difiza Civili, Mosta, MST 1741, Malta.

## 2. Basis of Preparation

The financial statements have been prepared in accordance with the requirements of the International Financial Reporting Standards (IFRSs) as adopted by the EU and the requirements of the Companies Act, Cap. 386 of the Laws of Malta.

The financial statements have been prepared on a historical cost basis, except for investment properties (Note 16), land and buildings (Note 15) and investment in debt securities (Note 20) which are stated at fair value. 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 to exercise their judgement in the process of applying the Group and the Company's accounting policies. Material accounting policies are disclosed in Note 4 and significant accounting judgments, estimates and assumptions are disclosed in Note 5 to these financial statements.

These financial statements are presented in Euro (EUR) which is the Group and the Company's functional currency. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### 2.1 Going Concern

#### *Profitability*

The Group registered total revenue of EUR130,909,881, representing an increase of EUR47,566,275 over last year and has reported an adjusted EBITDA of EUR35,823,179 (2024: EUR24,033,119) which reconciles to the Group's operating profit after adjusting for fair value gain/(loss) of investment properties, movement in fair value of financial assets, (loss)/gain on disposal of financial asset, and depreciation on the Statement of Profit or Loss.

#### *Financial Position*

As at 31 October 2025, the Company's current assets exceeded its current liabilities by EUR10,112,398 (2024: EUR1,182,399). Given the nature of the Company and its function within the Group, of which it is the ultimate parent company, the Company is dependent on the Group for financial support.

As at 31 October 2025, the Group's current assets exceeded its current liabilities by EUR10,507,891 (2024: EUR21,827,106) whereas the Group's total assets exceeded its total liabilities by EUR272,489,211 (2024: EUR248,829,558).

As described below, management has prepared a cashflow forecast for the AX Group, considering events and transactions that have occurred shortly after year-end or are expected to occur in the forthcoming eighteen

month period, and has concluded that as a result of the strength of the Group's financial position and performance and availability of financing, the AX Group will be able to sustain its operations over the foreseeable future in a manner that is cash flow positive.

Accordingly, based on information available at the time of approving these financial statements, the Directors have reasonable expectation that the Group and the Company will be able to meet all their obligations as and when they fall due over the foreseeable future and therefore, that the going concern basis adopted for the preparation of these consolidated and separate financial statements is appropriate.

#### *Liquidity and Capital Funding*

During the year, management took various steps to retain a high level of liquidity in line with the Group's policy. As at reporting date, the Group had aggregate sanctioned banking facilities of EUR101,802,013 (2024: EUR113,497,761) of which EUR19,112,873 (2024: EUR19,977,729) were undrawn banking facilities.

As at reporting date and up to the date of this report, the Group was in compliance with all financial and non-financial covenants stipulated in the bank loans' sanction letters. Furthermore, the Group is anticipated to continue adhering to these covenants throughout the period covered by the cash flow forecast.

On 3 September 2025, the Company obtained a EUR10 million loan facility from a local bank for general corporate funding. It is expected that the amount will be fully utilised in 2026.

As at 31 October 2025, the Group's gearing ratio stood at 47% (2024: 50%). It should be noted that the Group is not required to maintain a sinking fund in relation to its borrowings.

The Group will be investing an estimated EUR70 million to EUR80 million to complete the second phase of the Qawra project, which includes the demolition and reconstruction of AX Sunny Coast Resort & Spa and the redevelopment of AX Sunny Coast Lido and Luzzu Complex. Currently, the Group is in advanced discussions with local banks to secure additional loan facilities, which discussions are anticipated to be finalized within the coming months.

Additionally, management's forecast is based on the assumption that upon its redemption date being 20 December 2026, the 3.25% 2026 Unsecured Bond issued by the Company will be either repaid or rolled over. This repayment is expected to be funded through internally generated cashflows or, if required, through additional financing, including the issuance of a new bond by AX Group p.l.c.

#### *Cashflow Forecast*

Management has prepared a cashflow forecast covering 18 months from year-end, considering significant events and transactions that have occurred or are expected to occur subsequent to period end. The base case scenario contemplates the Group FY2026 budget prepared by the various divisions of the Group.

Revenue from the Hospitality division is expected to grow further in 2026, primarily driven by the continued strong performance of the Qawra Hotels, which has consistently exceeded budgeted targets and is projected to maintain this positive trend. The Verdala Wellness Hotel, which commenced operations in August 2025, will record its first full year of activity, further strengthening the division's results. The Care sector delivered excel-

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

**2. Basis of Preparation - continued****2.1 Going Concern - continued***Cashflow Forecast - continued*

lent results in 2025 and is anticipated to deliver similar levels of activity in the coming year. The Construction division remains supported by multiple third-party contracts already secured for 2026, providing a solid pipeline of work. Management is actively implementing measures aimed at improving productivity and efficiency within this division. Additionally, the Group successfully closed a significant number of sales contracts for the Verdala residential development during 2025 and holds a substantial number of units under promise of sale, which are expected to be realised through final deeds in 2026. Management also expects a continued effort to place further units under promise of sale during 2026, expected to be realized through final deeds in 2026 and 2027.

The cash flow forecast also prudently factors in the potential impact of inflationary pressures on the Group's operating costs. It includes planned capital expenditure associated with the completion of the Verdala project, the commencement of phase 2 of the Qawra project, as well as the development of a select number of projects considered critical to the Group's long-term strategy. Management is also considering the servicing of current and projected debt, including debt at variable rates and contractual loan covenants.

Management has simulated a stress-tested scenario to assess the Group's resilience and ability to handle unforeseen challenges. Under all scenarios tested, the Group is expected to continue to have sufficient liquidity relative to the funding available to it.

The Group has also identified a contingency plan aimed at generating further liquidity should the events that are expected to occur do not materialize and, with the contingency plan in place, management is confident that the Group will continue to have sufficient liquidity to operate in the foreseeable future. The contingency plan includes the possibility of obtaining additional bank financing, guaranteed by unencumbered assets owned by the Group as well as the disposal of some non-core immovable property.

**3. Basis of Consolidation**

Subsidiaries are those companies in which the Group, directly or indirectly, has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights.

The consolidated financial statements comprise the financial statements of AX Group p.l.c. ("the Company") and its subsidiaries ("the Group") as at 31 October 2025. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

These consolidated financial statements comprise the Company and its subsidiaries, namely:

	Group % of equity and voting rights held	
	2025	2024
AX Construction Limited	100	100
AX Developments Limited **	100	-
AX Finance Limited	100	100
AX Hotel Operations p.l.c.	100	100
AX IP Holdings Ltd **	100	-
AX Investments p.l.c. (merged into AX Finance Limited)	-	100
AX Port Holding Company Limited	100	100
AX Port Investments Company Limited	100	100

## NOTES TO THE FINANCIAL STATEMENTS- CONTINUED

**3. Basis of Consolidation - continued**

	Group % of equity and voting rights held	
	2025	2024
Central Leisure Developments Limited *	<b>100</b>	100
Heritage Developments Limited *	<b>100</b>	100
Hilltop Gardens Retirement Village Limited	<b>100</b>	100
Hilltop Management Services Limited	<b>100</b>	100
AX Business Park Limited	<b>100</b>	100
Palazzo Merkanti Leisure Limited *	<b>100</b>	100
Renewables Limited	<b>100</b>	100
Royal Hotels Limited *	<b>100</b>	100
Simblija Developments Limited *	<b>100</b>	100
Skyline Developments Limited *	<b>100</b>	100
Suncrest Hotels p.l.c.*	<b>100</b>	100
Palazzo Lucia Limited	<b>100</b>	100
Verdala Mansions Limited	<b>100</b>	100
AX Real Estate p.l.c.	<b>91.13</b>	91.13
Engage People Limited	<b>100</b>	100
Verdala Terraces Limited	<b>100</b>	100

\* AX Group p.l.c. being the ultimate parent company of these entities through direct ownership of their immediate parent, AX Real Estates p.l.c.

\*\* These are new companies incorporated during the year.

The registered address of all subsidiaries is AX Group, AX Business Centre, Triq id-Difiza Civili, Mosta MST 1741, Malta.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

**4. Summary of Material Accounting Policies**

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

**4.1 Standards, interpretations and amendments to published standards endorsed by the European Union effective in the current year**

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRS effective during the year:

- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (issued on 25 May 2023) (effective for financial year beginning on or after 1 January 2024)
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022) (effective for financial year beginning on or after 1 January 2024)
- Amendments to IAS 1 Presentation of Financial Statements:
  - i. Classification of Liabilities as Current or Non-Current (issued on 23 January 2020 (effective for financial year beginning on or after 1 January 2024);
  - ii. Classification of Liabilities as Current or Non-Current – Deferral of Effective Date (issued on 15 July 2020) (effective for financial year beginning on or after 1 January 2024); and
  - iii. Non-Current Liabilities with Covenants (issued on 31 October 2022) (effective for financial year beginning on or after 1 January 2024)

The changes resulting from the above standards, interpretations and amendments are not expected to have a material effect on the financial statements of the Company and the Group.

**4.2 Standards, interpretations and amendments to published standards as adopted by the EU which are not yet effective**

Up to date of approval of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but which are not yet effective for the current reporting year and which the Group has not early adopted but plans to adopt upon their effective date. The new and amended standards follow:

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023) (effective for financial year beginning on or after 1 January 2025)
- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS9 and IFRS7 (issued on 30 May 2024) (effective for financial year beginning on or after 1 January 2026)
- Contracts Referencing Nature-dependent Electricity – Amendments to IFRS9 and IFRS7 (issued on 18 December 2024) (effective for financial year beginning on or after 1 January 2026)
- Annual Improvements Volume 11 (issued on 18 July 2024) (effective for financial year beginning on or after 1 January 2026)

The changes resulting from these standards, interpretations and amendments are not expected to have a material effect on the financial statements of the Company and the Group.

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

**4. Summary of Material Accounting Policies - continued****4.3 Standards, interpretations and amendments that are not yet endorsed by the European Union**

These are as follows:

- IFRS 19 Subsidiaries without Public Accountability: Disclosures (issued on 9 May 2024) (effective for financial year beginning on or after 1 January 2027)
- IFRS 18 Presentation and Disclosure in Financial Statements (issued on 9 April 2024) (effective for financial year beginning on or after 1 January 2027)
- Amendments to IAS21 The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency (issued on 13 November 2025) (effective for financial year beginning on or after 1 January 2027)
- Amendments to IFRS19 Subsidiaries without Public Accountability: Disclosures (issued on 21 August 2025) (effective for financial year beginning on or after 1 January 2027)

The Company and the Group are still assessing the impact that these new standards will have on the financial statements.

**4.4 Revenue from contracts with customers**

Revenue includes all revenues from the ordinary business activities of the Group and is recorded net of value added tax. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when (or as) it satisfies a performance obligation by transferring control of a promised good or service to the customer. The Group has generally concluded that it is the principal in its revenue arrangements.

The Group recognises revenue from the following major sources:

- i. Sale of goods
- ii. Provision of hospitality services primarily accommodation in hotels and boutique properties and catering services offered by the Group outlets and provision of accommodation services within a retirement home, independent living facilities and other ancillary services
- iii. Construction, turnkey and restoration works of residential, commercial and industrial properties
- iv. Sale of inventory property – completed property and property under development

## i. Sale of Goods

The Group, through its subsidiaries, sells food and beverage products and care items directly to customers through its own outlets. Revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the outlet or property. Customers do not have the right of return and no warranties are given on the items sold.

## ii. Provision of services - Hospitality and Care

The Group, through various subsidiaries, provides hospitality and care services.

Revenue from Hospitality includes revenue from accommodation, foods and beverage services and other ancillary services. Each of the services rendered is recognised at a point in time when transferring control of the contracted service to the customer.

Revenue from care services includes revenue recognised over time on a systematic basis based on the period consumed as a proportion of the total contractual period for: (i) revenue from Hilltop Gardens Retirement Village consisting of revenue from self-catering apartments and penthouses that are occupied by tenants for definite periods and (ii) revenue from Simblija Care Home consisting of revenue from stays for short-term respite care, convalescence and post-operative recovery and intensive nursing care to the more dependent elderly residents; and revenue recognised at a point in time when transferring control of the contracted service to the customer – related to ancillary services provided at Simblija Care Home and other amenities.

## iii. Provision of services – Construction

The Group provides construction related works to its customers. Revenue from construction works is recognised over time, based on the proportion of works performed to date. The Directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS15. The Group becomes entitled to invoice customers for construction works, when a third-party assessor signs off a certificate confirming the achievement of a milestone.

## iv. Sale of inventory property – Completed property and property under development

The sale of completed property constitutes a single performance obligation and the Group has determined that this is satisfied at the point in time when control transfers. For unconditional exchange of contracts, this generally occurs when legal title transfers to the customer. For conditional exchanges, this generally occurs when all significant conditions are satisfied. Payments are received when legal title transfers.

**4.5 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised from the time that expenditure for these assets and borrowing costs are being incurred and activities that are necessary to prepare these assets for their intended use or sale are in progress. Borrowing costs are capitalised until such time as the assets are substantially ready for their intended use or sale. Other borrowing costs are recognised as an expense in the profit and loss in the period in which they are incurred.

**4.6 Leases**

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

*Company and Group as a lessee*

A single recognition and measurement approach for all leases is applied, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

**4. Summary of Material Accounting Policies - continued****4.6 Leases - continued***Company and Group as a lessee - continued*

## i. Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

*Group*

Hospitality - 38 to 111 years

*Company*

Offices - 20 years

Hospitality - 15 to 20 years

If ownership of the leased asset is transferred to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

## ii. Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are detailed in Note 17.

*Group as a lessor*

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in Revenue in the statement of profit or loss and other comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

**4.7 Taxation**

## i. Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the reporting date in the country where the Group operates and generates taxable income.

Current income tax is charged or credited to profit or loss. Current income tax relating to items realized directly in equity is realized in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

The charge for current tax is based on the taxable result for the period. The taxable result for the period differs from the result as reported in profit or loss because it excludes items which are non-assessable or disallowed and it further excludes items that are taxable or deductible in other periods.

## ii. Deferred income tax

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

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the reporting date.

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

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to settle its current tax assets and liabilities on a net basis.

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

**4. Summary of Material Accounting Policies - continued****4.8 Fair value measurement**

The Group and the Company measure non-financial assets such as investment properties, land and buildings and financial assets such as investment in debt securities in issue at fair value at each balance sheet date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

**4.9 Investment in subsidiaries**

Subsidiaries are all entities over which the investor has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

*Company*

Investments in subsidiaries are initially recognized at cost, being the fair value of the consideration given, including acquisition charges associated with the investment. Subsequent to initial recognition, the investments are measured at cost less any accumulated impairment losses.

**4.10 Investment in associates and joint ventures**

The Group holds an interest in a joint venture, Hardrocks Estates Limited, and an interest in associates, Valletta Cruise Port p.l.c. and Imselliet Solar Limited.

The financial statements of Hardrocks Estates Limited are prepared for the same reporting period as the Group whilst those of Valletta Cruise Port p.l.c. and Imselliet Solar Limited have different reporting periods. The accounting policies of all companies are aligned with those of the Group. Therefore, no adjustments are made when measuring and recognising the Group's share of the profit or loss of the investees after the date of acquisition.

*Group*

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately. The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture after adjustments to align the accounting policies of the Group, from the date that significant influence commences until the year-ended 31 October 2025.

*Company*

Investments in associates and joint ventures are initially recognized at cost. The Company subsequently measures the investments in associates and joint ventures at cost less any accumulated impairment losses.

**4.11 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

## i. Financial assets

*Initial recognition and measurement*

The Group classifies its financial assets, at initial recognition, as subsequently measured at amortised cost, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

*Subsequent measurement*

For purposes of subsequent measurement, the Group classifies its financial assets in the following categories:

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

**4. Summary of Material Accounting Policies - continued****4.11 Financial instruments - continued**

## i. Financial assets - continued

*Subsequent measurement - continued*

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through profit or loss

**Financial assets at amortised cost (debt instruments)**

Financial assets at amortised cost (debt instruments) are the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

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

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company and the Group's debt instruments at amortised cost includes loans and receivables, trade and other receivables and cash and cash equivalents.

**Financial assets at fair value through profit or loss**

Financial assets that do not meet the criteria for being measured at amortised cost are measured at fair value through profit or loss (FVTPL), specifically, debt instruments that do not meet the amortised cost criteria are classified as at FVTPL.

Financial assets measured at FVTPL are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses including foreign exchange gains and losses, recognised in profit or loss.

Interest income is disclosed within the line item Finance income. Fair value gains and losses are recognised within the line items Gain on fair value of financial asset. The Company holds investment in debt securities which falls in this category.

## ii. Financial liabilities

*Initial recognition and measurement*

The Group's financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include loans and borrowings and trade and other payables.

*Subsequent measurement*

For purposes of subsequent measurement, the Group's financial liabilities are classified at amortised cost (loans and borrowings).

**Financial liabilities at amortised cost (loans and borrowings)**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as Finance costs in the statement of profit or loss.

*Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

*Impairment of financial assets*

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

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

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

*Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

**4. Summary of Material Accounting Policies - continued****4.12 Impairment of non-financial assets**

All other assets are tested for impairment in terms of this accounting policy except for inventory and investment properties measured at fair value.

At the end of each reporting period, the carrying amount of assets, including cash-generating units, is reviewed to determine whether there is any indication or objective evidence of impairment, as appropriate, and if any such indication or objective evidence exists, the recoverable amount of the asset is estimated. An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount.

Impairment losses are recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which case, the impairment loss is recognised in other comprehensive income to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

**4.13 Property, plant and equipment**

Property, plant and equipment other than land and buildings are initially recorded at cost. These are subsequently stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes purchase price and any directly attributable cost of preparing the asset for its intended use.

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses arising from derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount, and are included in profit or loss in the period of derecognition.

Depreciation is provided on the below items, at rates intended to write down the cost less residual value of the assets over their expected useful lives. The annual rates used, which are consistent with those applied in the previous year, are as follows:

Improvements	10% per annum
Furniture, fixtures and fittings	5% - 50% per annum
Computer equipment	16% - 20% per annum
Plant and machinery	5% - 20% per annum

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into consideration in determining the operating profit. The residual useful lives of the assets are reviewed and adjusted as appropriate, at each financial reporting date. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount.

Subsequent costs are included in the carrying amount of the asset or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the Group during the financial period in which they are incurred.

**4.14 Revaluation of land and buildings**

Land and buildings are held for use in the production or supply of goods or services or for administrative purposes. Subsequent to initial recognition, land and buildings are stated at revalued amount at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made for the entire class of land and buildings and with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using revaluations at the date of the statement of financial position. Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset.

Any revaluation increase arising on the revaluation is credited to the revaluation reserve unless it reverses a revaluation decrease for the same asset previously recognised in the profit and loss, in which case, the increase is credited to profit and loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation is recognised in profit and loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Depreciation commences when the depreciable assets are available for use and is charged to profit or loss so as to write off the cost/revalued amount, less any estimated residual value, over their estimated useful lives, using the straight-line method, on the following bases:

Buildings	2% per annum
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**4.15 Investment properties**

Investment properties are properties held to earn rentals or for capital appreciation or both. Investment properties are recognized as an asset when it is probable that the future economic benefits that are associated with the investment properties will flow to the entity and the cost can be measured reliably.

Investment properties are initially measured at cost, including transaction costs, less impairment losses. Sub-

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

**4. Summary of Material Accounting Policies - continued****4.15 Investment properties - continued**

sequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in fair values of investment properties are included in profit and loss in the period in which they arise, including the corresponding tax effect. Fair values are determined by a professionally qualified architect/surveyor on the basis of market values.

Investment properties are derecognized either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit and loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment properties is determined in accordance with the requirements for determining the transaction price in IFRS 15.

Transfers are made to (or from) investment properties only when there is a change in use. For transfer from investment properties to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

**4.16 Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a weighted average cost basis. Net realisable value is the price at which stocks can be sold in the course of business less anticipated costs of selling. Provision is made where necessary for obsolete, slow moving and defective stock.

Property held for development and re-sale is stated at the lower of cost and net realisable value. The cost includes the purchase price of the property and development costs incurred to date. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing and selling.

The cost of development and common costs are apportioned on the basis of the costs absorbed during the stage of development and the cost of land is apportioned on the basis of the floor area.

Cost incurred in bringing each property to its present location and condition includes:

- Freehold and leasehold rights for land
- Amounts paid to contractors for development
- Planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, development overheads and other related costs

When an inventory property is sold, the carrying amount of the property is recognised as an expense in the period in which the related revenue is recognised. The carrying amount of inventory property recognised in profit or loss is determined with reference to the directly attributable costs incurred on the property sold and an allocation of any other related costs based on the relative size of the property sold.

**4.17 Cash and cash equivalents**

Cash and cash equivalents are defined as cash in hand, demand deposits and short term, highly liquid investments readily convertible to known amounts of cash and subject to significant risk of changes in value. For the purpose of the statement of cashflows, cash and cash equivalents consist of cash in hand and deposits at banks, net of outstanding overdrafts.

**4.18 Ordinary shares and dividends**

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares are recognized as a deduction from equity.

Dividends to holders of equity instruments are recognised as liabilities in the period in which they are declared. Dividends to holders of equity instruments are debited directly in equity.

**4.19 Related parties**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. Related party accounts are carried at cost, net of any impairment charge.

**5. Significant Accounting Judgements, Estimates and Assumptions**

In preparing the financial statements, the Directors are required to make judgements, estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgment are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the financial statements. These estimates are reviewed on a regular basis and, if a change is needed, it is accounted for in the year the changes become known.

Except for the below, in the opinion of the Directors, the accounting estimates, assumptions 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 significant in terms of the requirements of IAS 1 (revised) - 'Presentation of financial statements'.

**Judgements**

In the process of applying the Group's accounting policies, the Directors have made the following judgements:

*Recoverability of deferred tax assets*

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with future tax planning strategies (Note 30).

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

**5. Significant Accounting Judgements, Estimates and Assumptions - continued Judgements - continued***Deferred tax on revalued land and buildings*

The Group's own-use land and buildings within property, plant and equipment are measured at revalued amounts under IAS16. In the financial statements of the property-owning subsidiaries, these land and buildings were classified as investment property at fair value, and the resulting deferred tax liability was measured on the basis that the value of these assets will be recovered through sale (rather than through use) under the rebuttable presumption in IAS12. In Malta, the income tax rate applicable to benefits generated through operating the asset (recovery through use) is 35%, while that applicable on sale of property is 8% or 10% on the sales proceeds.

Judgement is required in preparing these financial statements to determine whether the Group will recover the value of the land and buildings through use or through sale, or partially through use and sale. During 2021, management of the property-owning subsidiaries entered into contracts with other group subsidiaries for a period of twenty years for the management and operation of the assets. This is part of a restructuring exercise in line with the updated strategy of the Group. As a result, the Group has reassessed the expected manner of recovery of these property, plant and equipment. In making this assessment, management made an estimation of the amount relating to non-depreciable assets, being land carried at fair value, where the deferred tax on revaluation assumes recovery through sale. For the depreciable portion, an estimation of the period over which management expects to recover the property, plant and equipment through use was made at the remaining number of years from the duration of the contract. The remaining balance beyond the period of use was assumed to be recovered through sale.

**Estimates**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are described below. Estimates underlying the Group and the Company's use of the going concern assertion are described in Note 2.1 to these financial statements.

*Fair value of land and buildings and investment properties*

The Group and the Company use the services of professional valuers to revalue the land and buildings and investment properties. The professional valuers take into account market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company's land and buildings and investment properties are revalued by independent professional qualified valuers on a rotation basis. In the years in which an independent valuation is not obtained, management reperforms fair valuations of the properties by verifying and updating all major inputs to the last independent valuation report prepared by an external independent valuer. Internal methods are therefore aligned with those used by external valuers. On a yearly basis, management assesses each property's change in value to determine whether the change is reasonable and holds discussions with the independent valuer, as necessary.

The highest and best use of a non-financial asset takes into account the use of the asset that is physically possible, legally permissible and financially feasible, as follows:

- A use that is physically possible, takes into account the physical characteristics of the asset that market participants would take into account when pricing the asset (e.g. the location or size of a property).
- A use that is legally permissible takes into account any legal restrictions on the use of the asset that market participants would take into account when pricing the asset (e.g. the zoning regulations applicable to a property).
- A use that is financially feasible takes into account whether a use of the asset that is physically possible and legally permissible generates adequate income or cash flows (taking into account the costs of converting the asset to that use) to produce an investment return that market participants would require from an investment in that asset put to that use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs. As described in Note 16, the Group and the Company use valuation techniques that include inputs that are not always based on observable market data in order to estimate the fair value of land and building and investment properties. Note 16 provides detailed information regarding these valuation methods and the key assumptions used in performing such valuations.

*Provision for expected credit losses of trade receivables*

The entity applies the simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and also according to the geographical location of customers.

**6. Segment Information**

For management purposes, the Group is organised into business units based on its products and services and has five reportable segments, as follows:

*- Hospitality*

The Hospitality segment operates a portfolio of hotel properties located in Valletta, Sliema, Qawra and Rabat. Revenue generated by the Hospitality operating segment includes revenue from accommodation, foods and beverage services and other ancillary services. Revenue from food and beverage is recognised at the point of sale, whereas accommodation revenue is recognised progressively over the duration of the guests' stay.

*- Construction*

This operating segment undertakes construction projects with an emphasis on civil engineering works, turn-key assignments and restoration works, rendering services to both third party customers as well as companies forming part of the Group. Revenue from construction works is recognised over time, based on the proportion of works performed to date. The Directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS15. The Group becomes entitled to invoice customers for construction works, when a third-party assessor signs off a certificate confirming the achievement of a milestone.

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

**6. Segment Information - continued****- Care**

The Care operating segment encompasses Hilltop Gardens Retirement Village and Simblija Care Home, which offer tailor-made packages covering different levels of long-term and short-term care. Revenue generated from care services includes (a) revenue recognised over time on a systematic basis based on the period consumed as a proportion of the total contractual period for: (i) revenue from Hilltop Gardens Retirement Village consisting of revenue from self-catering apartments and penthouses that are occupied by tenants for definite periods and (ii) revenue from Simblija Care Home consisting of revenue from stays for short-term respite care, convalescence and post-operative recovery and intensive nursing care to the more dependent elderly residents; and (b) revenue recognised at a point in time when transferring control of the contracted service to the customer – related to ancillary services provided at Simblija Care Home and other amenities.

**- Real Estate and Development**

The Group earns revenue from acting as a lessor in operating leases which do not transfer substantially all of the risks and rewards incidental to ownership of investment properties. Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature, except for contingent rental income which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income.

The sale of completed property constitutes a single performance obligation and the Group has determined that this is satisfied at the point in time when control transfers. For unconditional exchange of contracts, this generally occurs when legal title transfers to the customer. For conditional exchanges, this generally occurs when all significant conditions are satisfied. Payments are received when legal title is transferred.

**- Administration, Finance and Investment**

The administration, finance and investment segment comprise of a number of entities whose principal activity is that of either holding investments in associate undertakings or acting as a financing arm for the Group.

No operating segments have been aggregated to form the above reportable operating segments.

The Chief Operating Decision Maker (“CODM”) of the Group is deemed to be the Board of Directors, who monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. The Group’s financing (including finance costs, finance income and other income) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm’s length basis in a manner similar to transactions with third parties. Intra-segment revenues are eliminated upon consolidation and reflected below.

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

## 6. Segment Information - continued

## Segments for the year-ended 31 October 2025

	Hospitality	Construction	Care	Real estate and Development	Admin, Finance and Investment	Adjustments and Eliminations	Consolidated
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
External customers	69,012,054	17,155,240	7,775,755	36,061,818	905,014	-	130,909,881
Inter-segment	-	3,185,805	57,125	36,056,577	9,846,190	(49,145,697)	-
<b>Revenue</b>	69,012,054	20,341,045	7,832,880	72,118,395	10,751,204	(49,145,697)	130,909,881
Other operating Income	-	1,432	11,831	194,709	65,478	(52,976)	220,474
Other operating costs	(29,252,748)	(12,974,299)	(2,225,363)	(22,374,144)	(1,439,238)	9,279,485	(58,986,307)
Staff costs	(21,909,926)	(7,156,628)	(3,563,890)	(325,235)	(4,842,617)	1,477,427	(36,320,869)
Adjusted EBITDA	17,849,380	211,550	2,055,458	49,613,725	4,534,827	(38,441,761)	35,823,179
Depreciation	(3,885,779)	(306,476)	(71,336)	(532)	(328,809)	(7,341,267)	(11,934,199)
Gain/(loss) on revaluation	-	-	-	967,193	(132,854)	-	834,339
Operating profit							24,723,319
Share of results of associates and joint ventures							1,536,535
Net finance costs							(9,402,237)
Profit before tax							16,857,617
Taxation							527,858
Profit for the year							17,385,475
Segment assets	190,574,014	19,180,185	53,429,307	609,119,716	243,008,455	(585,924,871)	529,386,806
Segment liabilities	(183,277,850)	(17,599,303)	(62,548,597)	(314,454,063)	(114,435,564)	435,417,782	(256,897,595)

**6. Segment Information - continued**

## Segments for the year-ended 31 October 2024

	Hospitality	Construction	Care	Real estate and Development	Admin, Finance and Investment	Adjustments and Eliminations	Consolidated
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
External customers	61,300,161	11,573,486	7,203,940	2,424,579	841,440	-	83,343,606
Inter-segment	-	6,443,338	-	31,299,755	15,554,685	(53,297,778)	-
<b>Revenue</b>	61,300,161	18,016,824	7,203,940	33,724,334	16,396,125	(53,297,778)	83,343,606
Other operating Income	-	23,392	35,346	95,858	52,270	-	206,866
Other operating costs	(25,083,042)	(10,788,747)	(1,712,377)	(1,309,291)	(1,589,826)	13,121,240	(27,362,043)
Staff costs	(19,946,846)	(5,948,306)	(3,939,352)	(329,095)	(3,991,023)	1,999,312	(32,155,310)
Adjusted EBITDA	16,270,273	1,303,163	1,587,557	32,181,806	10,867,546	(38,177,226)	24,033,119
Depreciation	(2,951,725)	(289,446)	(34,098)	(532)	(240,479)	(6,561,642)	(10,077,922)
Loss on revaluation	-	-	-	(2,277,613)	(200,000)	-	(2,477,613)
Operating loss							11,477,584
Share of results of associates and joint ventures							2,104,953
Net finance costs							(7,770,523)
Profit before tax							5,812,014
Taxation							(744,664)
Profit for the year							5,067,350
Segment assets	171,172,506	18,094,792	53,447,203	515,103,207	235,165,341	(479,870,580)	513,112,469
Segment liabilities	(165,582,402)	(16,077,945)	(63,910,305)	(242,296,299)	(106,284,199)	329,868,239	(264,282,911)

**7. Revenue**

Revenue by category of activity:

	Group		Company	
	2025	2024	2025	2024
	EUR	EUR	EUR	EUR
Construction works and building materials	17,155,240	11,573,486	-	-
Hospitality and entertainment	68,706,161	60,986,343	-	-
Care	7,551,655	6,976,408	-	-
Sale of property and real estate	34,619,600	1,119,628	-	-
Rental income	2,190,034	1,951,219	215,325	135,113
Management services	687,191	736,522	2,478,903	2,217,237
Dividend receivable (Note 23)	-	-	6,656,447	11,171,486
	<b>130,909,881</b>	83,343,606	<b>9,350,675</b>	13,523,836

Construction works and building materials, hospitality and entertainment, care, sale of property and real estate and management services fall under IFRS15 and are recognised as follows:

**Timing of revenue recognition**

Group	2025	2024
	EUR	EUR
<i>At a point in time</i>		
Sale of property and real estate	34,619,600	1,119,628
Hospitality and entertainment	26,628,478	23,007,414
Care	2,486,818	2,228,547
	<b>63,734,896</b>	26,355,589
<i>Over time</i>		
Construction works and building materials	17,155,240	11,573,486
Hospitality and entertainment	42,077,683	37,978,929
Care	5,064,837	4,747,861
Management services	687,191	736,522
	<b>64,984,951</b>	55,036,798

**8. Staff Costs**

	Group		Company	
	2025	2024	2025	2024
	EUR	EUR	EUR	EUR
<i>Personnel costs</i>				
Wages and salaries	30,914,591	27,424,666	4,370,954	3,839,119
Social security costs	1,926,311	1,783,587	150,188	130,543
	<b>32,840,902</b>	29,208,253	<b>4,521,142</b>	3,969,662
Subcontracted labour	3,817,179	3,492,922	-	-
Salaries capitalised (i)	(1,477,426)	(1,999,312)	-	-
Salaries recharged to subsidiaries	-	-	(263,191)	(236,646)
Other short-term employee benefits (ii)	1,140,214	1,453,447	400,453	137,153
	<b>36,320,869</b>	32,155,310	<b>4,658,404</b>	3,870,169

- (i) Capitalised salaries mostly relate to work performed on the redevelopment of the Verdala Site.
- (ii) Other short-term employee benefits relate to a provision for a retention bonus programme which is applicable to all staff members subject to achieving certain criteria. This incentive aims to reward loyal and committed employees for their extended tenure with the Group.

The average number of employees (including the Directors) during the year were:

	Group		Company	
	2025	2024	2025	2024
	EUR	EUR	EUR	EUR
Management and administration	233	184	64	55
Operations and distribution	900	819	-	-
	<b>1,133</b>	1,003	<b>64</b>	55

## 9. Finance Income

	Group		Company	
	2025	2024	2025	2024
	EUR	EUR	EUR	EUR
Interest income on loans and receivables	72,735	231,417	19,448	68,737
Interest income on loans to subsidiary	-	-	2,969,258	2,314,511
Interest on net investment in the lease	-	-	47,775	57,184
Interest income on investments	-	-	327,894	530,602
	<b>72,735</b>	231,417	<b>3,364,375</b>	2,971,034

## 10. Finance Costs

	Group		Company	
	2025	2024	2025	2024
	EUR	EUR	EUR	EUR
Interest on bank loans and overdrafts	4,687,418	3,068,590	-	-
Interest on debt securities in issue	4,269,486	4,363,429	3,197,379	3,205,257
Interest on lease liabilities	208,273	95,211	253,104	275,062
Interest on amounts payable to subsidiary	-	-	417,625	133,194
Amortisation of bond issue costs	174,641	179,102	102,838	102,838
Bank loan fees	135,154	295,608	-	-
	<b>9,474,972</b>	8,001,940	<b>3,970,946</b>	3,716,351

## 11. Operating Costs

	Group		Company	
	2025	2024	2025	2024
	EUR	EUR	EUR	EUR
Auditors' remuneration				
For audit services – statutory audit	250,000	220,000	70,000	55,200
For non-audit services	27,480	8,800	14,780	400
Stock consumed	8,903,621	7,773,936	-	-
Cost of constructing property sold	24,124,089	208,617	-	-
Construction costs	10,115,343	5,182,861	-	-
Movement in allowance for expected credit losses	(100,283)	(81,134)	20,223	44,358
Water and electricity	2,735,609	2,570,218	25,178	9,375
Repairs and maintenance	1,103,713	797,601	61,478	83,361
Professional fees	1,066,491	980,549	424,937	468,343
Commissions	3,992,615	3,200,307	9,924	11,290
Cleaning	977,968	851,080	8,800	5,577
Advertising and marketing	601,435	583,310	94,170	184,951
Insurance	420,909	568,031	73,591	73,265
Bank charges	98,065	117,312	7,636	12,685
Licences and permits	282,060	228,339	4,756	-
Printing and stationery	220,128	229,937	24,676	66,845
Entertainment	392,115	358,786	-	12,180
Recruitment and other staff related expenses	607,868	591,784	191,466	10,714
Other administrative costs	3,167,081	2,971,709	397,719	535,710
	<b>58,986,307</b>	27,362,043	<b>1,429,334</b>	1,574,254

**12. Key Management Personnel Compensation**

	Group		Company	
	2025	2024	2025	2024
	EUR	EUR	EUR	EUR
<b>Directors' compensation</b>				
Short-term benefits	1,364,562	1,319,761	1,364,562	1,276,761
<b>Other key management personnel compensation</b>				
Salaries and social security contributions	1,257,671	1,203,053	652,783	699,287

**13. Taxation**

	Group		Company	
	2025	2024	2025	2024
	EUR	EUR	EUR	EUR
Current income tax				
- for the year	5,563,053	1,870,237	-	-
- losses surrendered to subsidiaries	-	-	(1,715,880)	(792,022)
Deferred tax through profit or loss	(6,090,912)	(1,125,573)	27,990	(188,929)
Income tax (credit)/charge	(527,859)	744,664	(1,687,890)	(980,951)
Deferred tax through other comprehensive income	2,690,693	1,318,765	-	-

	Group		Company	
	2025	2024	2025	2024
	EUR	EUR	EUR	EUR
Profit before taxation	16,857,617	5,812,014	1,908,067	8,661,263
Tax thereon at 35%	5,900,166	2,034,205	667,823	3,031,442
<i>Tax effect of:</i>				
Income not subject to tax	(537,787)	(736,734)	(2,329,757)	(3,271,948)
Lower rate of tax on immoveable property fair value	(219,658)	(309,186)	-	-
Lower rate of tax on rental, sale of property and other income	(10,314,139)	(1,784,491)	(15,073)	60,542
Disallowed expenses	4,643,559	1,540,870	-	-
Other permanent differences	-	-	(10,883)	(800,987)
Income tax (credit)/charge for the year	(527,859)	744,664	(1,687,890)	(980,951)

**14. Earnings Per Share**

The earnings per share has been calculated on the Group's profit for the year attributable to the owners of the parent of EUR15,397,937 (2024: EUR4,449,620) divided by the weighted average number of ordinary shares in issue during the year.

Group	2025	2024
	EUR	EUR
Weighted average number of shares in issue (Note 25)	1,164,688	1,164,688
Basic earnings per share	EUR 13.22	EUR 3.82

**15. Property, Plant and Equipment**

Group	Land and buildings	Improvements	Plant and machinery	Motor vehicles	Furniture, fixtures and equipment	Total
	EUR	EUR	EUR	EUR	EUR	EUR
<b>Fair value/Cost</b>						
At 01.11.2023	282,204,879	29,333	33,731,944	890,268	62,857,228	379,713,652
Additions	11,695,029	-	5,445,852	53,723	5,562,430	22,757,034
Revaluation	7,072,651	-	-	-	-	7,072,651
Other transfer (ii)	(3,509,948)	-	-	-	-	(3,509,948)
At 31.10.2024	297,462,611	29,333	39,177,796	943,991	68,419,658	406,033,389
Additions	7,366,756	-	5,650,832	384,885	7,189,885	20,592,358
Revaluation	9,605,072	-	-	-	-	9,605,072
Transfer (i)	5,430,025	-	-	-	1,176,497	6,606,522
Other transfer (ii)	(3,827,210)	-	-	-	-	(3,827,210)
<b>At 31.10.2025</b>	<b>316,037,254</b>	<b>29,333</b>	<b>44,828,628</b>	<b>1,328,876</b>	<b>76,786,040</b>	<b>439,010,131</b>
<b>Depreciation</b>						
At 01.11.2023	74,141	29,333	17,437,849	733,901	37,438,362	55,713,586
Provision for the year	3,435,807	-	2,202,667	25,313	4,365,198	10,028,985
Other transfer (ii)	(3,509,948)	-	-	-	-	(3,509,948)
At 31.10.2024	-	29,333	19,640,516	759,214	41,803,560	62,232,623
Provision for the year	3,934,438	-	2,405,666	103,013	5,425,062	11,868,179
Other transfer (ii)	(3,827,210)	-	-	-	-	(3,827,210)
<b>At 31.10.2025</b>	<b>107,228</b>	<b>29,333</b>	<b>22,046,182</b>	<b>862,227</b>	<b>47,228,622</b>	<b>70,273,592</b>

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

**15. Property, Plant and Equipment - continued  
Group - continued**

	Land and buildings	Improvements	Plant and machinery	Motor vehicles	Furniture, fixtures and equipment	Total
	EUR	EUR	EUR	EUR	EUR	EUR
<b>Net book value</b>						
<b>At 31.10.2025</b>	<b>315,930,026</b>	-	<b>22,782,446</b>	<b>466,649</b>	<b>29,557,418</b>	<b>368,736,539</b>
Net book value						
At 31.10.2024	297,462,611	-	19,537,280	184,777	26,616,098	343,800,766
Net book value						
At 31.10.2023	282,130,738	-	16,294,095	156,367	25,418,866	324,000,066

(i) Details of the transfer to property, plant and equipment

The transfer of property, plant and equipment resulted from a change in use, following management's assessment of whether the property meets, or ceases to meet, the definition of property, plant and equipment.

	Group		Company	
	2025	2024	2025	2024
	EUR	EUR	EUR	EUR
Transfer from inventories to furniture, fixtures and equipment following a change in policy	<b>1,176,497</b>	-	-	-
Transfer from investment property with a view to be occupied by the Group	<b>5,430,025</b>	-	-	-

(ii) This transfer relates to accumulated depreciation at the date of revaluation, eliminated against the gross carrying amount for the asset.

*Valuation of land and buildings*

The Group's land and buildings are revalued by independent professional qualified valuers on a rotation basis. In the years in which an independent valuation is not obtained, management re-performs fair valuations of the properties by verifying and updating all major inputs to the last independent valuation report prepared by an external independent valuer. Internal methods are therefore aligned with those used by external valuers. On a yearly basis, management assesses each property's change in value to determine whether the change is reasonable and holds discussions with the independent valuer, as necessary.

The surplus on revaluation was transferred to the revaluation reserve. Note 16 provides detailed information regarding the key assumptions used in performing such revaluation.

The carrying amount of land and buildings, had they been measured at cost, would have amounted to EUR120,620,420 (2024: EUR111,210,782).

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

## 15. Property, Plant and Equipment - continued

Company	Furniture, fittings and equipment	Motor vehicles	Total
	EUR	EUR	EUR
<b>Cost</b>			
At 01.11.2023	2,592,662	488,411	3,081,073
Additions	145,090	-	145,090
Disposals	-	(11,000)	(11,000)
At 31.10.2024	2,737,752	477,411	3,215,163
Additions	143,033	367,420	510,453
Disposals	-	-	-
<b>At 31.10.2025</b>	<b>2,880,785</b>	<b>844,831</b>	<b>3,725,616</b>
<b>Depreciation</b>			
At 01.11.2023	1,592,480	458,628	2,051,108
Provision for the year	219,391	9,072	228,463
At 31.10.2024	1,811,871	467,700	2,279,571
Provision for the year	234,386	82,555	316,941
<b>At 31.10.2025</b>	<b>2,046,257</b>	<b>550,255</b>	<b>2,596,512</b>
<b>Net book value</b>			
<b>At 31.10.2025</b>	<b>834,528</b>	<b>294,576</b>	<b>1,129,104</b>
Net book value			
At 31.10.2024	925,881	9,711	935,592
Net book value			
At 31.10.2023	1,000,182	29,783	1,029,965

## 16. Investment Properties

	Group	Company
	EUR	EUR
<b>Fair value</b>		
At 31 October 2023	61,703,333	9,792,134
Additions	2,101,426	720
Fair value loss	(2,477,613)	(200,000)
Transfers from inventory (i)	115,856	-
<b>At 31 October 2024</b>	<b>61,443,002</b>	<b>9,592,854</b>
Additions	2,980,898	2,646,934
Fair value gain/(loss)	834,339	(132,854)
Transfers to property, plant and equipment (Note 15)	(5,430,025)	-
<b>At 31 October 2025</b>	<b>59,828,214</b>	<b>12,106,934</b>

The transfers (to) / from property, plant and equipment, inventory and investment property held for sale relate to the transfer of properties resulting from a change in use, following management's assessment of whether the property meets, or ceases to meet, the definition of investment property.

(i) Details of the transfers from inventory

	Group		Company	
	2025	2024	2025	2024
	EUR	EUR	EUR	EUR
Transfer from inventory with a view to earn rentals or for capital appreciation	-	115,856	-	-
	-	115,856	-	-

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

**16. Investment Properties - continued***Valuation Process*

The Group's land and buildings are classified as either property, plant and equipment or investment property depending on their intended use. Land and buildings are revalued by independent professionally qualified architects or surveyors on a rotation basis. The architects are qualified and has experience in the category of investment properties being valued. The valuation models applied are in accordance with that recommended by the International Valuation Standards Committee and are consistent with the principles in IFRS 13.

In the years in which an independent valuation is not obtained, management reperforms fair valuations of the properties by verifying and updating all major inputs to the last independent valuation report prepared by an external independent valuer. Internal methods are therefore aligned with those used by external valuers. On a yearly basis, management assesses each property's change in value to determine whether the change is reasonable and holds discussions with the independent valuer, as necessary.

*Climate-related considerations*

For investment properties measured at fair value and land and buildings at revalued amount, the Group considers the effect of physical and transition climate-related risks and whether these could impact the value of the Group's properties.

Management has evaluated potential climate-related risks that could impact the value of the Group's land and buildings and investment properties, and these considerations have been included within the valuation process. These include possible physical risks from climate-change such as potential damage from extreme weather events, or transitional risks such as changes in property attractiveness due to shifting climate conditions and increasing requirement for energy efficiency of buildings.

Management has concluded that, based on the information currently available as factored in the cashflow forecasts, these potential climate-related risks are not expected to have a material impact on the value of the Group's land and buildings and investment properties.

The Group remains vigilant and committed to continuously monitoring these climate-related considerations and will adjust the land and buildings and investment property valuations as necessary to reflect any significant changes in these risks or in their potential impact on the Group.

*Changes in valuation techniques*

The valuation technique used to determine the fair value of the Verdala serviced apartments was changed from the residual method approach in the prior year to the income capitalisation approach in the current year. This was deemed to be the most appropriate approach by the independent valuer and it aligns with the intended use of the property to be operated as serviced apartments annexed to the hotel.

The change in valuation method is applied prospectively since it presents a change in estimate.

The Group applied the same valuation techniques used in the previous year for the rest of the properties.

*Highest and best use*

The current use of the Group and the Company's investment properties measured at fair value is considered to be the highest and best use except for part of Palazzo Capua which management intends to refurbish and lease as office space. The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

*Fair value hierarchy*

The Group and Company's property is classified as Level 3 in the fair value hierarchy. The different levels in the fair value are defined in Note 4.8.

The Group and Company's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between levels during the year.

All gains and losses for recurring fair value measurements categorised within Level 3 of the fair value hierarchy, recorded in the Group's Statement of Profit or Loss and Other Comprehensive Income, amount to a net gain of EUR10,439,411 (2024: EUR2,477,613). The Company recorded a loss on fair value measurements amounting to EUR132,854 (2024: EUR200,000). These are attributable to changes in unrealised gains or losses relating to investment property held at the end of the reporting period.

**Group**

*Details of the investment properties and land and buildings and information about their fair value hierarchy as at the end of the year:*

*(i) Investment Properties*

Type of Property	Level 3 EUR	Total EUR	Date of Valuation
Land	19,055,945	19,055,945	31/10/2022
Commercial property	9,208,773	9,208,773	31/10/2024
Commercial property	20,198,496	20,198,496	31/10/2025
Residential	11,365,000	11,365,000	31/10/2025
<b>Total</b>	<b>59,828,214</b>	<b>59,828,214</b>	

**16. Investment Properties - continued**  
**Group - continued**

(ii) Land and Buildings

Type of Property	Level 3 EUR	Total EUR	Date of Valuation
Commercial property	309,047,254	309,047,254	31/10/2025
Commercial property	6,990,000	6,990,000	31/10/2024
<b>Total</b>	<b>316,037,254</b>	<b>316,037,254</b>	

Valuation techniques used to derive Level 3 fair value

For investment properties categorised under Level 3 of the fair value hierarchy, the valuation was determined by a combination of the market approach, the replacement cost approach and the income capitalisation approach as applicable.

(i) Investment Properties

Type of Property	Valuation Technique	Inputs	Sensitivity
Commercial property amounting to EUR2,210,000 (2024: EUR2,210,000)	Income capitalisation approach	The valuation relies on estimated commercial rental rates and yearly return of the various components of the existing building capitalised at a rate of 7% (2024: 7%). Annual rental rate of EUR350 per sqm (2024: EUR350) is assumed and EUR276,000 (2024: EUR276,000) for the ancillary property.	The higher the capitalisation rate, the lower the fair value. The higher the rental income and growth rate the higher the fair value.
Commercial property amounting to EUR13,851,010 (2024: EUR13,187,881)	Income capitalisation approach	The inputs used to calculate the total value of the property is an annual return in the range of EUR55 and EUR419 per square meter (2024: in the range of EUR40 and EUR268) at a capitalisation rate of 5.8%-6% (2024: 6%).	The higher the capitalisation rate, the lower the fair value. The higher the rental income and growth rate the higher the fair value.

Type of Property	Valuation Technique	Inputs	Sensitivity
Land amounting to EUR19,055,945 (2024: EUR19,008,995)	Income capitalisation approach	The inputs used to calculate the total value of the property on completion is an annual return of EUR145 per square meter (2024: EUR145) at a capitalisation rate of 7% (2024: 7%) less costs to implement.	The higher the capitalisation rate, the lower the fair value. The higher the annual return per square meter the higher the fair value.
Commercial property amounting to EUR6,998,773 (2024: EUR6,922,722)	Income capitalisation approach	The inputs used to calculate the total value of the property is an annual return of EUR205 (2024: EUR205) per square meter at a capitalisation rate of 5.5% (2024: 6.5%) less costs to implement.	The higher the capitalisation rate, the lower the fair value. The higher the annual return per square meter the higher the fair value.
Residential property amounting to EUR1,760,000 (2024: EUR612,000)	Market approach	The valuation of investment property is based on market rates for comparable advertised properties taking into account the size, fit out of the subject units, location of the property and current situation of the residential and commercial property market.	The higher the market rates, the higher the fair value.
Residential property amounting to EUR4,030,000 (2024: EUR5,319,379)	Replacement cost approach	This method takes into account the actual physical building fabric constituting the facility, together with an estimated land value. The valuation relies on estimated going rates of the various components of the existing building.	The higher the rates for construction, finishings, services and fittings the higher the fair value.
Residential property amounting to EUR5,575,000 (2024: EUR5,984,000)	Market approach	The valuation of investment property is based on market rates for comparable advertised properties taking into account the size, fit out of the subject units, location of the property and current situation of the residential and commercial property market.	The higher the market rates, the higher the fair value.
Commercial property amounting to EUR2,646,934	Market approach	Market transaction.	The higher the market rates, the higher the fair value
Commercial property amounting to EUR3,700,552 (2024: EUR3,700,000)	Income capitalisation approach	The inputs used to calculate the total value of the property is an annual return of EUR47-EUR187 per square meter (2024: EUR100-EUR300) at a capitalisation rate of 5.8% (2024: 5.5%).	The higher the capitalisation rate, the lower the fair value. The higher the rental income and growth rate the higher the fair value.

**16. Investment Properties - continued**  
**Group - continued**

Valuation techniques used to derive Level 3 fair value - continued

(ii) Land and Buildings

Type of Property	Valuation Technique	Inputs	Sensitivity
Commercial property amounting to EUR9,078,841* (2024: EUR8,231,321)	Income capitalisation approach	The inputs used to calculate the total value of the property is an annual return in the range of EUR110 and EUR169 per square meter (2024: EUR40 and EUR270 per square meter) at a capitalisation rate of 5.8% (2024: 5.75% to 6%).	The higher the capitalisation rate, the lower the fair value. The higher the rental income and growth rate the higher the fair value.
Commercial property amounting to EUR45,221,191 (2024: EUR42,918,024)	Average of profits method; income capitalisation approach and replacement cost approach	<p>Profits method: stabilised EBIDTA of EUR1,905,366 (2024: EUR1,601,381), capitalisation yield of 5.5% (2024: 5.5%), land appreciation of 4.5% per annum (2024: 4.5%), discount rate for commercial property sale at termination 5% (2024: 5%) and EBIDTA multipliers ranging between 11.5X to 16X (2024: 11.5X to 16X).</p> <p>Income capitalisation approach: stabilised EBIDTA of EUR1,905,366 (2024: EUR1,601,381), capitalisation yield of 5.5% (2024: 5.5%), land appreciation of 4.5% per annum (2024: 4.5%), discount rate for commercial property sale at termination 5% (2024: 5%) and discount rate for future income ranging 7.5%-11.83% (2024: 7.5%-11.83%).</p> <p>Replacement cost approach: This method takes into account the actual physical building fabric constituting the facility, together with an estimated land value. The valuation relies on estimated going rates of the various components of the existing building.</p>	<p>Profits method: The higher the EBIDTA and capitalisation yield, the higher the fair value.</p> <p>Income capitalisation approach: The higher the EBIDTA and capitalisation yield, the higher the fair value.</p> <p>Replacement cost approach: The higher the rates for construction, finishings, services and fittings, the higher the fair value.</p>

Type of Property	Valuation Technique	Inputs	Sensitivity
Commercial property amounting to EUR11,773,650* (2024: EUR6,622,583)	Income capitalisation approach	Income capitalisation approach: total projected stabilised EBITDA of EUR2,756,973 (2024: EUR2,049,732) using an average growth of 3% (2024: 3%) and discount rate of future income of 10.5-11.83% (2024: 11.83%).	The higher the capitalisation rate, the lower the fair value. The higher the rental income and growth rate the higher the fair value.
Commercial property amounting to EUR231,262,208 (2024: EUR219,753,362)	Income capitalisation approach	Income capitalization approach: total average projected stabilised EBITDA of EUR28,263,000 (2024: EUR24,695,000) using an average growth of 2%-3% (2024: 3%), discount rate of 9.48%-10.5% (2024: 9.48%-11%).	The higher the EBITDA and capitalisation yield, the higher the fair value.
Commercial property amounting to EUR11,711,364 (2024: EUR12,947,321)	Income capitalisation approach**	The inputs used to calculate the total value of the property is an average annual net return of EUR188 per square meter at a capitalisation rate of 6%.	The higher the capitalisation rate, the lower the fair value. The higher the rental income and growth rate the higher the fair value.
Commercial property amounting to EUR6,990,000 (2024: EUR6,990,000)	Income capitalisation approach	The valuation relies on estimated commercial rental rates and yearly return of the various components of the existing building capitalised at a rate of 7% (2024: 7%). Annual rental rate of EUR350 per sqm (2024: EUR350 per sqm) is assumed and EUR276,000 (2024: EUR276,000) for the ancillary property.	The higher the capitalisation rate, the lower the fair value. The higher the rental income and growth rate the higher the fair value.

\*During the year, EUR5,430,025 was transferred from investment property to owner-occupied property as disclosed in *Details of the transfers (to)/from property, plant and equipment* in Note 15.

\*\*During the year, the valuation technique used to determine the revalued amount of this commercial property was changed as disclosed in *Changes in valuation techniques* in Note 16.

**16. Investment Properties - continued**

**Company**

Details of the investment properties and information about their fair value hierarchy as at the end of the year:

Type of Property	Level 3 EUR	Total EUR	Date of Valuation
Commercial property	6,346,934	6,346,934	31/10/2025
Residential	5,760,000	5,760,000	31/10/2025
<b>Total</b>	<b>12,106,934</b>	<b>12,106,934</b>	

Valuation techniques used to derive Level 3 fair value

For investment properties categorised under Level 3 of the fair value hierarchy, the valuation was determined by a combination of the market approach and the income capitalisation approach as applicable.

Type of Property	Valuation Technique	Inputs	Sensitivity
Commercial property amounting to EUR3,700,000 (2024: EUR3,700,000)	Income capitalisation approach	The inputs used to calculate the total value of the property is an annual return of EUR47-EUR187 per square meter (2024: EUR100-EUR300) at a capitalisation rate of 5.8% (2024: 5.5%).	The higher the capitalisation rate, the lower the fair value. The higher the rental income and growth rate the higher the fair value.
Residential property amounting to EUR4,000,000 (2024: EUR5,280,854)	Replacement cost approach	This method takes into account the actual physical building fabric constituting the facility, together with an estimated land value. The valuation relies on estimated going rates of the various components of the existing building.	The higher the rates for construction, finishings, services and fittings the higher the fair value.
Commercial property amounting to EUR2,646,934	Market approach	Market transaction	The higher the market rates, the higher the fair value

Residential property amounting to EUR1,760,000 (2024: EUR612,000)	Market approach	The valuation of investment property is based on market rates for comparable advertised properties taking into account the size, fit out of the subject units, location of the property and current situation of the residential and commercial property market.	The higher the market rates, the higher the fair value.
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**17. Leases**

**Group as a lessor**

The operating leases relating to investment properties owned by the Group have terms between 1 and 20 years. The lessee does not have the option to purchase the property at the expiry of the lease period. The income earned under the operating lease amounted to EUR2,190,034 (2024: EUR1,951,219).

At the end of the reporting period, the lessee had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	2025 EUR	2024 EUR
Within one year	1,616,654	1,713,726
Between two and five years	3,434,095	4,143,948
Over five years	673,664	839,450
	<b>5,724,413</b>	6,697,124

**Group and Company as a lessee**

The Company has lease contracts with its subsidiaries for its Head Office and a sublease contract for Palazzo Capua. The lease contracts have terms between ten to twenty years.

In 2025, the Company terminated its lease agreement with its subsidiary, AX Construction Limited, for the use of a warehouse. During the same year, the Company entered into a new lease arrangement with Skyline Developments Limited, another subsidiary, for car spaces and a garage located at its Head Office in Mosta.

Furthermore, on 21 November 2024, AX Hotel Operations p.l.c., a subsidiary of the Group, was formally recognised by the Lands Authority as the new emphyteuta of land in Valletta for the remaining term of the 45-year temporary emphyteusis that commenced on 12 December 2017. This recognition effectively terminated the previous lease agreement with the former emphyteuta for the same property.

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

**17. Leases - continued****Group and Company as a lessee - continued**

On 22 October 2024, Palazzo Merkanti Limited, a subsidiary of the Group, was formally recognised by the Lands Authority as the new emphyteuta of land in Valletta, which includes the Roselli Hotel, for the remaining term of the 150-year temporary emphyteusis which commenced on 24 May 1985.

Moreover, during 2024, the Group entered into a new lease agreement that grants the Group temporary emphyteusis on the land where the Qawra Lido, operated by the Group's Hospitality division, is located, for a term of sixty-five years.

The carrying amounts of right-of-use assets recognised and the movements during the year are as follows:

	Group EUR	Company EUR
Opening balance at 1 November 2023	393,679	5,284,855
Recognition of new lease	3,362,158	-
Depreciation on right-of-use assets	(48,938)	(340,587)
<b>Closing balance at 31 October 2024</b>	<b>3,706,899</b>	<b>4,944,268</b>
Recognition of a new lease	542,184	412,221
Termination of lease	(361,761)	(386,599)
Depreciation on right-of-use assets	(66,020)	(342,316)
<b>Closing balance at 31 October 2025</b>	<b>3,821,302</b>	<b>4,627,574</b>

The carrying amounts of lease liabilities and the movements during the year are as follows:

	Group EUR	Company EUR
<b>Opening balance at 1 November 2023</b>	394,321	6,436,150
Recognition of new lease	3,362,157	-
Accretion of interest	95,211	275,062
Amounts set-off in respect of payments	(174,953)	(631,345)
<b>Closing balance at 31 October 2024</b>	<b>3,676,736</b>	<b>6,079,867</b>
Current	54,549	374,456
Non-Current	3,622,187	5,705,411
<b>Closing balance at 31 October 2024</b>	<b>3,676,736</b>	<b>6,079,867</b>
Recognition of new lease	122,184	412,221
Termination of lease	(374,736)	(439,577)
Accretion of interest	208,273	253,104
Amounts set-off in respect of payments	(162,735)	(632,720)
<b>Closing balance as at 31 October 2025</b>	<b>3,469,722</b>	<b>5,672,895</b>
Current	30,065	398,266
Non-current	3,439,657	5,274,629
<b>Closing balance as at 31 October 2025</b>	<b>3,469,722</b>	<b>5,672,895</b>

The Company subleases the Palazzo Capua to a subsidiary. As a result, the Company has a net investment in the lease of EUR1,063,394 (2024: EUR1,303,744), out of which EUR250,142 (2024: EUR240,350) is a current balance.

**18. Investment in Subsidiaries**

Company	
<b>Cost</b>	<b>EUR</b>
At 1 November 2023	82,472,590
Disposal (Note i)	(3,605,657)
Increase in capital contributions (Note ii)	9,000,000
<b>At 31 October 2024</b>	<b>87,866,933</b>
New investments (Note iii)	20,000
Increase in capital contributions (Note ii)	1,565,000
<b>At 31 October 2025</b>	<b>89,451,933</b>

These financial statements comprise the results and position of the Group and the Company at 31 October 2025, which is a common year-end of all subsidiaries forming part of the Group. The list of consolidated subsidiaries is disclosed in Note 3.

(i) During 2024, the Company sold two of its subsidiaries, AX Investments p.l.c. and Harbour Connections Limited, to AX Finance Limited and Verdala Mansions Limited, two other subsidiaries, respectively. The Company sold the shares held in AX Investments p.l.c. for a consideration of EUR4,999,996. The cost as at the date of disposal amounted to EUR2,795,933, resulting in a gain on disposal of investment in subsidiary amounting to EUR2,204,063. The Company sold the shares held in Harbour Connections Limited at cost, for an amount of EUR768,474. Moreover, Prime Buildings Limited, another subsidiary of the Company, was dissolved and consequently voluntarily wound up. The cost of the Company's investment in Prime Buildings Limited as at the date of liquidation amounted to EUR41,250. Upon liquidation, the minority interest waived their right for the share capital and dividend distribution in favour of the Company (Note 4).

(ii) During the year, the Company made capital contributions of EUR1,565,000 (2024: EUR9,000,000) in subsidiaries (Note 33).

(iii) During the year, two new companies were incorporated, AX Developments Limited and AX IP Holdings Limited. Both companies are incorporated in Malta with registered office at AX Group, AX Business Centre, Triq id-Difiza Civili, Mosta, MST 1741, Malta.

**19. Investments in Associates and Joint Ventures**

Group	
	<b>EUR</b>
At 31 October 2023	7,889,009
Share of results	2,104,953
Dividends	(1,348,025)
<b>At 31 October 2024</b>	<b>8,645,937</b>
Share of results	1,536,535
Dividends	(443,751)
<b>At 31 October 2025</b>	<b>9,738,721</b>

The Group has a 36% interest and voting rights in Valletta Cruise Port p.l.c. (2024: 36%), 33% interest and voting rights in Imselliet Solar Limited (2024: 33%) and 50% interest and voting rights in Hardrocks Estates Limited (2024: 50%). The entities are privately owned entities registered and operating in Malta and are not listed on any public exchange. The Group's interest in Valletta Cruise Port p.l.c., Imselliet Solar Limited and Hardrocks Estates Limited is accounted for using the equity method in the consolidated financial statements.

The Group's carrying amount of the investments includes goodwill amounting to EUR1,449,613 (2024: EUR1,449,613) resulting upon acquisition of an interest at an amount higher than its book value.

The following table illustrates the summarised financial information of the Group's investment in these entities:

	2025	2024
	EUR	EUR
Current assets	<b>8,586,917</b>	7,253,566
Non-current assets	<b>50,811,849</b>	52,100,417
Current liabilities	<b>6,993,772</b>	8,274,608
Non-current liabilities	<b>29,774,750</b>	31,482,206
Revenue	<b>20,507,046</b>	19,659,547
Profit for the year	<b>4,324,264</b>	5,577,772

The associates had no contingent liabilities or capital commitments at 31 October 2025 and 31 October 2024.

**20. Loans Receivable and Other Financial Assets****Group**

	Loans receivable from shareholders	Loans receivable from other related party	Total
	EUR	EUR	EUR
At 31 October 2023	1,275,155	900,000	2,175,155
Repayment of loan	(886,263)	(900,000)	(1,786,263)
<b>At 31 October 2024</b>	<b>388,892</b>	<b>-</b>	<b>388,892</b>
Repayment of loan	-	-	-
<b>At 31 October 2025</b>	<b>388,892</b>	<b>-</b>	<b>388,892</b>

Loans to shareholders are unsecured, bear an interest rate of 5% and are repayable by 31 December 2027. The entity determines the expected credit loss allowance on these loans based on a probability of default of 0.16% and a loss given default of 100%.

**Company**

	Loans Receivable	Investment in debt securities
	EUR Cost	EUR Fair Value
At 1 November 2023	42,836,082	16,813,945
New loan origination	19,082,269	-
Repayment of loan	(886,263)	-
Interest on loans transferred from current	1,551,389	-
Disposal of debt securities	-	(6,169,000)
Fair value movement	-	435,447
<b>At 31 October 2024</b>	<b>62,583,477</b>	<b>11,080,392</b>
New loan origination	2,810,442	-
Interest on loan	2,896,446	-
Disposal of debt securities	-	(4,051,200)
Fair value movement	-	303,242
<b>At 31 October 2025</b>	<b>68,290,365</b>	<b>7,332,434</b>
<b>Expected credit loss</b>		
At 1 November 2023	56,271	-
Movement for the year	41,900	-

**At 31 October 2024**

Movement for the year

**At 31 October 2025****Net book value****At 31 October 2025**

Net book value

At 31 October 2024

*Loans receivable*

Loans receivable include loans to shareholders amounting to EUR388,892 (2024: EUR388,892) which are unsecured, bear an interest rate of 5% and are repayable by 31 December 2027. The remaining balance relates to subsidiary undertaking loans, which are unsecured, carry interest at of 5.03% to 6.25% (2024: 4.82% to 6.25%) and are repayable between 31 October 2029 to 31 October 2033. The entity determines the expected credit loss allowance on the Group undertakings loans based on a probability of default of 0.16% and a loss given default of 100%.

*Investment in debt securities*

These relate to the allocation of EUR21,645,400 of bonds issued by AX Real Estate p.l.c. to the Company through the part conversion of the existing intra-group loan in 2022. Fair values of these debt instruments are determined by reference to published price quotations in an active market. The carrying amount of the debt securities held at 31 October 2025 amounted to EUR7,863,200 (2024: EUR11,914,400).

**21. Inventories**

	Group		Company	
	2025	2024	2025	2024
	EUR	EUR	EUR	EUR
Property held for development and re-sale	<b>54,270,813</b>	64,304,393	<b>3,239,354</b>	3,179,131
Raw materials and consumables	<b>992,786</b>	1,929,741	-	-
	<b>55,263,599</b>	66,234,134	<b>3,239,354</b>	3,179,131

During the current year, EUR33 million (2024: EUR8 million) was recognised as an expense for inventories carried at cost. This is recognised as part of operating expenses (Note 11).

**21. Inventories - continued***Capitalised borrowing costs*

In 2024, the Group capitalised borrowing costs amounting to EUR1,445,247 into inventory in relation to the Verdala residential project.

**22. Trade and Other Receivables**

	Group		Company	
	2025	2024	2025	2024
	EUR	EUR	EUR	EUR
Trade receivables (i)	8,518,605	6,599,302	42,917	72,171
Provision for doubtful debts (i)	(248,786)	(215,266)	-	-
Allowance for ECL on trade receivables (i)	(136,176)	(234,554)	-	-
	<b>8,133,643</b>	6,149,482	<b>42,917</b>	72,171
Amounts owed by associates (ii)	27	115,102	-	-
Amounts owed by other related parties (ii)	60,131	41,587	49,846	38,549
Amounts owed by subsidiaries (ii)	-	-	13,862,959	7,484,382
Shareholders' current account (ii)	4,072,257	2,240,833	3,160,379	2,236,623
Allowance for ECL on balances owed by related parties	-	-	(17,557)	(11,340)
Advanced payments to suppliers (iii)	95,554	1,415,992	10,750	-
Indirect taxation	-	486,040	-	-
Other receivables	4,411,022	3,270,480	2,875	2,371,000
Prepayments and accrued income	4,243,744	3,987,706	251,027	350,779
	<b>21,016,378</b>	17,707,222	<b>17,363,196</b>	12,542,163

(i) Trade and other receivables are non-interest bearing and repayable on 60 day terms.

*Impairment of financial assets – trade receivables*

The entity applies the simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and also according to the geographical location of customers. The expected credit losses for trade receivables as at 31 October 2025 was determined as follows:

2025		Current	>30 days	>60 days	>90 days	>180 days	>365 days	Total
Expected credit loss rate	%	0.02-1.25	0.04-1.81	0.07-16.77	0.11-29.10	0.39-33.18	100	
Gross carrying amount	EUR	5,812,856	1,180,664	964,561	34,362	341,751	184,411	8,518,605
Lifetime expected credit loss	EUR	25,193	20,847	26,142	19,964	12,780	31,250	136,176
Provision for doubtful debts	EUR	-	-	-	-	248,786	-	248,786

2024		Current	>30 days	>60 days	>90 days	>180 days	>365 days	Total
Expected credit loss rate	%	0.02-1.25	0.04-1.95	0.07-94.66	0.11-100	0.39-100	100	
Gross carrying amount	EUR	2,813,220	1,489,271	734,497	565,076	465,071	532,167	6,599,302
Lifetime expected credit loss	EUR	56,933	24,133	20,470	53,879	49,381	29,758	234,554
Provision for doubtful debts	EUR	-	-	-	-	215,266	-	215,266

(ii) Amounts owed by associates, other related parties, subsidiaries and shareholders are unsecured, interest-free and have no fixed date of repayment. Amounts owed by associates represent dividends receivable.

(iii) Advanced payments to suppliers relate to preliminary payments executed by the Group to suppliers in respect of its ongoing projects as per contract terms. The Group has already settled these payments, and it is expected that the counterparties will fulfil their contractual obligations as a compensation for these advances.

**23. Cash and Cash Equivalents**

Cash and cash equivalents included in the cash flow statement comprise the following:

	Group		Company	
	2025	2024	2025	2024
	EUR	EUR	EUR	EUR
Cash at bank and in hand	10,593,161	10,569,146	296,372	183,596
Bank overdrafts (Note 27)	(1,956,991)	(1,224,400)	-	-
	<b>8,636,170</b>	9,344,746	<b>296,372</b>	183,596

The Group and the Company engaged in the following significant non-cash operating, investing and financing activities during the year:

	Group		Company	
	2025	2024	2025	2024
	EUR	EUR	EUR	EUR
<b>Non-cash operating activities</b>				
Property sold to shareholder (Note 33)	-	1,000,000	-	-
<b>Non-cash financing activities</b>				
Dividend declared by Company	-	5,000,000	-	5,000,000
Dividend declared by subsidiary (Note 7)	-	-	6,656,447	11,171,486
Increase in capital contribution (Note 18)	-	-	1,565,000	9,000,000

**24. Construction Contracts**

As at year-end, retentions held by customers for contract works amounted to EUR3,018,364 (2024: EUR2,453,027).

**25. Called Up Issued Shared Capital****Company and Group**

	2025	2024
	EUR	EUR
<b>Authorised</b>		
300,000,000 ordinary shares of EUR1 each	300,000,000	300,000,000
<b>Called up issued and fully paid up</b>		
1,164,688 (2024: 1,164,688) ordinary shares of EUR1 each	1,164,688	1,164,688

Each ordinary share gives the right to one vote, participates equally in profits distributed by the Company and carries equal rights upon the distribution of assets by the Company in the event of a winding up.

*Revaluation reserve*

The Company's revaluation reserve arises on the revaluation of investment properties and land and buildings net of deferred tax. When the revalued property is sold, the portion of the property revaluation reserve that relates to that asset, and is effectively realised, is transferred directly to retained earnings.

*Retained earnings*

The reserve represents accumulated retained profits that are available for distribution to the Company's shareholders.

**Dividend paid**

During the year, AX Real Estate p.l.c., a subsidiary of the Company, declared interim dividends amounting to EUR640,201 (2024: EUR531,976) due to non-controlling interest.

In September 2024, the Company paid an interim dividend of EUR4.29 per ordinary share, amounting to EUR5,000,000.

**26. Trade and Other Payables**

	Group		Company	
	2025	2024	2025	2024
	EUR	EUR	EUR	EUR
Trade payables (i)	13,365,286	11,271,918	155,513	103,190
Other payables	4,587,424	6,879,162	2,273,502	2,417,397
Indirect taxation and social security	1,319,724	-	351,881	220,187
Accruals and deferred income (ii)	34,836,151	33,889,528	779,152	363,696
	<b>54,108,585</b>	52,040,608	<b>3,560,048</b>	3,104,470
Current	42,584,863	39,522,736	2,335,067	1,704,479
Non-current	11,523,722	12,517,872	1,224,981	1,399,991
	<b>54,108,585</b>	52,040,608	<b>3,560,048</b>	3,104,470

(i) Trade payables are non-interest bearing and repayable within a 60-day term.

(ii) Accruals and deferred income relate to EUR11.6 million (2024: EUR12.7 million) upfront receipts from retirement home residents which will be recognised as revenue when the performance obligation is satisfied; deposits received on properties sold under a promise of sale amounting to EUR7.4 million (2024: EUR8.1 million) and other accruals in the normal course of business.

**27. Bank Borrowings**

	Group		Company	
	2025	2024	2025	2024
	EUR	EUR	EUR	EUR
Bank loans	80,734,800	92,300,721	-	-
Bank overdrafts (Note 23)	1,956,991	1,224,400	-	-
	<b>82,691,791</b>	93,525,121	-	-

Bank loans and overdrafts are repayable as follows:

	Group		Company	
	2025	2024	2025	2024
	EUR	EUR	EUR	EUR
On demand or within one year	28,801,274	29,903,372	-	-
Between two and five years	23,355,079	24,321,821	-	-
After five years	30,535,438	39,299,928	-	-
	<b>82,691,791</b>	93,525,121	-	-
Current	28,801,274	29,903,372	-	-
Non-current	53,890,517	63,621,749	-	-
	<b>82,691,791</b>	93,525,121	-	-

During the year, the Company obtained a sanctioned letter from a local banking institution for a loan of EUR10 million to be used for general corporate funding. Term of the loan is of 7 years from first drawdown. The loan is undrawn as at year-end.

The Group has aggregate bank facilities of EUR101,802,013 (2024: EUR113,497,761) of which EUR19,112,873 (2024: EUR19,977,729) were undrawn as at the reporting date. These facilities are secured by general hypothecs over the group assets, by special hypothecs over various immovable properties, by pledges over various insurance policies and by personal guarantees of the ultimate controlling party. They bear interest of 3.9% to 6% per annum (2024: 3.9% to 6%).

Bank borrowings amounting to EUR41.9 million are subject to annual covenant tests at 31 October, including minimum Debt Service Coverage Ratio ("DSCR") and interest coverage ratios and a maximum debt-to-equity ratio. Based on the Group's current financial position and forecasts, management has no indications of difficulty in complying with these covenants.

**28. Other Financial Liabilities**

	Group		Company	
	2025	2024	2025	2024
	EUR	EUR	EUR	EUR
Amounts owed to subsidiaries (i)	-	-	<b>21,239,501</b>	16,048,941
Amounts owed to shareholders (ii)	-	-	<b>129,305</b>	146,326
Amounts owed to other related parties (iii)	<b>732,395</b>	8,449	-	-
Total other financial liabilities	<b>732,395</b>	8,449	<b>21,368,806</b>	16,195,267
Current	<b>732,395</b>	8,449	<b>5,976,847</b>	12,282,994
Non-current	-	-	<b>15,391,959</b>	3,912,273
Total other financial liabilities	<b>732,395</b>	8,449	<b>21,368,806</b>	16,195,267

(i) Amounts owed to subsidiaries classified as current are unsecured, interest free and have no fixed date of repayment. Amounts owed to subsidiaries classified as non-current are unsecured, bear an interest rate of 5.2% and are repayable by 31 December 2030.

(ii) Amounts owed to shareholders are unsecured, interest free and have no fixed date of repayment.

(iii) Amounts owed to other related parties are unsecured, interest-free and have no fixed date of repayment.

**29. Debt Securities in Issue****Group and Company**

In November 2023, AX Group p.l.c. issued an aggregate principal amount of EUR40,000,000 bonds (2023-2033), having a nominal value of EUR100 each, bearing interest at the rate of 5.85% per annum, to redeem the EUR40 million AX Investments p.l.c. bond which matured on 6 March 2024. These bonds are unsecured and subject to the terms and conditions in the prospectus dated 26 September 2023. The bonds are listed on the Official Companies List of the Malta Stock Exchange. The quoted market price as at 31 October 2025 for the 5.85% bonds (2023 – 2033) was EUR103.3 (2024: EUR106). The fair value of the bond as at 31 October 2025 amounted to EUR41,320,000 (2024: EUR42,400,000). The carrying value of the bond as at 31 October 2025 amounted to EUR39,442,720 (2024: EUR39,376,862). Interest on the bonds is due and payable annually in arrears on 7 November of each year at the above-mentioned rate.

During 2022, AX Real Estate p.l.c., a subsidiary of the Company, issued an aggregate principal amount of EUR40,000,000 (2022 – 2032), having a nominal value of EUR100 each, bearing interest at the rate of 3.5% per annum. These bonds are unsecured and subject to the terms and conditions in the prospectus dated 6 December 2021. The bonds are listed on the Official Companies List of the Malta Stock Exchange. The quoted

market price as at 31 October 2025 for the 3.5% bonds (2022 – 2032) was EUR93.25 (2024: EUR93). The fair value of the bonds as at 31 October 2025 amounted to EUR37,300,000 (2024: EUR37,200,000). The carrying value of the bond as at 31 October 2025 amounted to EUR39,639,847 (2024: EUR39,611,543). The amount is made up of the bond issue of EUR18,354,600 net of the bond issue costs which are being amortised over the lifetime of the bonds and of EUR21,645,400 which were assigned to AX Group p.l.c. as described above. Interest on the bonds is due and payable annually in arrears on 7 February of each year at the above-mentioned rate.

During 2020, AX Group p.l.c. issued an aggregate principal amount of EUR25,000,000 bonds, split in two tranches of EUR15,000,000 (2020 – 2026) and EUR10,000,000 (2020 – 2029), having a nominal value of EUR100 each, bearing interest at the rate of 3.25% and 3.75% respectively per annum. These bonds are unsecured and subject to the terms and conditions in the prospectus dated 22 November 2019. The bonds are listed on the Official Companies List of the Malta Stock Exchange. The quoted market price as at 31 October 2025 for the 3.25% bonds (2020 – 2026) was EUR99.1 (2024: EUR97.99) and for the 3.75% bonds (2020 – 2029) was EUR99 (2024: EUR95). The fair value of the bonds as at 31 October 2025 amounted to EUR14,865,000 (2024: EUR14,698,500) and EUR9,900,000 (2024: EUR9,500,000) respectively, which amounts to an aggregated fair value of EUR24,765,000 (2024: EUR24,198,500). The carrying value of the bonds as at 31 October 2025 amounted to EUR24,847,114 (2024: EUR24,810,134). The amount is made up of the bond issue of EUR25,000,000 net of the bond issue costs which are being amortised over the lifetime of the bonds.

As at year-end, the Group had a balance of EUR94,529,311 (2024: EUR90,671,876) from the bond issues. The fair value of the bonds issued as at 31 October 2025 amounted to EUR103,385,000 (2024: EUR104,295,500). The amount is made up of the bond issues of EUR97,136,800 net of bond issue costs which are being amortised over the life of the bonds.

**Group**

	2025	2024
	EUR	EUR
At beginning of year	<b>90,671,876</b>	85,442,763
Bonds issued during the year (Note i)	<b>3,682,794</b>	45,739,007
Bonds matured during the year	-	(40,000,000)
Bond issue costs	-	(688,996)
Bond issue costs amortisation for the year	<b>174,641</b>	179,102
	<b>94,529,311</b>	90,671,876
Accrued interest	<b>3,911,729</b>	3,810,761
At end of year	<b>98,441,040</b>	94,482,637
Current	<b>3,911,729</b>	3,810,761
Non-Current	<b>94,529,311</b>	90,671,876
	<b>98,441,040</b>	94,482,637

### 29. Debt Securities in Issue - continued Group - continued

(i) Bonds issued during the year relate to the sale of EUR3.7 million of AX Real Estate p.l.c. debt instruments by AX Group p.l.c. in the secondary market. Bonds issued during 2024 relate to new bond issue of EUR40 million issued by AX Group p.l.c. and sale of EUR5.7 million of AX Real Estate p.l.c. debt instruments by AX Group p.l.c. in the secondary market.

#### Company

	2025	2024
	EUR	EUR
At beginning of year	64,186,996	24,773,154
Bond issued during the year	-	40,000,000
Bond issue costs	-	(688,996)
	64,186,996	64,084,158
Bond issue costs amortised for the year	102,838	102,838
	64,289,834	64,186,996
Accrued interest	3,084,349	3,089,469
At end of year	67,374,183	67,276,465
Current	3,084,349	3,089,469
Non-current	64,289,834	64,186,996
	67,374,183	67,276,465

### 30. Deferred Tax Liabilities

As at year-end, unabsorbed tax losses and other temporary differences for which no asset is recognised in the Group amounted to EUR8,523,792 (2024: EUR8,586,157).

	Group		Company	
	2025	2024	2025	2024
	EUR	EUR	EUR	EUR
Arising on:				
Excess of capital allowances over depreciation	(10,590)	(62,679)	(272,216)	(282,730)
Provision for doubtful debts	(239,908)	(251,958)	(45,407)	(38,329)
Provision for obsolete stock	(9,842)	(9,842)	-	-
Unabsorbed tax losses and capital allowances	(11,509,336)	(9,747,018)	(239,567)	(120,159)
Revaluation of land and buildings and investment properties	28,949,557	30,567,489	912,488	716,000
Net lease position	(30,740)	53,368	6,325	58,851
	17,149,141	20,549,360	361,623	333,633

### 31. Contingent Liabilities

At 31 October 2025, various guarantees were given in favour of third parties amounting to EUR1,383,707 (2024: EUR1,251,742) for which no provision has been made in these financial statements.

### 32. Capital Commitments

Commitments for capital expenditure with respect to the development and completion of a number of projects stood as follows:

	2025	2024
	EUR	EUR
Authorised and contracted	18,496,922	18,088,909
Authorised but not contracted	11,217,157	14,113,587

### 33. Related Parties

As at 31 October 2025, the ultimate controlling party of the Group is Mr Angelo Xuereb, who held 55% of the voting rights of the Company.

**33. Related Parties - continued**

**Group**

All entities in which Mr Xuereb has control, has significant influence or is a member of the key management personnel are considered to be “related parties” in these financial statements. Related parties also comprise of key management who have the ability to control or exercise a significant influence in financial and operating decisions.

**Transactions with related parties**

The Group entered into transactions with related parties as follows:

	2025	2024
	EUR	EUR
Management services (Note 7)	687,191	736,522
Dividend issued to shareholders (Note 25)	-	5,000,000
Property sold to shareholder (Note 23)	-	1,000,000

**Balances with related parties**

Balances with related parties are disclosed in Note 20, Note 22 and Note 28.

**Company**

All subsidiaries of AX Group p.l.c. are deemed to be related parties in these financial statements.

**Transactions with related parties**

The Company entered into transactions with related parties as follows:

	2025	2024
	EUR	EUR
Management services (Note 7)	2,478,903	2,217,237
Dividend received from subsidiaries (Note 7)	6,656,447	11,171,486
Dividend issued to shareholders (Note 25)	-	5,000,000
Interest receivable from subsidiaries (Note 9)	2,969,258	2,314,511
Interest payable to subsidiaries (Note 10)	417,625	133,194
Recharge of salaries (Note 8)	263,191	236,646
Increase in capital contribution (Note 18)	1,565,000	9,000,000

**Balances with related parties**

Balances with related parties are disclosed in Note 18, Note 20, Note 22 and Note 28.

**34. Risk Management Objectives and Policies**

The most significant financial risks to which the Group and the Company are exposed to are described below.

The Group and the Company are exposed to credit risk, liquidity risk and market risk through its use of financial instruments which result from its operating, investing and financing activities. The Group and the Company’s risk management is coordinated by the Directors and focuses on actively securing the Group and the Company’s short term to medium term cash flows by minimising the exposure to financial risks.

*Credit risk*

The Group and the Company’s credit risk is limited to the carrying amount of financial assets recognised at the date of the statement of financial position, which are disclosed in Notes 20 and 22.

The Group and the Company continuously monitor defaults of customers and other counterparts and incorporate this information into their credit risk controls. The Group and the Company’s policy is to deal with creditworthy counterparties.

None of the Group and the Company’s financial assets are secured by collateral or other credit enhancements.

The credit risk for liquid funds is considered to be negligible, since the counterparties are reputable institutions with high quality external credit ratings.

Quoted investments are acquired after assessing the quality of the relevant investments. Cash is placed with reliable financial institutions.

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

**34. Risk Management Objectives and Policies - continued***Liquidity risk*

The Group and the Company's exposure to liquidity risk arises from its obligations to meet financial liabilities, which comprise debt securities, trade and other payables and other financial liabilities. Prudent liquidity risk management includes maintaining sufficient cash and committed credit facilities to ensure the availability of an adequate amount of funding to meet the Group and the Company's obligations when they become due.

At 31 October 2025 and 31 October 2024, the contractual maturities on the financial liabilities of the Company and the Group were as summarised below. Contractual maturities reflect gross cash flows, which may differ from the carrying values of financial liabilities at the date of the statement of financial position.

**Group**

2025	Less than 6 months	From 6 to 12 months	From 1 to 5 years	More than 5 years	Total
	EUR	EUR	EUR	EUR	EUR
Bank borrowings	19,304,458	10,647,006	30,949,982	34,662,769	95,564,215
Debt securities in issue	1,973,556	1,973,556	38,950,944	69,783,822	112,681,878
Lease liabilities	141,522	17,835	666,961	17,815,081	18,641,399
Other payables	17,952,710	-	-	-	17,952,710
<b>Total</b>	<b>39,372,246</b>	<b>12,638,397</b>	<b>70,567,887</b>	<b>122,261,672</b>	<b>244,840,202</b>
2024	Less than 6 months	From 6 to 12 months	From 1 to 5 years	More than 5 years	Total
	EUR	EUR	EUR	EUR	EUR
Bank borrowings	20,047,400	12,286,362	33,979,729	44,382,844	110,696,335
Debt securities in issue	1,973,556	1,973,556	29,813,444	86,328,044	120,088,600
Lease liabilities	156,703	33,016	778,994	17,984,528	18,953,241
Other payables	18,151,078	-	-	-	18,151,078
<b>Total</b>	<b>40,328,737</b>	<b>14,292,934</b>	<b>64,572,167</b>	<b>148,695,416</b>	<b>267,889,254</b>

## Financial Guarantee

For each financial guarantee contract issued, the Group has to determine the amount of expected credit loss in accordance with IFRS 9. The Company provided a financial guarantee to secure the banking facilities of

subsidiaries for an amount of EUR8,118,360. Management has carried out an assessment on the loans receivable provided by the Issuer to other related parties which has been quantified as not material. Accordingly, the financial guarantee in the Company is deemed not to be material.

*Foreign currency risk*

Foreign currency transactions arise when the Group and the Company enter into transactions denominated in a foreign currency. Foreign currency transactions mainly comprise transactions in US Dollars and GB Pounds.

The risk arising from foreign currency transactions is managed by regular monitoring of the relevant exchange rates. The Directors consider foreign exchange risk exposure not to be material and accordingly a sensitivity analysis disclosing how profit or loss and other comprehensive income would change as a result of a reasonable possible shift in foreign exchange rates, is not considered necessary.

*Interest rate risk*

The Group and the Company's exposure to interest rate risk is limited to the variable interest rates on borrowings. This applies to all of the Group's bank borrowings as per Note 27 whose applicable interest rates are linked to either the 3-month Euribor or the bank's base rate. Based on observations of current market conditions, the Directors consider an upward or downward movement in interest of between 1% to 2% to be reasonably possible. However, the potential impact of such a variance is considered immaterial.

**35. Capital Management**

For the purpose of the Group and the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's and the Company's capital maximise the shareholder value.

The Group and the Company manage their capital structure and make adjustments in light of changes in economic conditions. To maintain and adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders or issue new debt. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt interest bearing loans and borrowings, trade and other payables and other financial liabilities less cash and cash equivalents.

**35. Capital Management - continued****Group**

	2025	2024
	EUR	EUR
Interest bearing loans and borrowings (Note 17, 27, 29)	<b>184,602,553</b>	191,684,494
Other financial liabilities (Note 28)	<b>732,395</b>	8,449
Trade and other payables (Note 26)	<b>54,108,585</b>	52,040,608
Less: cash and cash equivalents (Note 23)	<b>(10,593,161)</b>	(10,569,146)
<b>Net Debt</b>	<b>228,850,372</b>	233,164,405
Equity (Note 25)	<b>1,164,688</b>	1,164,688
Other reserves	<b>257,863,489</b>	235,551,172
<b>Total capital</b>	<b>259,028,177</b>	236,715,860
<b>Capital and net debt</b>	<b>487,878,549</b>	469,880,265
<b>Gearing ratio</b>	<b>46.9%</b>	49.6%

No changes were made in the objectives, policies and processes for managing capital during the years ended 31 October 2025 and 2024.

**36. Subsequent Events****Dividend**

The Directors intend to distribute a further gross dividend amounting to EUR629,347, equivalent to EUR0.02586 per ordinary share due to non-controlling interest.

**Shareholding Structure**

The Group has undergone a shareholding restructuring process. As part of this process, as at 17 November 2025, the existing shareholders of the Company transferred their shareholdings to a newly incorporated limited liability company, ARCD Holding Limited, registered in Malta. Subsequently, on 5 December 2025, ARCD Holding Limited transferred all of its shareholding in AX Group p.l.c. to AX Ventures Limited, another newly incorporated limited liability company registered in Malta, which has become the new immediate parent company of AX Group p.l.c. The ultimate beneficial ownership remains unchanged, as the same shareholders continue to hold their interests above the new intermediate holding company.



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## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AX GROUP P.L.C.

### Report on the audit of the financial statements

#### Opinion

We have audited the consolidated and separate financial statements of AX Group p.l.c. (the "Company") and its subsidiaries (the "Group"), set on pages 103 to 141, which comprise the consolidated and separate statements of financial position as at 31 October 2025, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Group and the Company as at 31 October 2025, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS") and the Companies Act, Cap. 386 of the Laws of Malta (the "Companies Act").

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the Companies Act. Our responsibilities under those standards and under the Companies Act are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and the Company in accordance with the *International Code of Ethics for Professional Accountants (including International Independence Standards) as issued by the International Ethics Standards Board of Accountants (IESBA Code)*, as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to our audit of the financial statements of public interest entities in accordance with the *Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act, Cap. 281 of the Laws of Malta*. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate

opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

#### *Fair value of land and buildings classified as property, plant and equipment, and investment properties*

The Group's land and buildings classified as property, plant and equipment, which are being further described in Notes 4.13, 4.14, 5, 15 and 16 to the accompanying financial statements, account for 60% of the Group's total assets as at 31 October 2025. Land and buildings are measured at fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment losses.

The Group also holds investment properties, which are being further described in Notes 4.15, 5 and 16 to the accompanying financial statements, accounting for 11% of total assets of the Group as at 31 October 2025. Investment properties are stated at fair value, which reflects market conditions at the reporting date.

The Group uses the services of professional qualified and independent valuers to revalue the land and buildings classified as property, plant and equipment, and the investment properties, on the basis of assessments of the fair value of the property in accordance with international valuation standards. The valuations are arrived at by a combination of the income capitalization approach, the replacement cost approach and the market approach as applicable.

In the years in which an independent valuation is not obtained, management reperforms fair valuations of the properties by verifying and updating all major inputs to the last independent valuation report prepared by an external independent valuer. Internal methods are therefore aligned with those used by external valuers. On a yearly basis, management assesses each property's change in value to determine whether the change is reasonable and holds discussions with the independent valuer, as necessary.



INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF AX GROUP P.L.C.

Report on the audit of the financial statements - continued

**Key audit matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud - continued**

*Fair value of land and buildings classified as property, plant and equipment, and investment properties - continued*

The valuation of property at fair value is highly dependent on estimates and assumptions such as:

- the capitalisation rate, rental income and respective growth rate under the income capitalisation approach;
- the estimated land value and going rates for construction, finishing, services and fittings under the replacement cost approach; and
- the market prices for comparable advertised properties under the market approach.

Therefore, due to the significance of the balances and the estimation uncertainty involved in the fair value of properties, we have considered the fair value of land and buildings classified as property, plant and equipment, and investment properties as a key audit matter.

Our audit procedures over the fair value of land and buildings classified as property, plant and equipment, and investment properties included amongst others:

- evaluating the design and implementation of key controls over the Group's property valuation process by inquiring with the valuation process owners;
- performing tests relating to the valuation of the Group's property, focusing on management reviews over the property valuations by inspecting management analysis and minutes of meetings of the board and audit committee where such valuation was discussed;
- obtaining an understanding of the scope of work of the professional valuers by reviewing the available valuation reports and considered the independence and expertise thereof;
- obtaining an understanding of the process followed by management in the years where an independent valuation is not obtained and an update is performed internally;
- including a valuation specialist on our team to assist us in assessing the appropriateness of the valuation approaches applied, as well as evaluating the reasonability and validity of key assumptions and estimates used in the valuations by comparing to independent sources and relevant market data and conditions; and

- performing procedures over the accuracy and completeness of the inputs used in the valuations in the light of our understanding of the business and industry developments, historical data and other available information.

We also assessed the relevance and adequacy of disclosures relating to the Group's fair value of land and buildings classified as property, plant and equipment, and investment properties presented in Notes 4.13, 4.14, 4.15, 5, 15 and 16 to the accompanying financial statements.

**Other information**

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than 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 other than our reporting on other legal and regulatory requirements.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. 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 and fair presentation of the financial statements in accordance with IFRS and the requirements of the Companies Act 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 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 and the 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 and the Company's financial reporting process.



## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AX GROUP P.L.C.

### Report on the audit of the financial statements - continued

#### 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 judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 and the Company to cease

to continue as a going concern;

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AX GROUP P.L.C.

### Report on other legal and regulatory requirements

#### Matters on which we are required to report by the Companies Act

##### *Directors' report*

We are required to express an opinion as to whether the Directors' report has been prepared in accordance with the applicable legal requirements. In our opinion the Directors' report has been prepared in accordance with the Companies Act.

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

##### *Other requirements*

We also have responsibilities under the Companies Act to report if in our opinion:

- proper accounting records have not been kept;
- proper 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;
- we have not received all the information and explanations we require for our audit.

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

##### *Appointment*

We were appointed as the statutory auditor by the General Meeting of Shareholders of the Company on 28 October 2020. The total uninterrupted engagement period as statutory auditor, including previous renewals and reappointments amounts to 6 years.

##### *Consistency with the additional report to the audit committee*

Our audit opinion on the financial statements expressed herein is consistent with the additional report to the audit committee of the Company, which was issued on the same date as this report.

##### *Non-audit services*

No prohibited non-audit services referred to in Article 18A(1) of the Accountancy Profession Act, Cap. 281 of the

Laws of Malta were provided by us to the Group and the Company and we remain independent of the Group and the Company as described in the Basis for opinion section of our report. No other services besides statutory audit services and services disclosed in the annual report and in the financial statements, were provided by us to the Group and the Company and its controlled undertakings.

#### Report on compliance with the requirements of the European Single Electronic Format Regulatory Technical Standard (the "ESEF RTS"), by reference to Capital Markets Rule 5.55.6

We have undertaken a reasonable assurance engagement in accordance with the requirements of Directive 6 issued by the Accountancy Board in terms of the Accountancy Profession Act (Cap. 281) - the Accountancy Profession (European Single Electronic Format) Assurance Directive (the "ESEF Directive 6") on the annual financial report of the Group and the Company for the year ended 31 October 2025, entirely prepared in a single electronic reporting format.

##### *Responsibilities of the Directors*

The Directors are responsible for the preparation of the annual financial report, including the consolidated financial statements and the relevant mark-up requirements therein, by reference to Capital Markets Rule 5.56A, in accordance with the requirements of the ESEF RTS.

##### *Our responsibilities*

Our responsibility is to obtain reasonable assurance about whether the annual financial report, including the consolidated and separate financial statements and the relevant electronic tagging therein comply in all material respects with the ESEF RTS based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with the requirements of ESEF Directive 6.

Our procedures included:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the annual financial report, in accordance with the requirements of the ESEF RTS.
- Obtaining the annual financial report and performing validations to determine whether the annual financial report has been prepared in accordance with the requirements of the technical specifications of the ESEF RTS.



INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF AX GROUP P.L.C.

Report on other legal and regulatory requirements - continued

**Report on compliance with the requirements of the European Single Electronic Format Regulatory Technical Standard (the "ESEF RTS"), by reference to Capital Markets Rule 5.55.6 - continued**

- Examining the information in the annual financial report to determine whether all the required taggings therein have been applied and whether, in all material respects, they are in accordance with the requirements of the ESEF RTS.

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

*Opinion*

In our opinion, the annual financial report for the year ended 31 October 2025 has been prepared, in all material respects, in accordance with the requirements of the ESEF RTS.

**Matters on which we are required to report by the Capital Markets Rules**

*Corporate governance statement*

The Capital Markets Rules issued by the Malta Financial Services Authority ("MFSA") require the Directors to prepare and include in their annual report a statement of compliance providing an explanation of the extent to which they have adopted the Code of Principles of Good Corporate Governance and the effective measures that they have taken to ensure compliance throughout the accounting period with those Principles.

The Capital Markets Rules also require the auditor to include a report on the statement of compliance prepared by the Directors. We are also required to express an opinion as to whether, in the light of the knowledge and understanding of the Group and the Company and its environment obtained in the course of the audit, we have identified material misstatements with respect to the information referred to in Capital Market Rules 5.97.4 and 5.97.5.

We read the statement of compliance and consider the implication for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements included in the annual report. Our responsibilities do not extend to considering whether this statement is consistent with the other information included in the annual report.

We are not required to, and we do not, consider whether the Board's statements on internal control included in the statement of compliance cover all risks and controls, or form an opinion on the effectiveness of the Company's governance procedures or its risk and control procedures.

*In our opinion:*

- the corporate governance statement set out on pages 100 to 102 has been properly prepared in accordance with the requirements of the Capital Markets Rules issued by the MFSA
- in the light of the knowledge and understanding of the Company and the Group and its environment obtained in the course of the audit the information referred to in Capital Market Rules 5.97.4 and 5.97.5 are free from material misstatement

*Other requirements*

Under the Capital Markets Rules we also have the responsibility to review the statement made by the Directors, set out on page 89, that the business is a going concern, together with supporting assumptions or qualifications as necessary.

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

*The partner in charge of the audit resulting in this independent auditor's report is Christopher Balzan for and on behalf of*

Ernst & Young Malta Limited  
Certified Public Accountants

20 February 2026