Annual Report and
Consolidated Financial Statements
for the year ended 31 October 2024

2024

AX GROUP

A YEAR OF SUCCESS STORIES

A YEAR OF
SUCCESS STORIES

INTERACTIVE CONTENTS

01

GROUP PROFILE

AX Group has grown steadily over the past 50 years to become one of Malta's leading diversified businesses. Our reputation for excellence is built on a long-standing commitment to delivering innovative, high-quality projects that create lasting value across our core sectors.

VERDALA TERRACES - RESIDENTIAL DEVELOPMENT

AX GROUP

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.

WHO WE ARE

In 1975, Chairman Angelo Xuereb founded AX Group, laying the foundation of the organisation's operations as a civil engineering firm. Over the decades, the company took steps towards diversification by expanding its business portfolio to include restoration works, hotels, restaurants, care homes and many other high quality projects.

In 2018, the Group consolidated its various businesses under the AX brand. AX Group remains a family-owned business, with the second generation of the Xuereb family also actively involved in driving the company forward by seeking new avenues for growth.

Driven by family-inspired values, our workforce contributes to the continued success of the Group. Together, our focus is that of exceeding client expectations and leaving a positive legacy in the industries within which we serve.

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.

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.

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.

AX GROUP

CHAIRMAN'S STATEMENT

ANGELO XUEREB

"We are determined that AX Group shall remain one of Malta's leading businesses, building on our values of Creativity, Determination and Integrity."

2024 was another pivotal year for AX Group with our main focus being on the Verdala Terraces and Verdala Wellness Hotel projects. Having launched the AX ODYCY Hotel and Lido in 2023, the development division turned its focus and resources into the completion of the Verdala projects. I myself have dedicated a considerable part of my focus to this project, partly because of its scale and complexity but also because we believe that this development is so important for the Group's future growth.

My daughter Denise and I have been working closely on these projects since inception. It is an opportunity for me to impart the knowledge and experience that I have accumulated over the years, a legacy that needs to remain an integral part of AX Group's development ethos.

The Verdala Terraces, the residential component of this development is complete, sales contracts have been signed and a number of buyers are planning to move into the apartments in the coming months. I am particularly proud of the design, the high standards of finish that we have achieved in these luxurious residences and the meticulous detail that has gone into ensuring that the apartments will offer a unique lifestyle for the residents. The Verdala Terraces are much more than apartments. The Verdala development is a landmark in Malta due to its prime location, the carefully selected materials that uphold our high standards and the thoughtfully integrated amenities within the concept.

The focus in the coming months will be on the Verdala Wellness

ANGELO XUEREB
CHAIRMAN - AX GROUP

INTERNATIONAL CONCRETE CONFERENCE - SUSTAINABILITY

Hotel. For the first time in our history, we are launching a hotel entirely dedicated to wellness, taking on the operation of both the spa facilities and the full spectrum of wellness offerings.

My daughter Claire, has remained fully focused on the key revenue and cash generating business of AX Group which collectively contribute more than 80% of the Group's revenue and profit. I am proud that she and the teams she leads have delivered impressive results. Not only has our revenue increased but our operations have been recognised with a number of awards. Claire will also lead the experienced management team that has been appointed to manage the Verdala Wellness Hotel.

Succession planning has been another key area which we focused upon during 2024. Mr Michael Warrington, our CEO for the past eight years has been appointed Deputy Chairman of the Board of Directors of AX Group. We have recruited Mr Kenneth Abela as Chief Executive Officer-Designate and it is planned that he will take over the role of Chief Executive Officer at the end of 2025 when Mr Warrington will retire from that role.

The annual report gives a detailed account of the work undertaken by AX Group during the 2024 financial year. In line with the long term goals set four years ago, I am happy to report that AX Group's total assets as at 31st October 2024 have surpassed the Eur500 million mark. Our gearing and profitability are in line with our targets and projections and as the sale of the Verdala Terraces apartments materialise, the results for 2025 and beyond will see further improvement and growth in our results.

ANGELO XUEREB - ADDRESSING EMPLOYEES
AT AX GROUP CHRISTMAS PARTY

Our focus is now shifting onto our next major investment, the redevelopment of the Sunny Coast Hotel, Sunny Coast Lido and the Luzzu Complex which will collectively become part of the ODYCY destination. As we build capacity to undertake this ambitious project, I will continue to focus on ensuring that AX Group has the right structures, processes and management in place to deliver the strong returns our investors and stakeholders value.

I conclude by thanking our Board of Directors and Executive Management as well as our loyal and hardworking employees for the results achieved during 2024. I also thank our investors and stakeholders who continue to support us and to believe in our vision. We are determined that AX Group shall remain one of Malta's leading businesses, building on our values of Creativity, Determination and Integrity.

Angelo Xuereb
Chairman

AX GROUP

CEO'S REVIEW

MICHAEL WARRINGTON

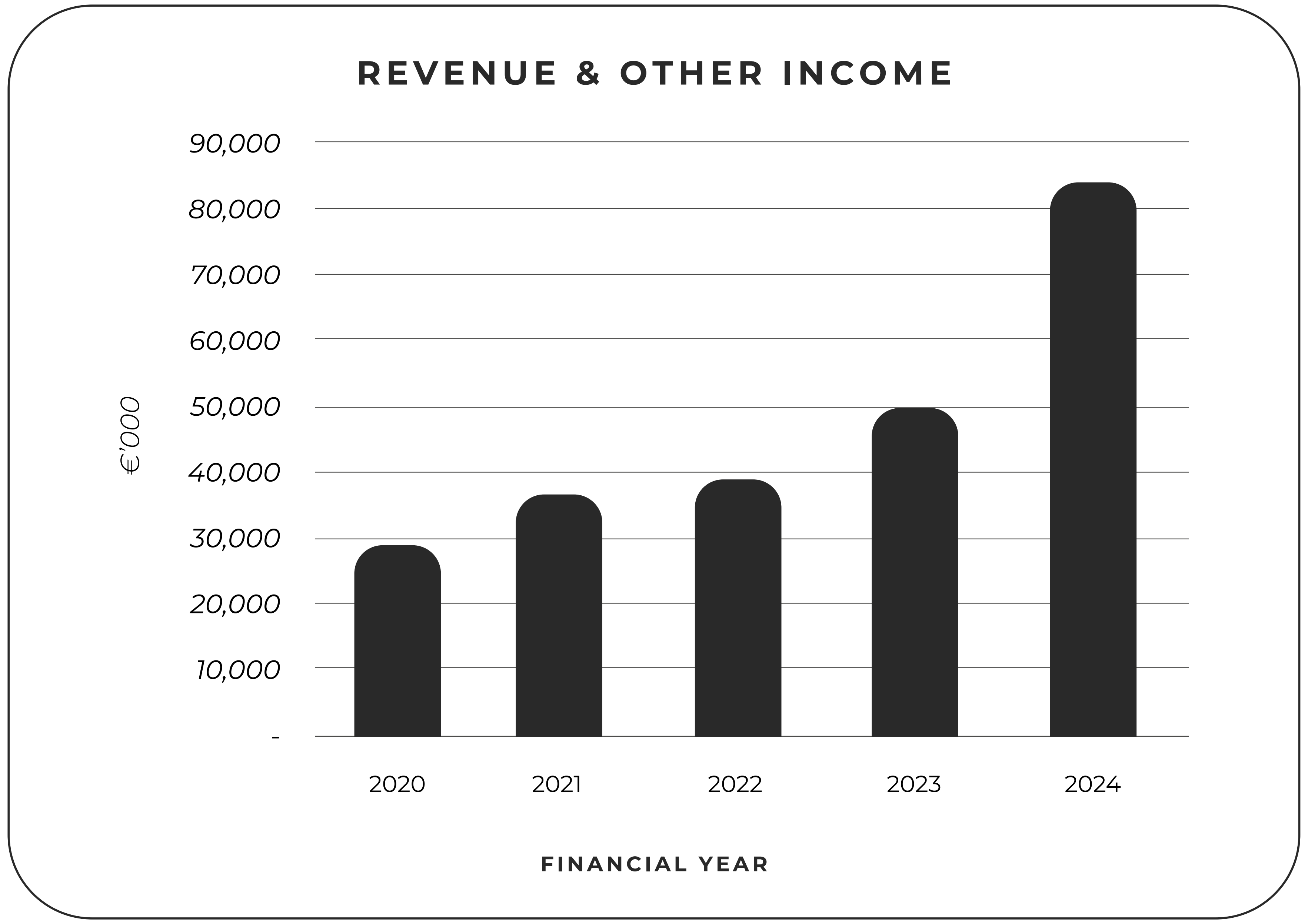
"AX Group stands today as one of Malta's leading businesses, with our success reflected not only in our strong financial performance but also in the numerous awards we have received throughout the year.

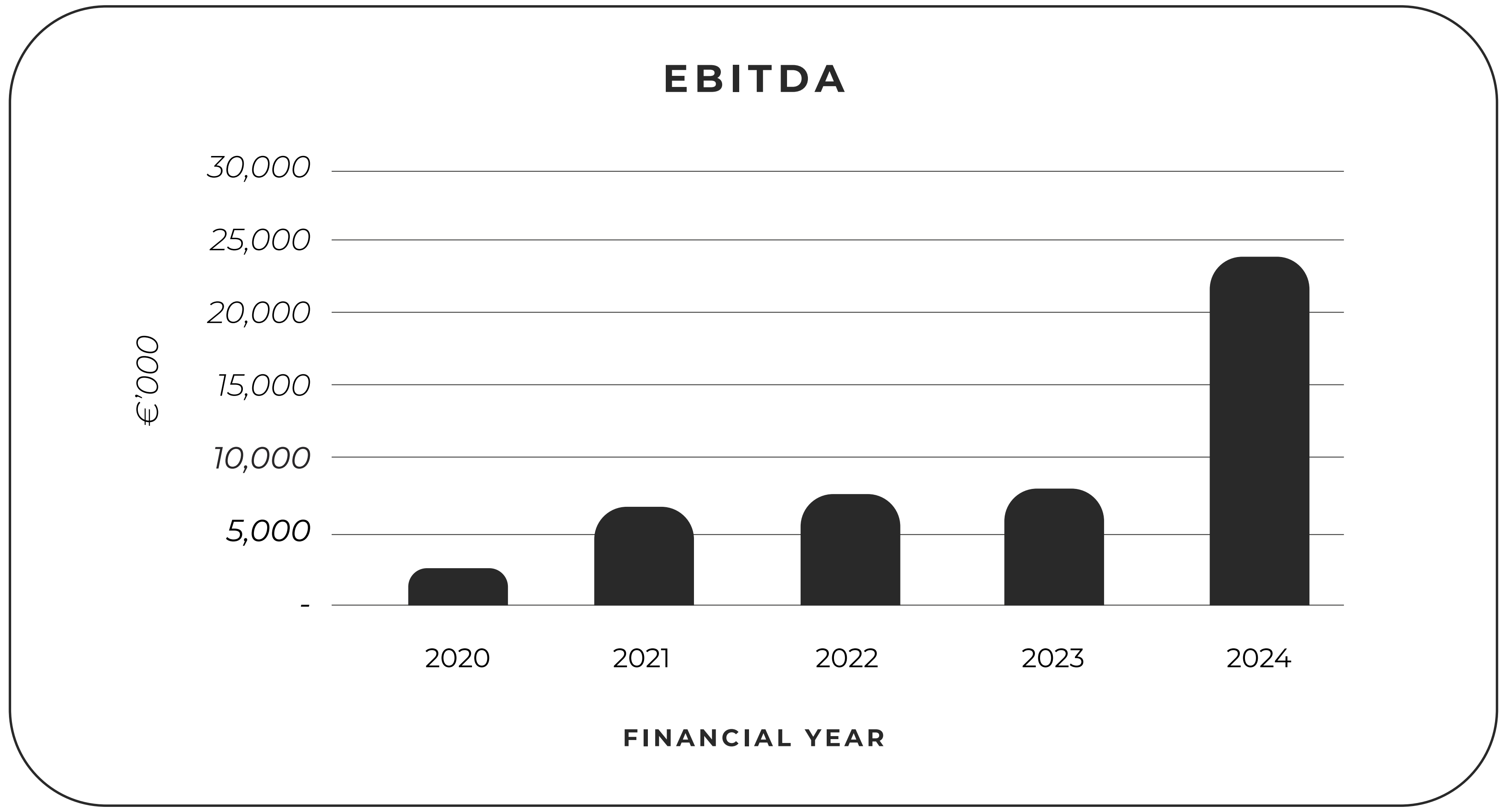
The results for the financial year ended 31 October 2024 reflect the positive outcomes of a number of key strategic decisions taken in recent years. There is no doubt that AX Group today is one of Malta's leading businesses and our results and achievements are not only evidenced by the strong financial performance but also the many awards that the Group and our businesses received during the year. Financial year 2024 saw Group revenues surge from Eur50 million to in excess of Eur83 million, a 66% growth. Our total assets now exceed Eur500 million as a result of the investments made in recent years.

The AX Group registered an operating profit of Eur11,477,584 and a pre-tax profit of Eur5,812,014 up from an operating loss of Eur1,789,249 and pre-tax loss of Eur6,817,166 respectively, in financial year 2023.

The Group's shareholders' equity increased to Eur248,829,558 from Eur243,540,298 in financial year 2023.

These results reflect the strong performance across all our business operations. In particular, the AX ODYCY registered operating performance well beyond our projections and expectations, partly driven by strong incoming tourist arrivals and mostly because of the high standards and operational efficiencies that reflect the experience of AX Hotels management. This performance was mirrored in all our hotel properties. Our AX Hotels philosophy is focused on positive guest experiences which sees our ratings on the major online booking platforms among the highest in the islands.





Our AX Care and AX Construction divisions continued to experience strong growth and solid operating performance. At Hilltop Gardens Retirement Village, full occupancy was maintained throughout the year, reflecting the sustained demand for its residential units. AX Group has secured a permit to add an additional floor, ensuring we can accommodate this growing demand. Meanwhile, Simblija Care Home also performed well, maintaining high occupancy and reaffirming its reputation for excellence in care.

AX Construction was successful in securing two large contracts which have contributed to the increase in revenue from Eur4,138,978 to Eur11,573,486. As the Verdala Terraces development moved from the construction phase to the finishes phase during the year, we were able to deploy our workforce to third party projects. A strong order book will see further growth in the coming months.

The main focus of the AX Group's Development Division was on the construction and finishes of the Verdala Terraces and the Verdala Wellness Hotel. Today one can envision the scale and complexity of this development which has redefined the Rabat skyline. There is steady demand for the units at Verdala Terraces, a development that stands out in the Maltese Islands for its prime location and the exceptional standards of design and finishes that AX Group is bringing to the project. The residential units will soon be ready for occupancy, while the Verdala Wellness Hotel is set to open in Q2 this year. The hotel has been designed with a focus on wellness, complementing the tranquil characteristics of the hotel's location. The detailed preparations for the hotel and spa operations are today at an advanced stage and the recruitment of key personnel is underway to ensure a smooth launch in the coming months.

During the year we repaid the AX Investments plc bond through a refinancing at the AX Group plc level. AX Investments plc has now been merged into AX Group as part of our ongoing work to retain a lean group structure.

AX Real Estate plc had a very good year with turnover reaching Eur19.4 million up from Eur11.8 million. This reflects the strong underlying performance of the asset base and its flexible operating model, which drives revenue growth during periods of strong performance by the operating businesses leasing its properties. The Company retained its commitment to pay a steady dividend and is closely studying the Malta Stock Exchange performance with a view to enhancing the return to investors and ensuring an active market in its shares and bonds.

The investments in Valletta Cruise Port Plc and Imselliet Solar Limited both returned strong dividends through healthy operations.

The AX Group is led by a dynamic and experienced Executive Management Team, which underwent strategic changes during the year to enhance leadership effectiveness. Actively managing a diverse and complex portfolio, the team sets key objectives and targets to drive sustainable growth and operational excellence. We have during the year committed to a three-year investment program to continue to upgrade the Group's Information Technology

NAVIGATING THE EVOLUTION OF FINANCIAL LEADERSHIP - DELOITTE MALTA

> "Our prudent but determined business philosophy will guide us to make the right choices in the interests of our stakeholders."


CEO & DEPUTY CHAIRMAN, MICHAEL WARRINGTON WITH CEO DESIGNATE, KENNETH ABELA

systems with a view to greater operational efficiency and to cater for the ongoing expansion of our businesses. We have strengthened our administrative backbone across all sectors ensuring that the Group can rise to the opportunities presented by the evolving business landscape.

We have also carefully planned the succession of the Group's key executive management to ensure continuity. Shortly after year end the Group recruited Mr Kenneth Abela as Chief Executive Officer Designate with a view to taking over the role at the end of 2025. This transition also involved the undersigned assuming the role of Deputy Chairman of the AX Group of Companies. Other appointments to key roles are also planned with a view to ensuring that the Group retains the best talent for the foreseeable future.

The AX Group has embraced the Environment, Social and Governance objectives and this is evidenced in our disclosure in this Annual Report. As founding members of MESGA, we are committed to being leaders in these areas, consistently striving to protect our environment, engaging with the communities in which we operate and upholding high standards of corporate governance.

The years ahead will not be without opportunities and challenges. Preparations for phase two of the ODYCY project are well under way. The labour market remains challenging and the geopolitical environment is being redefined in ways that few people envisaged until recently. We are closely following these developments and responding and adapting to them accordingly. We believe that we are well equipped to do so positively and responsibly. Our prudent but determined business philosophy will guide us to make the right choices in the interests of our stakeholders.

I thank all our stakeholders for their contributions to the success we present in this financial report. To our shareholders, whose continued support and encouragement drive the growth of AX Group; to our Chairman, Mr. Angelo Xuereb, for his vision and unwavering focus on executing outstanding projects; to the Group's Executive Management Team, who work tirelessly to ensure that our goals and objectives are achieved; and to our employees and subcontractors, whose dedication and talent enable us to uphold the high operational standards our guests value - thank you.

Michael Warrington
Chief Executive Officer and Deputy Chairman

MICHAEL WARRINGTON PRESENTING LONG-SERVICE AWARD TO LARISSA PSAILA

AX GROUP

BOARD OF DIRECTORS

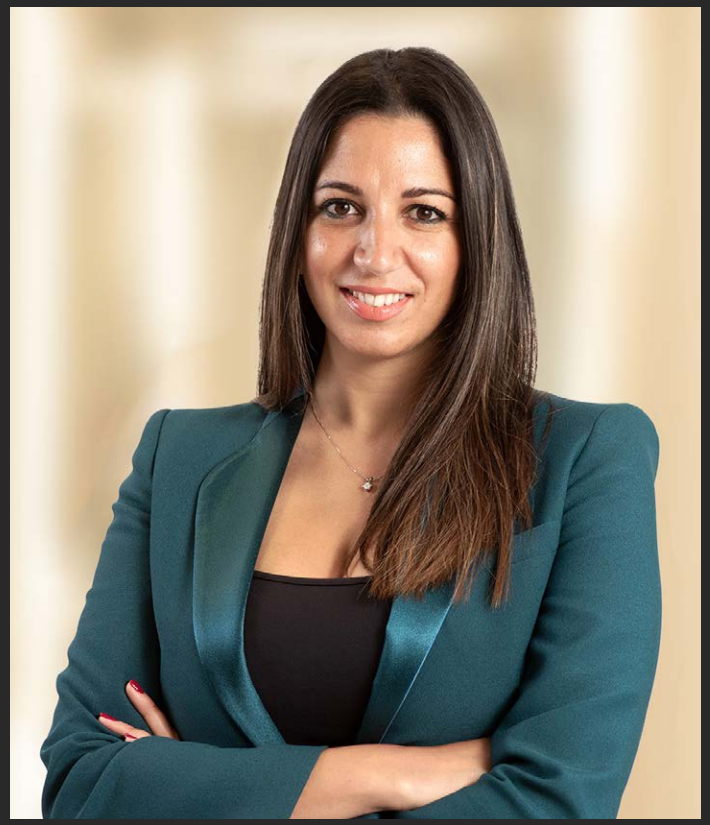
BOARD OF DIRECTORS

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

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

Angelo Xuereb
Chairman

Michael Warrington
Chief Executive Officer and Deputy Chairman



Denise Xuereb
Executive Director Construction and Development

Claire Zammit Xuereb
Executive Director Hospitality and Care

John Soler
Independent Non-Executive Director

Josef Formosa Gauci
Independent Non-Executive Director

Christopher Paris
Non-Executive Director

Edmond Zammit Laferla
Company Secretary

AX GROUP

EXECUTIVE MANAGEMENT TEAM

EXECUTIVE MANAGEMENT TEAM

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

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

Michael Warrington
Chief Executive Officer & Deputy Chairman

Kenneth Abela
Chief Executive Officer Designate

Claire Zammit Xuereb
Executive Director Hospitality & Care

Denise Xuereb
Executive Director Construction & Development

Albert Bonello
Managing Director Finance & Administration

Dr. David Wain
Chief Legal Officer

Ing. Marthese Vella
Chief Technology Officer

Kevin Callus
Senior General Manager Sliema, Valletta & Verdala Hotels

Jocelyn Cuomo
Head of Marketing & PR

Joseph Vella
Senior General Manager Qawra Hotels

Ing. Andreas Aquilina
General Manager AX Construction

Caroline Schembri
Head of Administration & PA to the Chairman

A year of achievements, recognised with prestigious awards, all made possible by our talented & dedicated professionals.

AX GROUP

2024 KEY MILESTONES

MULTIPLE AWARDS & INDUSTRY RECOGNITION

AX GROUP

- European Property Awards 2024
  - ODYCY - Leisure Development for Malta
  - ODYCY - Commercial Redevelopment for Malta
  - ODYCY - Masterplan for Malta
  - ODYCY - Hotel Architecture for Malta
- Chairman Angelo Xuereb awarded Lifetime Achievement Award in Tourism by the Mediterranean Tourism Foundation
- Claire Zammit Xuereb honoured with Bronze Award for Female Entrepreneur of the Year – Malta Business Awards 2023
- Family Business of the Year – Malta Business Awards 2024

EUROPEAN PROPERTY AWARDS
Roca
LAUFEN
AWARD WINNER
2024-2025

Mediterranean Tourism Foundation

MALTA BusinessAwards

AX HOTELS

- AX Hotels wins Gold Award 'Leader in Quality Tourism' at the Malta Business Awards 2023

SLIEMA

- Sliema Hotels – GSTC Certified Hotels
- AX The Palace – Quality Award 2023 by Jet2Holidays
- Chefs at TemptAsian win Gold and Silver Medals at Malta Kulinarja 2024
- TemptAsian The Definitive(ly) Good Food Guide Awards by restaurantsmalta.com
- TemptAsian - Winner of the Malta Best Hotel Restaurant at the Malta Culinary Awards 2024
- AX The Palace awarded the 'Recommended on HolidayCheck 2024' award
- AX The Palace Malta and TemptAsian Restaurant & Lounge awarded as Malta's Foremost Employer in the Hotels, Restaurants, and Hospitality by Wines and Restaurants of Malta (WRMC)

QAWRA

- AX ODYCY - Traveller Review Award 2024
- AX ODYCY honoured with the TripAdvisor Travellers' Choice Award for 2024
- AX ODYCY wins Interior Architecture Award for Hospitality and Tourism Projects Award at the 2023 MASP Awards

VALLETTA

- Under Grain proudly awarded a Michelin star for the fifth consecutive year
- Grain Street, earned a spot on the Bib Gourmand list for the third year
- Rosselli and AX The Saint John received an 'excellent' rating – Forbes Service Excellence Award
- Rosselli - AX Privilege Recommended Hotel in the Forbes Travel Guide 2024
- Under Grain bestowed with the prestigious three forks - Forbes Travel Guide 2024
- AX The Saint John is selected by the Forbes Travel Guide as a Recommended Hotel for the 2024 Star Awards

EUROPEAN PROPERTY AWARDS - AX GROUP AWARD WINNER IN 4 CATEGORIES FOR MALTA (COUNTRY LEVEL)

CLAIRE ZAMMIT XUEREB HONOURED WITH BRONZE AWARD FOR FEMALE ENTREPRENEUR OF THE YEAR – MALTA BUSINESS AWARDS 2023

STRONG FINANCIAL PERFORMANCE

- Solid growth across key business sectors, reinforcing AX Group’s strategic direction, high standards and operational efficiencies.

CUSTOMER SATISFACTION

- Outstanding guest reviews and high customer satisfaction scores, reaffirming the Group’s dedication to service excellence.

MAJOR PROJECT MILESTONES

- Completion of Palazzo Lucia, significant progress on Verdala Terraces and Verdala Wellness Hotel. Strategic investments and project developments driving long-term value.

ESG COMMITMENT

- Significant strides in environmental responsibility, community impact and governance.

TECHNOLOGICAL ADVANCEMENTS

- Implementation of new systems to continue with our business transformation strategy to enhance efficiency across divisions.

PEOPLE & TALENT DEVELOPMENT

- Investments in people, training and leadership growth to future-proof the business.

03

BUSINESS SECTORS

At the core of our diverse operations is a steadfast commitment to building communities and making a positive impact in the industries and localities we serve.

AX ODYCY DESTINATION

AX CARE

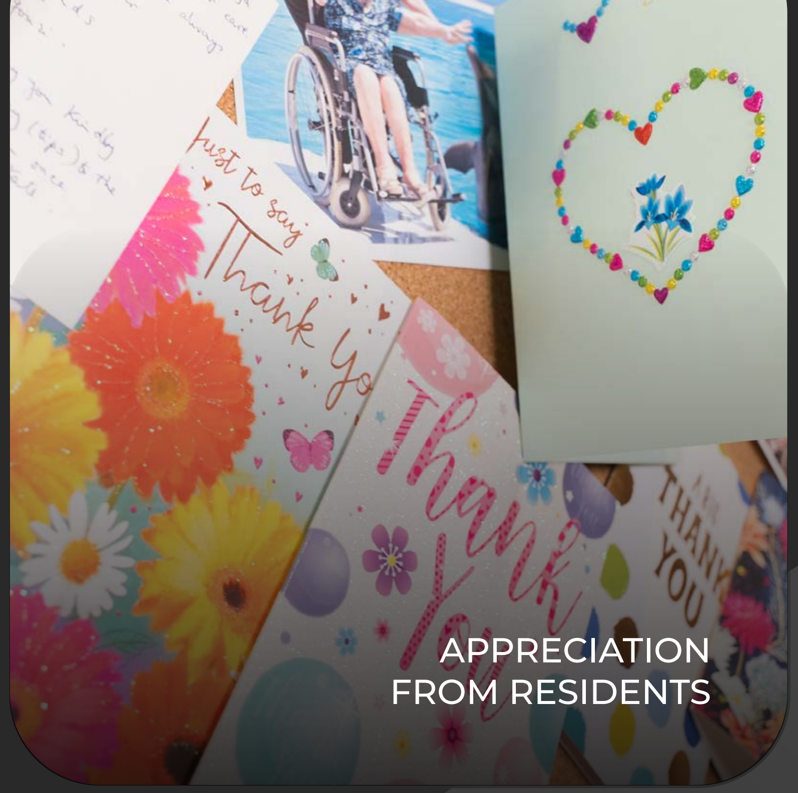
ENRICHING LIVES EVERY DAY

Explore AX Care

AX CARE

ACHIEVEMENTS by the AX CARE TEAM

- Waiting list of over 90 families for Hilltop Retirement Village, reflecting sustained demand for high-quality retirement living.
- Simblija Care Home maintained high occupancy levels, successfully balancing long-term and short-term stays, including respite care.
- Revive Physio & Aquatic Therapy Centre exceeded revenue targets, driven by increased demand for rehabilitation services.
- Comprehensive cost review enhanced internal controls and operational efficiencies.
- Resident engagement remained a priority, with a dynamic calendar of engaging events.
- Community collaboration with Arthritis & Rheumatism Association Malta and the Dementia Association.
- Commitment to safety and wellness, with the launch of a Falls Prevention Programme at Revive.


APPRECIATION FROM RESIDENTS


PHYSIO BY REVIVE


CLAIRE ZAMMIT XUEREB WITH RESIDENT


FUN MOMENTS AT SIMBLIJA


NEW ORCHARD MENU

AX CARE

ENRICHING LIVES EVERY DAY

In 2024, AX Care continued to strengthen its position as a leading private care provider in Malta, with strong performance across its core brands; Hilltop Retirement Village, Simblija Care Home and Revive Physio and Aquatic Therapy Centre. As our Care business continues to operate at near full capacity, management has been exploring creative strategies to maximise the use of our facilities and services, with the goal of attracting new business segments and sustaining growth.

Over the past year, our Care unit operated inline with budget and maintained high occupancy rates. Hilltop Gardens and Simblija Care Home respectively operated at near full capacity throughout the year, reflecting the success of our ongoing strategy to balance long and short-term clients. This approach continues to prove effective, with occupancy levels even reaching a record high at Simblija Care Home, peaking at 100 residents in August.

BINGO AT SIMBLIJA CARE HOME


FRIENDSHIPS FLOURISHING AT HILLTOP

Our efforts to attract new short-term clients through our respite services-serving private families and patients from local hospitals-have delivered positive results. This strategy has led to a strong conversion rate, as new clients benefit from high-quality care provided by our professional team while experiencing our exceptional facilities, vibrant community and extensive services at Hilltop Village. The strong word-of-mouth reputation we have built, coupled with targeted integrated marketing campaigns has further increased interest, attracting both new and returning clients for respite stays and contributing to a growing waiting list for long-term residency at Hilltop Gardens.

We believe that this rising interest in Hilltop Gardens highlights the success of the Group's forward-thinking commitment to investing in this retirement village concept, the first of its kind in Malta. Our care concept has helped reshape the conversation around retirement locally, with more people now attracted to our state-of-the-art facilities and the option to maintain their independence while having convenient access to high-quality care. The waiting list now exceeds 90 families and individuals, giving us confidence that this business unit is more than capable of sustaining itself for many years to come.

In the latter half of the year, we conducted a thorough review of our direct costs, payroll and operational expenses. This in-depth study enabled us to implement additional internal control procedures and refine approval processes, ensuring that we make informed decisions that enhance the business's efficiency. In fact, we are already seeing positive results in our bottom line, providing encouraging signs for the year ahead.

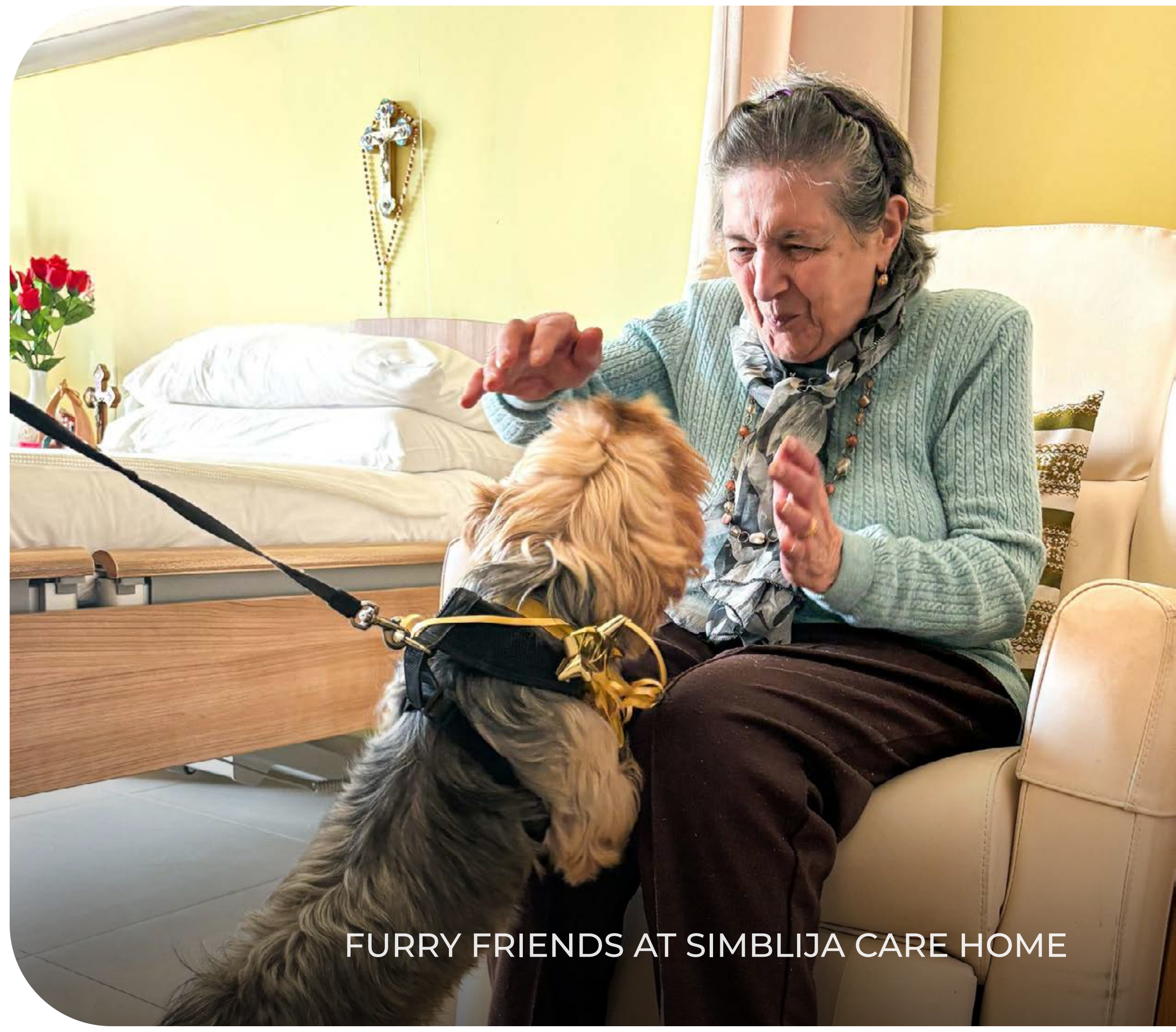
We also saw positive outcomes from our complementary offerings, particularly through Revive, our Physiotherapy & Aquatic Centre, which exceeded revenue targets. This reflects a growing awareness of the various facilities open to the public, including the spa, pool, and gym.

At The Orchard, we have taken client feedback on board, introducing new healthy food options while adhering to national nutritional guidelines. Additionally, we introduced BBQ events around the pool during the summer season, which proved to be a great success with residents. These events enhanced their experience by offering more engaging activities to look forward to and fostering stronger connections within the Hilltop Gardens community.

The spirit of trust and empowerment within our care unit extends to our residents, where we continue to support their independence and enhance their quality of life in meaningful ways. This year, we encouraged residents to take on leadership roles by overseeing various activities based on their personal interests and passions. We feel this approach is opening more opportunities for residents to build confidence and remain independent, while ensuring they remain active and engaged with the community.

A significant focus continues to be placed on maintaining a lively calendar of activities for our residents, managed by our dedicated Activity Coordinator. Over the past year, residents enjoyed a wide


ACTIVITIES AT SIMBLIJA CARE HOME


FURRY FRIENDS AT SIMBLIJA CARE HOME


SPORTS DAY AT HILLTOP GARDENS


CARE AND ATTENTION AT SIMBLIJA CARE HOME

range of activities, as well as regular outings to cultural and historical venues across Malta. These events included a mix of both day and evening activities, providing variety and enriching the overall resident experience.

Building on the success of our Christmas market, which has become an annual highlight, this year we hosted our Easter market. This event, which attracted both residents, their families and the broader community, provided another opportunity for visitors to familiarise themselves with our brands, venues and offerings.

Being an active member of the local community is a core value at AX Care, and we continuously seek opportunities to leverage our facilities and expertise to give back to others. Over the past year, we have collaborated with the Arthritis and Rheumatism Association Malta and we also organised a conference with multiple expert speakers to share valuable knowledge during the International Day for Older Persons.

Given our expertise in dementia care, we also collaborated with Dementia Association, setting up a café within our library, where we invited families and individuals affected by dementia to attend educational sessions. The aim was to provide guidance on managing the condition whilst ensuring dignity and support. Another well-received initiative was the launch of a Falls Prevention Programme at Revive, aimed at improving the health, safety and independence of seniors. Held weekly at the Naxxar centre, the programme offers seniors practical strategies to reduce fall risks and maintain mobility.

In line with our commitment to high standards of care and safety, Revive also hosted a lifesaving pool training session as part of our ongoing collaboration with Hospice Malta. This initiative, conducted by the Red Cross, provided Hospice staff with essential skills for maintaining a safe environment during hydrotherapy sessions. Revive's own team also participated in the training, reinforcing our dedication to safety and excellence in client care.

Looking ahead to 2025, AX Care has outlined several priorities and goals to continue driving growth and enhancing the quality of our care services. We are also focusing on mental health initiatives, ensuring we continue to support the well-being of everyone in our community.

A significant project for 2025 will be to digitalise our care platform in order to improve communication and operational efficiency. Our aim is to improve synergies between departments, streamline procurement and ensure that key information, is always up-to-date and easily accessible to all relevant personnel. This will enable a more responsive, real-time approach across departments.

As with all our initiatives, our focus remains on ensuring that every decision adds tangible value to our clients, who are central to our community-driven care model.


WATERS CHAPEL


OUTDOOR POOL - HILLTOP GARDENS


REVIVE TEAM

"As with all our initiatives, our focus remains on ensuring that every decision adds tangible value to our clients, who are central to our community-driven care model."

AX HOTELS

EIGHT DIFFERENT JOURNEYS. ONE PURPOSE.

Discover AX Hotels

AX HOTELS

BIG WINS by the AX HOTELS TEAM

- Achieved strong revenue growth driven by higher occupancy rates and improved average daily rates across AX Hotels properties in Qawra, Sliema and Valletta.
- Consistent performance improvements throughout the year, outpacing previous year's results and contributing to AX Group's overall financial health.
- Full year of AX ODYCY Hotel operations including the launch of new F&B concepts, enhancing guest experiences and driving property growth.
- Earned notable industry accolades.
- Consistent high guest ratings and positive reviews across online platforms.
- Comprehensive training programmes for staff in all hotels to enhance service standards, contributing to high levels of guest satisfaction.
- Continued emphasis on sustainable practices across AX Hotels, aligning with AX Group's broader ESG objectives.
- Preparations for entry in the wellness market with Verdala Wellness Hotel; part of AX Privilege's collection.
- Launched and integrated MAXIE, the AI-powered chatbot, providing immediate support and personalised assistance across AX Hotels platforms.


MEDUSA SKY BAR


OVER GRAIN


UNDER GRAIN SIGNATURE DISH


WEDDINGS AT PALAZZO CAPUA


ODYCY

AX HOTELS

EIGHT DIFFERENT JOURNEYS ONE PURPOSE

Over the past year, AX Hotels has delivered a strong performance across its diverse portfolio, with revenue growth driven by higher occupancy levels and continued increases in average daily rates. Our established properties in Qawra, Sliema and Valletta have received exceptional guest feedback and earned multiple industry accolades. Now, with the upcoming Verdala Wellness Hotel in Rabat nearing completion, AX Hotels is set to add a new dimension to its premium collection AX Privilege, adding greater value to our mission to provide distinct journeys to our guests across each of our hotels.

While 2023 was marked by the opening of AX ODYCY and the challenge to get the property fully operational, 2024 brought robust results reaffirming the success of our strategic vision and commitment to growth. With our Sliema and Valletta properties, we were able to make more direct performance comparisons. Despite the broader challenges faced by the hospitality industry, such as fluctuations in tourist numbers and staffing shortages, our Sliema and Valletta teams successfully increased revenues across both areas while maintaining strong cost control. This provided us with a strong buffer by the end of 2024, allowing us to sustain performance as market competition continued to intensify.

As a hospitality operator committed to quality tourism, we believe that our positive financial outcomes are just one aspect of our overall success. We remain committed to attracting high-value, sustainable tourism to Malta, ensuring that our operations contribute to the long-term health of the island's tourism industry. This commitment was recognised when we were honoured with the Gold Award for Leader in Quality Tourism at the Malta Business Awards at the end of 2023. The award acknowledged AX ODYCY's ability to operate effectively within the high-volume tourism market while maintaining a commitment to quality, even during traditionally slower months.

We also made significant strides in improving operational efficiency with the introduction of several technological advancements. One standout achievement was the launch of MAXIE, an AI-enabled chatbot on the AX Hotels website, which has automated around 94% of guest interactions. This system has streamlined operations, improving data management and guest response while allowing staff to focus on personalised experiences-leading to higher guest satisfaction and stronger reviews on major booking platforms.

AX HOTELS

QAWRA

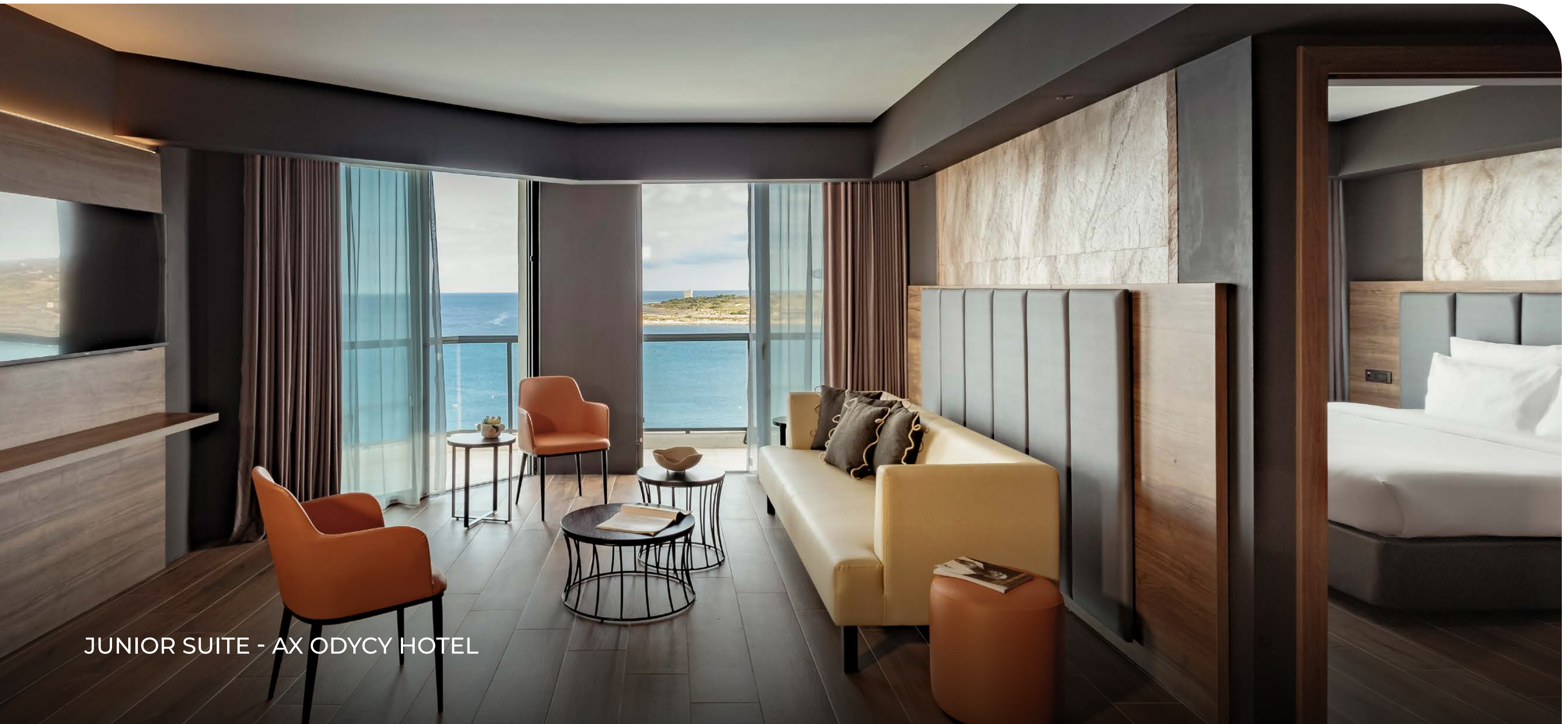
Following the opening of AX ODYCY in May 2023, the past year has seen the 4-star hotel complete its first full year of operations. With all core outlets, facilities, and F&B services now in place, we gained valuable insights into the hotel's standing and performance, which has proven positive across the board. The hotel achieved high occupancy rates year-round, including during traditionally slower shoulder months. Through dedicated efforts, our restaurants gained significant local traction, establishing themselves as prominent F&B brands in the market.

With AX Sunny Coast performing slightly above expectations compared to previous years, we were able to maintain focus on AX ODYCY and, following its opening, build upon strong initial results to establish it as a top 4-star hotel destination in Malta. The team focused on refining the guest experience across all hotel operations, consistently monitoring performance in areas like guest service, operations, and F&B offerings. This approach ensured we were effectively managing volumes while identifying opportunities to improve efficiency and provide the best possible experience for our guests.

Services such as the self-check-in desks, introduced to cater to a demographic of travellers who prefer a more streamlined, independent check-in process, have been well received. At the same time, our dedicated Front Desk team remains available for guests

AX ODYCY DESTINATION

INDOOR POOL - AX ODYCY



JUNIOR SUITE - AX ODYCY HOTEL

who value personal interaction throughout their stay. Our aim is to offer choice, in line with AX ODYCY's broader mission to provide diverse journeys for all guests during their stay with us.

In our efforts to strengthen our winter business, we successfully enhanced our corporate, MICE and group offerings, particularly by attracting sports groups for training and rehabilitation stays. These initiatives contributed to a high occupancy rate during the shoulder months, accompanied by improved room ratings. We are confident that the completion of phase two of the ODYCY destination, which includes the expansion of new facilities and concepts, will offer guests even more options during the winter months and further strengthen the hotel's performance throughout the year.

These combined efforts have had a significant impact, consistently reflected in online reviews. On Booking.com alone, we hold an impressive average rating of 9.1 from over 4,000 reviews, with similarly strong ratings across other booking platforms. Our achievements have also been recognised with multiple industry awards, including Best Sun and Beach Resort at TripExpert's 2024 Experts' Choice Awards and the TripAdvisor Traveller's Choice Award, based on guest feedback.

Furthermore AX ODYCY won 4 prestigious awards for Leisure Development, Commercial Redevelopment, Masterplan and Hotel Architecture at the European Property Awards. AX ODYCY was also honoured at the Malta Architecture and Spatial Planning (MASP) Awards, receiving the Interior Architecture Award for Hospitality and Tourism Projects in collaboration with architect firm Box Concept Studio.

The past year also saw AX ODYCY successfully launch its remaining food and beverage outlets. Trattoria Riccardo, with its family-friendly atmosphere, has quickly become a favourite in the local dining scene. Known for its traditional Italian fare and innovative play area for children, it has become a popular choice for both hotel guests and locals, offering excellent value and a welcoming environment for families. Medusa Sky Bar has emerged as a unique location for private events, attracting corporate and private clients alike. Meanwhile Minoa Mediterranean Fusion rooftop restaurant, located on the hotel's 11th floor, has seen steady growth in guest numbers month after month, with feedback highlighting the quality of the cuisine, service and the overall ambiance.

Another recent addition, the Latin-inspired Mamacita Latino Bar, was launched just ahead of the summer season. The concept was immediately well-received, filling a gap in the Qawra area by offering a fun setting where guests can enjoy cocktails, food, music and dancing.

Our Cheeky Monkey Gastropub brand, which remains a popular favourite in the market, has expanded with the introduction of two new concepts: Cheeky Monkey Creperie and Cheeky Monkey Waters. The Creperie, offering a range of delicious snacks, smoothies and ice cream, has proven especially successful, thanks to its extended hours, making it a convenient stop for foot traffic in the piazza facing the hotel. This has not only contributed to business growth but also helped enliven the surrounding area, creating a lively and welcoming spot for families and friends along the Qawra promenade. Meanwhile, the Cheeky Monkey Waters pool deck, catering to a 13+ clientele, remained a popular swimming spot throughout the summer.

The cornerstone of these achievements during AX ODYCY's first

MINOA MEDITERRANEAN FUSION RESTAURANT

CHEEKY MONKEY GASTROPUB

MAMACITA LATINO BAR

"The cornerstone of all these achievements has undoubtedly been our dedicated team."

year of operation in 2024 was undoubtedly our dedicated team, who consistently went above and beyond to deliver exceptional service to our guests. Many hotel and restaurant reviews continue to highlight staff members by name, with guests recognising their individual contributions to creating memorable experiences within the hotel. We place great value on our team members and have found creative ways to reward and invest in our staff to ensure they feel appreciated. To mark the first anniversary of the hotel's relaunch, we organised a day of activities for all staff members, beginning with a team breakfast, followed by pool activities and concluding with a special dinner event, complete with entertainment and fireworks; a fitting celebration of the hard work and dedication that has contributed to a milestone year.

Training and accreditation have been a key focus, particularly with the introduction of Skills Pass, which has helped employees secure valuable certifications. Given that many of our team members are third-country nationals, we also appointed a dedicated staff member

ODYCY DESTINATION

GO TO CONTENTS

to assist with work permits and essential administrative tasks, such as document acquisition and bank account setup, ensuring a smoother integration into the workplace. This ensures that new team members arriving in Malta have a reliable point of contact to guide them through various processes and settle in smoothly.

We hold regular training sessions throughout the year, focusing on areas staff have identified for further development. These sessions not only enhance skills but also reinforce a culture of continuous learning and improvement within the team.

We have made significant progress in our ESG efforts over the past year, integrating sustainability and community engagement into AX ODYCY's operations. In 2024, AX ODYCY partnered with Nature Trust to support the rehabilitation of turtles, an initiative that aligns with our commitment to environmental conservation. As part of this effort, we branded our Kids Club, Turtle Tides, reinforcing educational experiences for children about turtles in Malta.

Another notable collaboration that yielded positive community results was a clean up initiative with Coast is Clear Foundation. We actively involved our employees who supported the initiative and showed commitment throughout. Additionally, we collaborated with Maltese Premier League team Naxxar Lions FC, hosting their training and recovery sessions at the hotel. Going forward, we are working towards obtaining the GSTC (Global Sustainable Tourism Council) certification, further strengthening our commitment to sustainable tourism practices.

At the outset of the redevelopment, our vision extended beyond the hotel itself to encompass the regeneration of the Qawra area.


BIRTHDAY CELEBRATIONS WITH EMPLOYEES


CLEAN UP INITIATIVE WITH COAST IS CLEAR FOUNDATION


PROTECTING TURTLES IN COLLABORATION WITH NATURE TRUST

"We have made significant progress in our ESG efforts, integrating sustainability and community engagement into AX ODYCY's operations."

AX ODYCY RESIDENCES

We are already seeing the positive effects of this approach. The success of AX ODYCY, reflected in strong year-round occupancy rates, is contributing to a more competitive local market with new operators entering the sector. We believe this healthy competition will further elevate the area, particularly as we move forward with Phase 2 of our Qawra project. With the planned closure of AX Sunny Coast in summer 2025, the property will be transformed into AX ODYCY Residences - a milestone project, as Sunny Coast was our first AX Hotel and the catalyst for our broader business diversification strategy. The final phase will focus on enhancing the surrounding area and establishing a direct waterfront connection between AX ODYCY Hotel and AX ODYCY Residences. This project reinforces our commitment to innovation and quality, strengthening our position in the hospitality market.

AX HOTELS

SLIEMA HOTELS

AX The Palace and AX The Victoria delivered strong performances in 2024, with revenue growth driven by higher occupancy and room rates, despite the increasing competition in the surrounding area. Managed by a highly experienced team with over a decade of collaboration, these two renowned properties continue to excel, supported by a robust operational framework that consistently ensures the delivery of exceptional hospitality and service to our guests.

A notable achievement was the certification of AX The Palace and AX The Victoria by the Global Sustainable Tourism Council (GSTC), making them the first hotels in Malta to be recognised for their commitment to sustainability. This recognition reflects our ongoing commitment to sustainable tourism and highlights the hotels' role in promoting environmental responsibility, both locally and internationally.

In parallel with our sustainability efforts, we implemented a series of upgrades across our properties. At AX The Victoria Hotel, we enhanced guest room comfort with new mattresses and curtains, while the outdoor hot tubs in the suites at AX The Palace continue to be a highly sought-after feature among guests. Furthermore, we completed a comprehensive upgrade to our Wi-Fi system, ensuring seamless

MALTA KULINARJA COMPETITION 2024

GSTC CERTIFICATION FOR AX THE PALACE & AX THE VICTORIA HOTEL

ROOM UPGRADES - AX THE VICTORIA HOTEL

"AX The Palace and AX The Victoria were the first hotels in Malta to be certified by GSTC for their commitment to sustainability."

WEDDINGS AT TEMPTASIAN

internet access for guests throughout their stay. In tandem, we implemented a new Property Management System and Point of Sale system to improve efficiencies across the operations of the Sliema hotels. These upgrades ensure that our Sliema hotels continue to meet the evolving expectations of guests and industry standards, maintaining their strong performance and reputation.

Additionally, the team successfully attracted new business and broadened our event portfolio, further establishing AX The Palace and AX Palazzo Capua as premier wedding venues in Malta. A key highlight was the wedding fair, hosted at our properties which generated strong engagement and secured multiple bookings. This, alongside a strategic focus on tailored offerings and service excellence, continues to drive growth in the weddings and events segment. For the first time this year, the team participated in the National Wedding Show in London, providing an excellent opportunity to promote our hotels as leading wedding venues in the Mediterranean. The exhibition generated significant interest, further expanding our reach and enhancing visibility in the international wedding market.

Our Sliema restaurants, much like our hotels, have been well-established in the local dining scene, consistently attracting a strong clientele of both hotel guests and local patrons. A standout performer this year has been TemptAsian, our Asian fusion rooftop restaurant, which has seen continued growth in business and gained notable industry recognition. The restaurant was awarded the World Culinary Award for Best Hotel Restaurant, further reinforcing its reputation for exceptional dining and service.

In addition to this success, our kitchen brigade celebrated further achievements at the Malta Kulinarja Competition 2024. Chef Bhesh Rana earned a Gold medal in the Asian Fusion dish category and a Silver medal in the Vegan Challenge, reflecting the skill and innovation of our culinary team, whilst Pastry Chef Jaimon Johnson earned a Silver medal for his banquet-plated dessert.

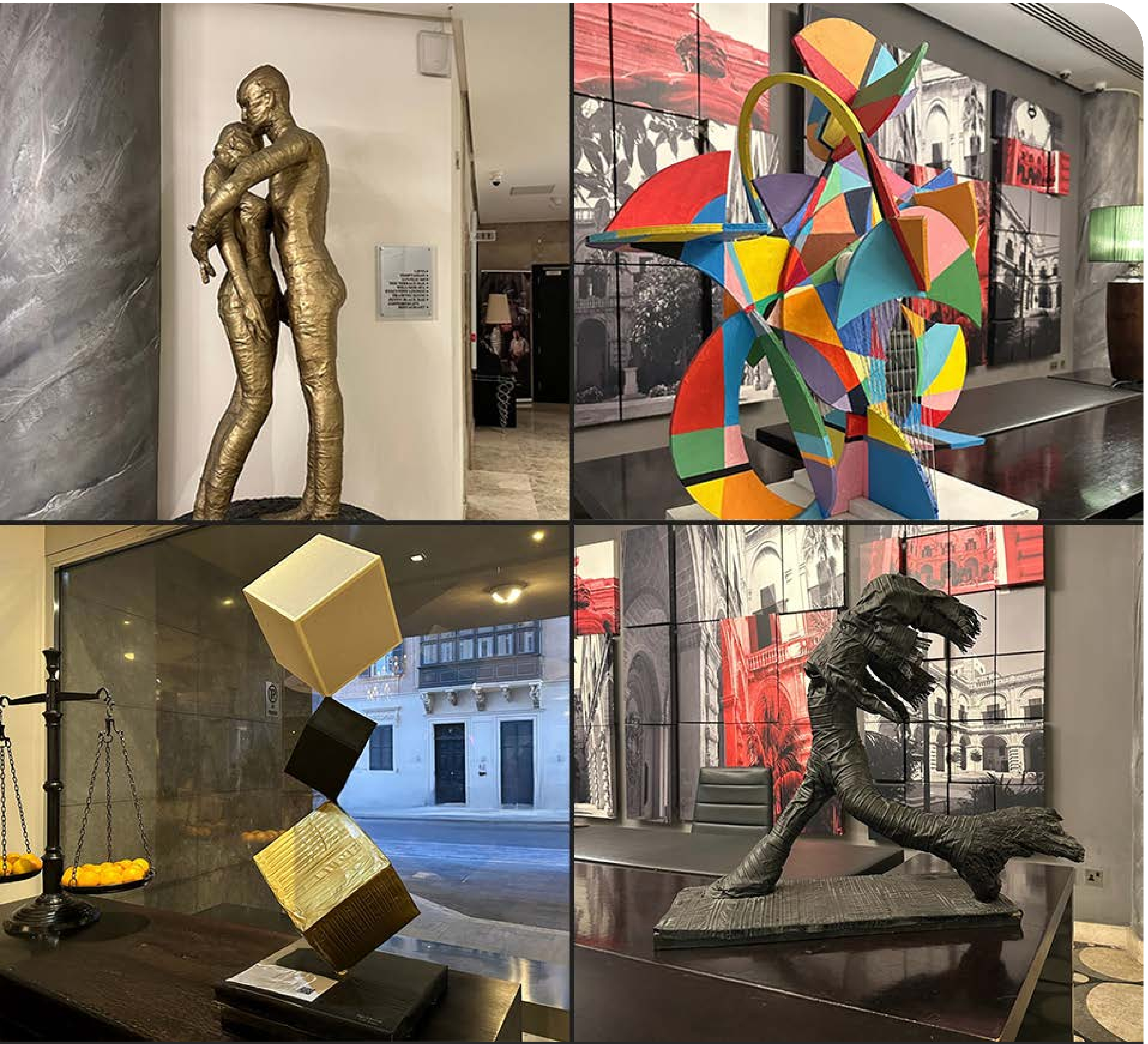
Talk of Town at AX The Palace continues to be a popular venue in the heart of Sliema, attracting a strong base of repeat customers, reinforcing its status as a favourite dining destination in the area.

Meanwhile, the 5-star buffet Sunday Lunches at AX The Palace along with the themed nights, continue to draw both locals and visitors, many of whom return regularly.

We remain committed to the ongoing development and support of our staff, with a particular focus on building a positive and inclusive workplace. Given the diverse makeup of our workforce, including a significant number of third-country nationals, we continue to introduce initiatives that ensure all team members feel integrated and supported. These efforts are aimed at creating a positive experience for newcomers, providing them with the necessary tools and guidance to thrive in their roles. Furthermore, we held programmes such as the Employee of the Month awards, which serve to acknowledge and celebrate the hard work and achievements of our staff.

In addition to focusing on our internal team, we also continued to engage with the local community through various initiatives aligned with our CSR programme. Once again, we hosted Inspire's

HOTEL MANAGER JAMES GALEA WITH EVENTS TEAM



SCULPTURE ART BY JOSEPH BARBARA DISPLAYED AT AX THE PALACE DURING EARTH WEEK

well-attended conference, which focused on inclusive education, accessible design, and inclusive employment, as well as the AA conference. Additionally, we invited a young individual, through the Foundation for Welfare Services, to enjoy a special dinner with her family at TemptAsian. Another highlight was hosting an Artisan Market during the Christmas period, providing both hotel guests and local visitors with the opportunity to engage with local artisans and experience a blend of cultural heritage and festive spirit. Through such events, we continue to strengthen our connection with the local community while offering our hotel guests memorable experiences.

Looking ahead, we are anticipating increased competition from other hospitality operators in the Sliema area, as outlined in various industry reports. To maintain our competitive edge, we have planned a comprehensive refurbishment of AX The Palace starting in Q4 of 2026. This investment will focus on revitalising the communal spaces, rooms, and overall guest experience, ensuring the property retains its strengths while better aligning with the evolving needs and expectations of today's travellers.

Our objective is to ensure that our Sliema properties remain benchmarks of Maltese hospitality, retaining their appeal and relevance in an ever-evolving market.

AX HOTELS

VALLETTA

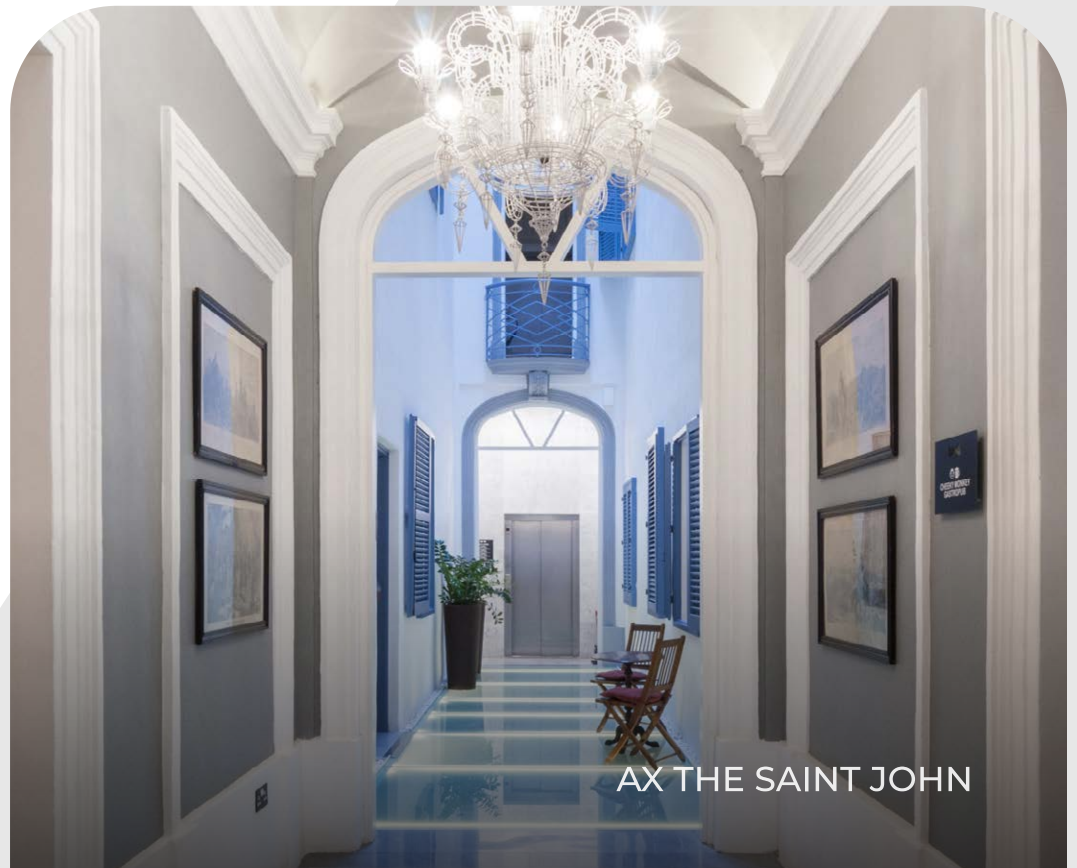
For another consecutive year, our Valletta hotels have demonstrated solid growth, building on the strong performance of 2023. Both Rosselli AX Privilege and the AX The Saint John exceeded expectations, achieving higher just operational profits, with notable increases in revenue and occupancy rates. The Saint John, in particular, achieved an exceptionally high occupancy, driven by sustained demand, while Rosselli also experienced a significant rise in occupancy, highlighting our ongoing efforts to position this unique boutique hotel within the top tier of the international luxury hospitality market.

To further enhance the guest experience at Rosselli, we introduced new amenities aimed at meeting the evolving needs of our guests. One key addition was a workout room, which has been well-received by guests. We also introduced several jogging routes around the city, inviting guests to explore the historic beauty of Valletta while staying active.

Efforts to position Rosselli as a premium venue for private events have proven successful, with the hotel attracting an increasing number of weddings and corporate clients. We have focused

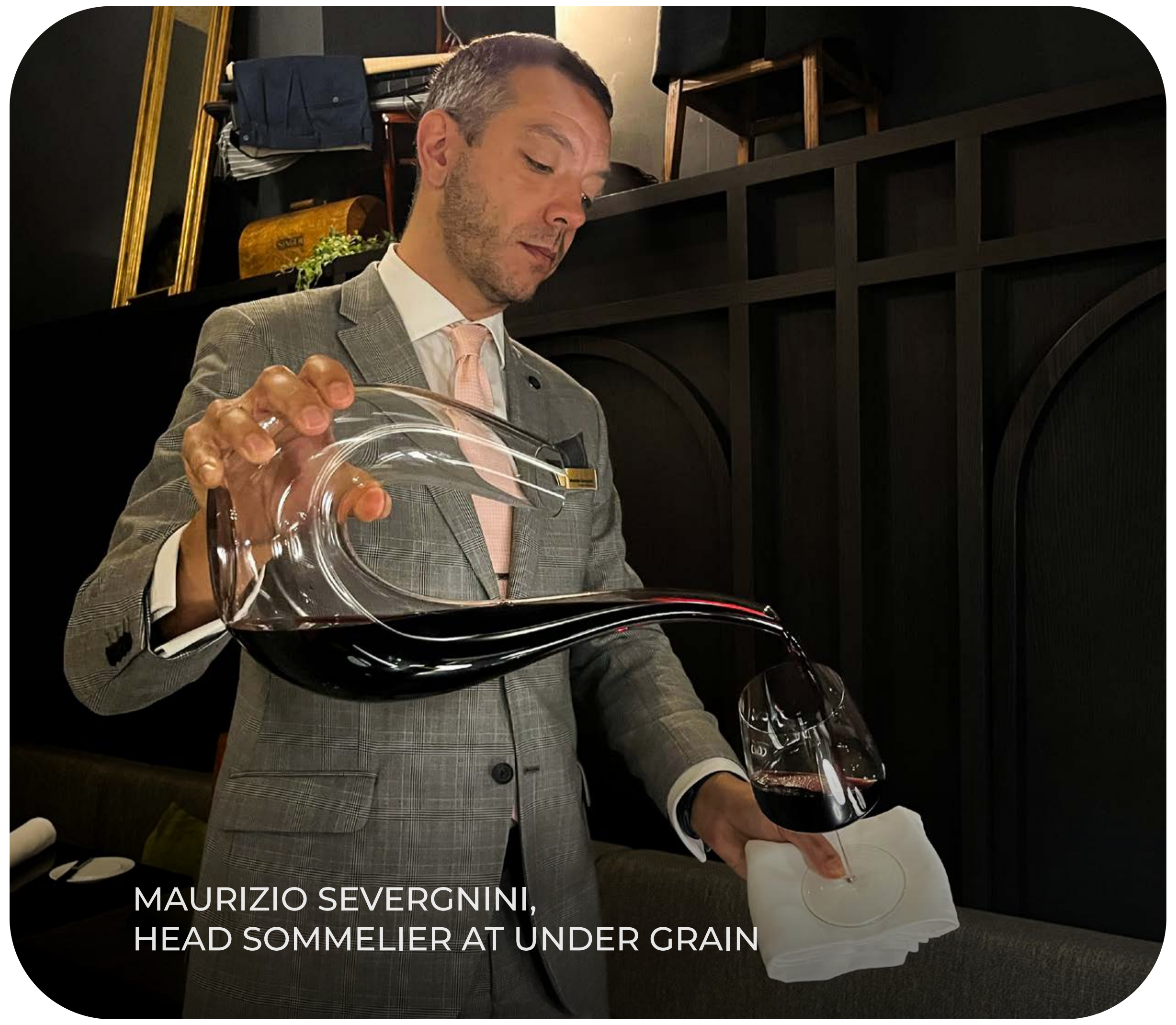

BESPOKE WEDDINGS AT ROSSELLI


ROSSELLI AX PRIVILEGE - COURTYARD


AX THE SAINT JOHN

“Our Valletta hotels have demonstrated solid growth, building on the strong performance of 2023.”

UNDER GRAIN, ROSSELLI AX PRIVILEGE



MAURIZIO SEVERGNINI,
HEAD SOMMELIER AT UNDER GRAIN

MICHELIN RECOGNITION FOR UNDER GRAIN AND GRAIN STREET

on establishing stronger relationships with travel agents and representatives, as well as increasing our presence at international travel shows and fairs. These efforts have yielded positive results, as reflected in higher room rates and occupancy, with the calibre of guests we believe befit Rosselli's premium standing.

Beyond strong financial performance, Rosselli's reputation has continued to grow among both industry professionals and guests. The hotel achieved the coveted Forbes Recommended status in the Forbes Travel Guide, a recognition that highlights the hotel's exceptional standards. Additionally, ratings and reviews on leading booking platforms have improved further, reflecting the high level of guest service and the unique qualities of our beautifully restored palazzo.

Our Valletta hotels portfolio has seen continued growth in the past year, with food and beverage outlets achieving a 20% increase in revenue. Central to this success is the Grain brand which includes three distinct outlets. These venues continue to demonstrate strong potential, and we are focused on further expanding their popularity.

An important milestone for our Valletta team was Under Grain retaining its Michelin star for the fifth consecutive year, a clear reflection of their commitment to maintaining the highest standards of culinary excellence. At the same time, Grain Street received its third consecutive Bib Gourmand, underscoring its commitment to quality and value, while also marking the strongest growth since its opening. This reinforces its appeal as the go-to choice for patrons seeking high-quality dining at an accessible price.

In addition Under Grain was awarded the highest distinction in the annual Forbes Travel Guide Star Awards, receiving 3 forks. The awards provide a comprehensive evaluation of amenities, guest services, food and beverage experiences, and more, in order to recognise not just outstanding facilities but also excellence in hospitality staff engagement with guests.

The sustained success of Under Grain and Grain Street is a collective achievement, with AX Privilege Culinary Director Victor Borg's leadership playing a pivotal role. Recognised by the public through his role as a judge on MasterChef Malta, AX Privilege Culinary Director Victor Borg's expertise continues to guide the team in upholding high culinary standards. This year, he was also appointed as a jury member for the 2024-25 S.Pellegrino Young Chef Academy Competition, making history as the first Maltese chef to serve in this capacity.

Over the past year, Over Grain, Rosselli's summer rooftop lounge, has continued to gain popularity as a pre- and post-dinner destination for guests visiting Under Grain and Grain Street. Ranked among the Top 10 rooftop bars in Malta, it continued to attract guests to Valletta with panoramic views over the capital.

Similarly, our Cheeky Monkey Gastropub experienced a notable increase in foot traffic from both local patrons and tourists, contributing to a significant rise in revenue compared to the previous year. Moving forward, we are planning a refurbishment of the venue, including an upgraded outdoor area, to make Cheeky Monkey an even more attractive choice for diners in Valletta.


CHEEKY MONKEY GASTROPUB, VALLETTA


AX PRIVILEGE CULINARY DIRECTOR VICTOR BORG - S.PELLEGRINO YOUNG CHEF ACADEMY COMPETITION

"AX Privilege Culinary Director Victor Borg's expertise continues to guide the team in upholding high culinary standards."


OVER GRAIN ROOFTOP LOUNGE


AX PRIVILEGE CULINARY DIRECTOR VICTOR BORG WITH THE GRAIN TEAM

While commercial initiatives have driven our growth, the continued success of our operations is ultimately due to the dedication of our team. To recognise and reward their work, we have introduced several new initiatives such as monthly awards, highlighting key contributors from both front-of-house and back-of-house teams.

Over the past year, members of our team attended Forbes training sessions in Malta, led by top international trainers where they went beyond basic modules, receiving specialised training to enhance their skills to the highest levels. To encourage career progression, we also supported several junior staff members to attend management and leadership courses, providing them with the tools to take on roles of more responsibility within the company.

Additionally, members of our kitchen brigade were selected for internships at leading international restaurants, allowing them to gain valuable experience in fine dining establishments. This hands-on training was then integrated into our operations, further enriching the service and culinary offerings across our dining outlets. We remain committed to finding new and innovative ways to support and reward our teams, ensuring they have ample opportunities for career progression as they drive the success of our hotels and restaurants.

In line with AX Hotels' broader sustainability goals, our Valletta hotels have started implementing new initiatives to reduce our environmental impact including improved waste separation, the introduction of toiletry dispensers throughout the hotel, and a revision of bed and linen policies to promote greater eco-consciousness. We are also reassessing our procurement practices, with a focus on minimising the environmental and energy impact of our purchasing decisions.

We have also contributed to the vital initiatives of the YMCA 365 Campaign, which includes aiding homelessness, mental health, domestic violence, and poverty alleviation efforts.

We are optimistic that 2025 will be a pivotal year in fully realising our potential within the upper luxury sector. With increased connectivity between Malta and the United States, as well as stronger links to Australia and the Far East, we are focusing our sales and marketing efforts in these regions to establish the Rosselli brand as a prestigious destination in Valletta. We are exploring new representation channels and strengthening our presence in North America to attract international guests seeking premium experiences.

These plans align with the upcoming addition of Verdala Wellness Hotel in Rabat to the AX Privilege collection, creating further synergies and complementary services between these unique properties. This strategic expansion will strengthen our position in the luxury market, providing guests with a broader spectrum of exclusive, high-end experiences across Malta.

GRAIN, ROSSELLI AX PRIVILEGE - PRIVATE DINING ROOM

GRAIN STREET, ROSSELLI AX PRIVILEGE

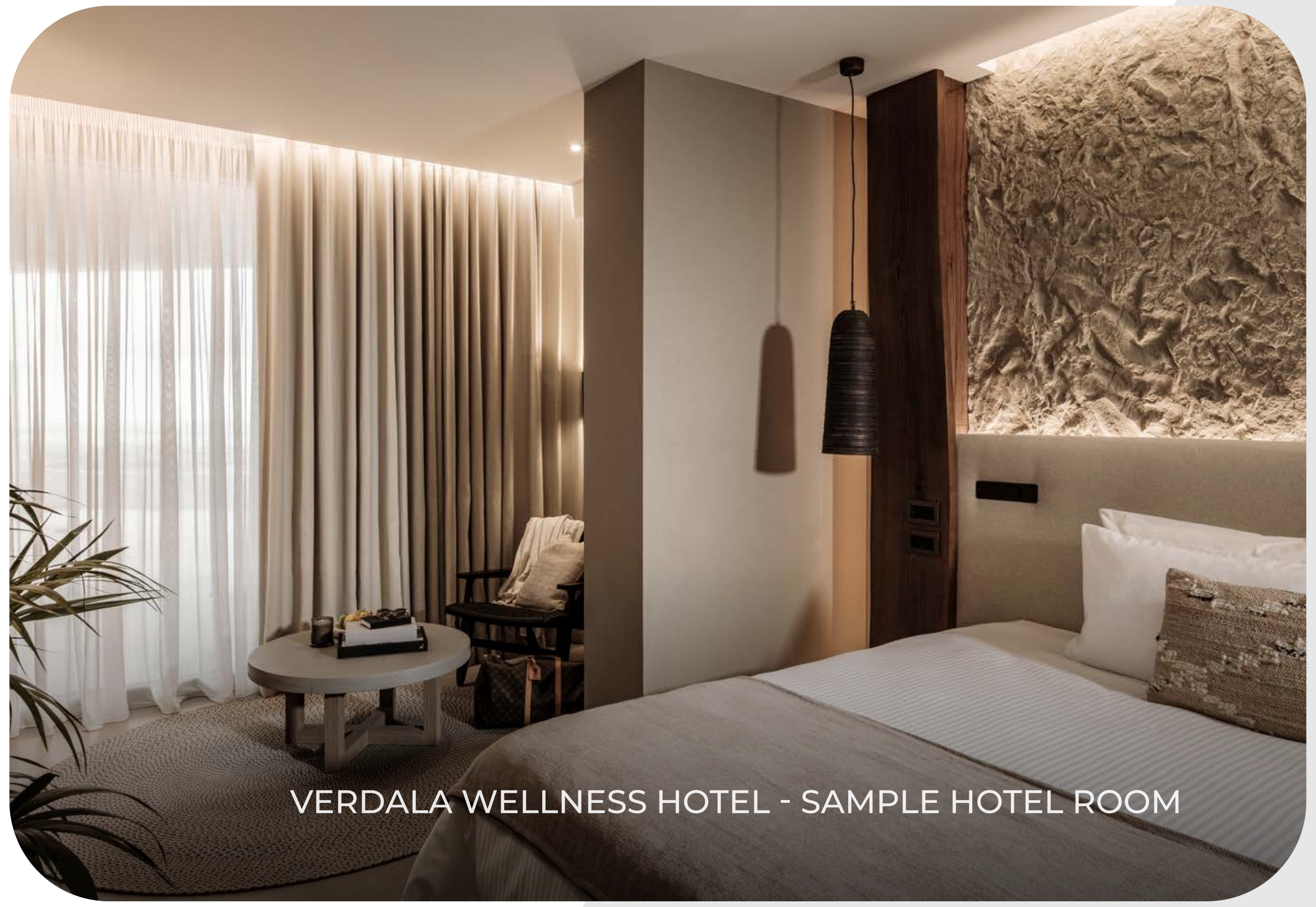
AX HOTELS

RABAT

2024 has been a pivotal year for the much-anticipated Verdala Wellness Hotel in Rabat, with significant progress made in construction and development in preparation for its launch in 2025. As the eighth hotel in our portfolio - and the second under our AX Privilege range - this 5-star wellness hotel is set to carve out a new niche in luxury hospitality and transformational travel in Malta.

Designed as a serene, sophisticated and profoundly restorative retreat, Verdala Wellness Hotel integrates five pillars of well-being, harmoniously blending natural and alternative therapies, Maltese cultural traditions and advanced wellness technology to support a balanced and rejuvenating lifestyle. The hotel offers 46 thoughtfully designed rooms, including Penthouses and Designer Suites, providing a tranquil sanctuary for guests.

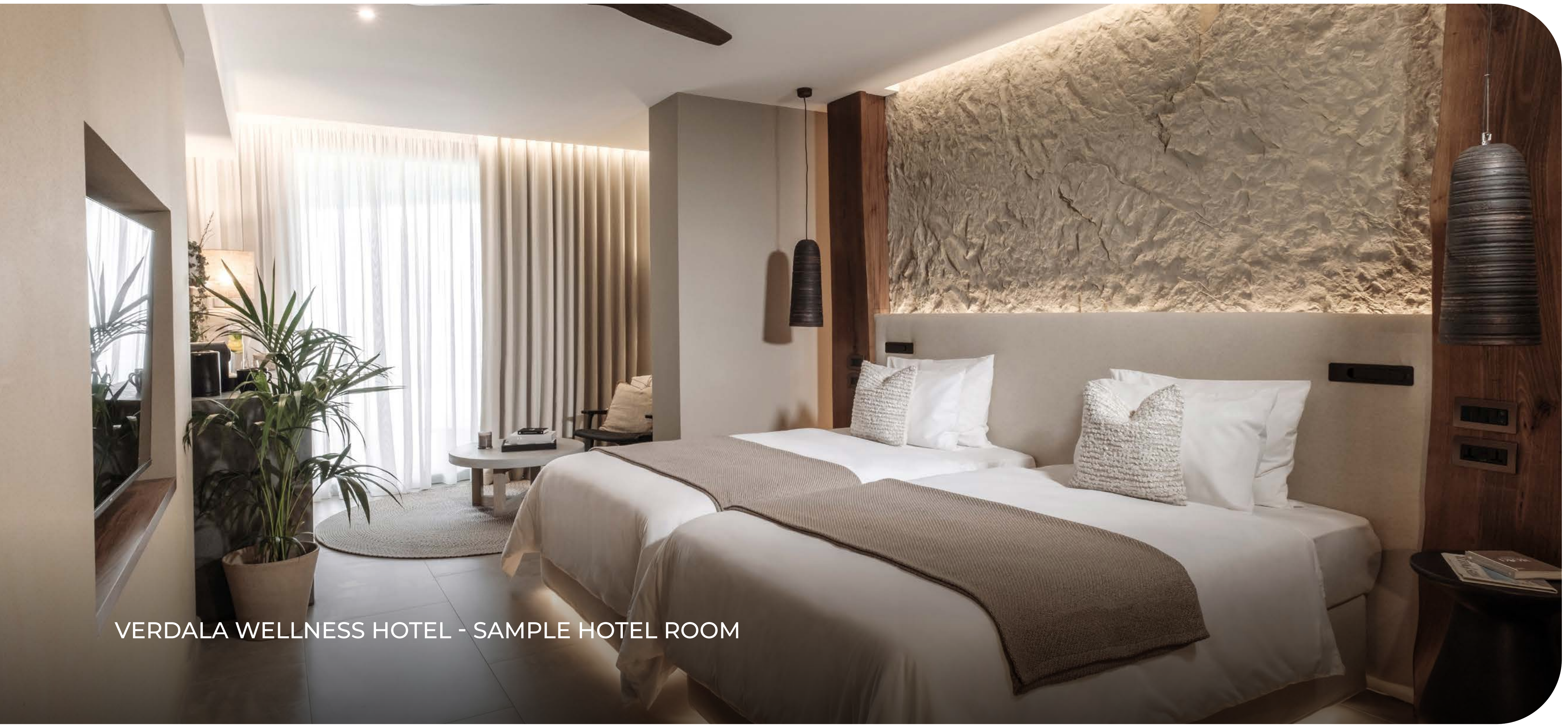
RELAXATION AREA - ARTISTIC IMPRESSION



VERDALA WELLNESS HOTEL - SAMPLE HOTEL ROOM

MEDITATION AREA - ARTISTIC IMPRESSION

“The 5-star Wellness Hotel is set to establish a new niche in luxury hospitality and transformational travel in Malta.”



VERDALA WELLNESS HOTEL - SAMPLE HOTEL ROOM

VERDALA WELLNESS HOTEL - SAMPLE BATHROOM

Its extensive facilities include a standout infinity pool, a Meditation Zone, a state-of-the-art wellness sanctuary, a dedicated Studio Space, a Hammam, an Infrared Cabin, a Salt Cave, Hot & Cold Baths, and more.

The property will specialise in exclusive wellness programmes, retreats and wellness services that are based on seasonal, bespoke or signature offerings. It will feature a curated range of hospitality experiences, an extensive array of spa treatments and access to 5-star facilities and services-all complemented by wholesome food and beverage options.

At the heart of the Verdala Wellness Hotel, VSPA – Verdala's dedicated wellness sanctuary – offers a transformative wellness journey within a 1,500-square-metre space that blends advanced therapies with traditional holistic practices. VSPA provides treatments ranging from contrast therapies and body rituals to non-invasive aesthetic procedures, IV therapy and more.

Complementing this holistic experience, The Griffin Brasserie serves as a cornerstone of Verdala's dining experience. Rooted in the purity of local and seasonal ingredients, the restaurant presents a refined menu that balances wellness in all its forms. Once Malta's favourite tearoom and later a beloved nightclub, it now embarks on a new chapter as the flagship dining establishment of the Verdala Wellness Hotel, where wholesome food, nourishing ingredients and a focus on wellness merge.

As the opening of Verdala Wellness Hotel approaches, recruitment and talent acquisition strategies are well underway to ensure a smooth operational launch. Mr. Kevin Callus, a seasoned leader at AX Group for over 24 years and currently serving as Senior General Manager for the AX Sliema and Valletta hotels, will take on the leadership of Verdala Wellness Hotel in the same capacity, drawing on his wealth of experience in 5-star luxury properties. Ms. Camille Brincat, formerly Operations Manager at AX Sliema Hotels, will assume the role of Hotel Manager, bringing extensive expertise to the position. We have also ensured to bring in a high level of expertise to the Verdala Wellness Hotel by employing a Head of Wellness, who will lead the entire wellness division, ensuring that every aspect of the guest experience aligns with our holistic approach to well-being.

Preparations for marketing and sales strategies are also progressing, including the identification of representation companies in the US, UK and other key markets. Our aim is to attract wellness tourists and retreat groups, catering to those seeking transformative travel experiences, including purpose-driven stays and specialised wellness programmes.

The AX Hotels team is confident that Verdala Wellness Hotel will not only enhance our property portfolio but also elevate Malta's appeal as a wellness tourism destination.


VIEWS FROM VERDALA WELLNESS HOTEL ROOM


THE GRIFFIN BRASSERIE - ARTISTIC IMPRESSION


VSPA - ARTISTIC IMPRESSION

AX DEVELOPMENT

REIMAGINING SPACES WITH PURPOSE

Explore AX Development

AX DEVELOPMENT

2024 MILESTONES

- Significant progress on the Verdala Terraces and Wellness Hotel working closely with architects, interior designers, and other experts.
- Successful completion and leasing of Palazzo Lucia, an 18th-century palazzo in Valletta, which has been transformed into a prestigious office address.
- Qawra Project Phase 2 will see the AX Sunny Coast transformed into AX ODYCY Residences with better synergies between the two Qawra hotels.
- Plans for the refurbishment of AX The Palace common areas and guest rooms are underway.
- Continued commitment to innovative design and value creation for clients, investors and communities.


GRAND MANSIONS


PALAZZO LUCIA


PRESENTATION OF MASP AWARD - INTERIOR ARCHITECTURE AWARD FOR HOSPITALITY AND TOURISM PROJECTS AWARD


VERDALA WELLNESS HOTEL

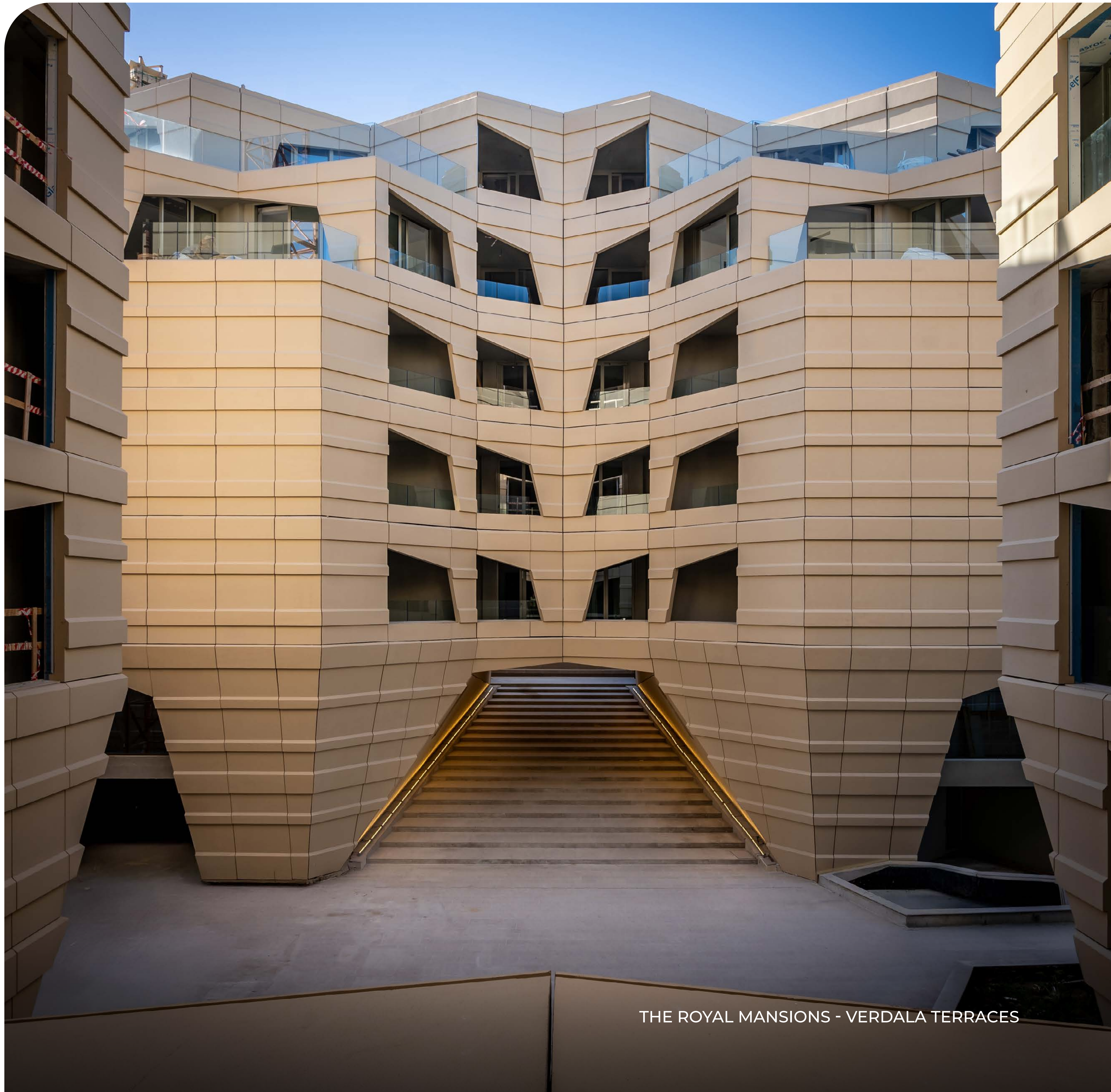

SHOW RESIDENCE AT VERDALA TERRACES

AX DEVELOPMENT

Our AX Development business unit is a crucial component of the AX Group in ensuring a fully integrated process across our projects, maintaining quality and consistency throughout each project lifecycle. In 2024, the team focused on completing the Verdala Terraces and Wellness Hotel to the highest standards, ahead of their respective 2025 launch dates, while also laying the groundwork for a series of upcoming projects which are set to further enhance our hospitality and real estate offerings.

Following the completion of the core structures of the Verdala Terraces and the Verdala Wellness Hotel in Rabat, AX Development has taken over the project to oversee all finishes, with significant progress made. Although this unique development incorporates an advanced structural design, it has been carefully managed from initial design through construction and is now entering the final stages with the highest quality standards.

On the hotel side, AX Development has made significant progress towards the planned opening of the Wellness hotel in Q2 2025. The team has been focused on sourcing the highest quality, durable materials that are both aesthetically pleasing and environmentally sustainable to complete the interiors of the luxury hotel. The design draws inspiration from the surrounding natural landscape, seamlessly integrating raw materials and organic elements to reflect the hotel's unique topography. This approach creates a



THE ROYAL MANSIONS - VERDALA TERRACES

calming atmosphere that extends throughout the property, from the rooms and treatment areas to the dining and communal spaces, harmonising with the neighbouring environment. AX Development has continued to work closely with architects, interior designers, and wellness consultants to ensure the creation of premium spaces that promote the brand's own philosophy of balanced well-being in every aspect.

AX Development completed Palazzo Lucia in the past year, furthering our commitment to preserving Malta's cultural heritage. Located at the corner of Merchants Street and St. Lucia Street in Valletta, this 18th-century palazzo has been transformed into a prestigious office hub of exceptional design. The Ministry for National Heritage, the Arts, and Local Government has secured their tenancy. The quick and successful leasing of this space reflects strong market demand


VSPA - ARTISTIC IMPRESSION

for high-quality office spaces in well-preserved heritage buildings, particularly in prime locations like Valletta. Moving forward, AX Development will continue to seek out similar opportunities to restore and repurpose heritage buildings.

In 2025, AX Development will turn its focus to Phase 2 of our Qawra project, building on the success achieved by the AX ODYCY Hotel. This next phase involves the complete demolition and reconstruction of the AX Sunny Coast into the AX ODYCY Residences. Plans for this re-development have been in the making for several years, aiming to bring the property in line with the expectations of today's travellers. The new design will also introduce more synergies between our two Qawra hotels with more opportunities to offer different experiences through our restaurants, services, and facilities. These sea-view residences will provide an exclusive living experience in Qawra, further enhancing the appeal of this multifaceted destination.

We take pride in managing the property's entire lifecycle-from its opening in the 1980s to its continued success and the upcoming transformation. This marks a milestone for us, and we look forward to sharing more details as we continue to drive regeneration in this popular waterfront area of Qawra.

Following the completion of the new ODYCY Residences in 2026, we will advance to the third and final phase of this extensive multi-million investment project. Although work on the lidos will begin a year later, they will be completed alongside the rest of the development, creating a seamless 300-metre stretch of waterfront between our two Qawra hotels. This redevelopment will also see the addition of a spacious underground car park, new conference facilities, additional dining options and lagoon pools.


PALAZZO LUCIA, MODERN STAIRCASE AND RESTORED INTERNAL COURTYARD WALLS


PALAZZO LUCIA, CORNER TIMBER BALCONY


PALAZZO LUCIA CENTRAL COURTYARD WITH PANORAMIC LIFT

"The quick and successful leasing of this space reflects strong market demand for high-quality office spaces in well-preserved heritage buildings."

Moreover, plans are also underway for the reimagining of AX The Palace in 2026 with designs being finalised for the refurbishment of public areas and guest rooms. The team is currently exploring various design options to ensure the hotel continues to maximise on its well-established reputation for high-quality hospitality in central Sliema.

While significant effort continues to be focused on these ongoing projects, the AX Development team is also prepared to explore new opportunities that will further diversify the Group's portfolio through thoughtful design and innovative approaches, ensuring that we create substantial value to our clients, investors, and the communities we serve.

AX ODYCY DESTINATION - ARTISTIC IMPRESSION

AX CONSTRUCTION

BUILDING OUR FUTURE
RESTORING OUR HERITAGE

Visit AX Construction

AX CONSTRUCTION

AX CONSTRUCTION KEY SUCCESSES

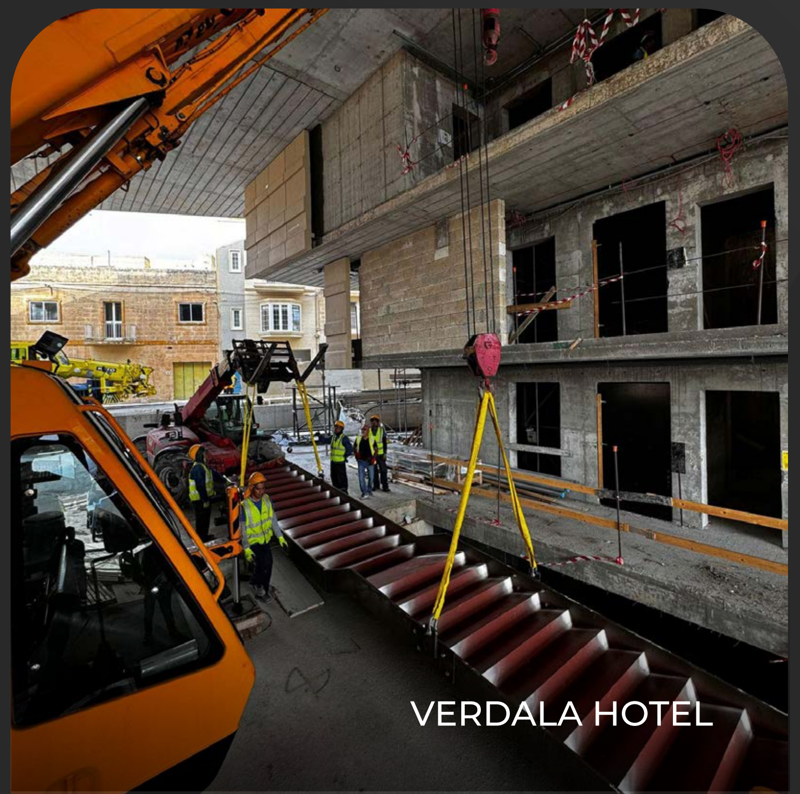
- Transitioned to a more balanced and diversified portfolio, with a substantial shift towards external projects.
- External projects of significant national importance such as Malta International Airport, St. John's Co-Cathedral, Jesuits' Church, Villa Lunginsland amongst several others.
- Significant progress on Verdala Terraces and Wellness Hotel, crucial for the hotel's 2025 opening and apartment sales.
- Continued focus on waste separation, health and safety and community engagement.
- Workplace Development with health and safety training.
- Significant progress in digital transformation and plans for implementing an Enterprise Resource Planning (ERP) system.
- Hosted site visits for University of Malta students, bridging the gap between academic knowledge and real-world application.

WORKS AT THE MALTA INTERNATIONAL AIRPORT

DENISE XUEREB AT THE JESUITS CHURCH

VILLA LUGINSLAND

WORKS AT THE VERDALA TERRACES



VERDALA HOTEL

AX CONSTRUCTION

BUILDING OUR FUTURE RESTORING OUR HERITAGE

In recent years, AX Construction has concentrated on supporting internal projects reinforcing its role as a crucial pillar of AX Group and acting as the enabler that turns project ambitions into reality. In 2024, the company successfully shifted its strategy towards external projects, achieving a more balanced and diversified portfolio.

One of our major projects last year has been the extension of the Schengen arrival terminal at Malta International Airport (MIA), which is expected to be completed by Q1 2025. In addition, MIA entrusted AX Construction with three other projects outside the original scope of work: the restoration of the MIA tower, which serves as a prominent feature at the airport's entrance, the refurbishment of the baggage reclaim area and the extension of the arrivals lounge for non-Schengen passengers. These projects are progressing well and contribute to the continued improvement of MIA's facilities.

EXTENSION OF THE MALTA INTERNATIONAL AIRPORT SCHENGEN ARRIVAL TERMINAL

INSTALLATION OF NEW ST JOHN CO-CATHEDRAL MUSEUM TRUSSES

EXCAVATION WORKS AND CONSTRUCTION OF ARCHES, MARNISI WINE ESTATE

AX Construction also collaborated with Quintano Foods, subsidiary of Farsons Group on a joint project to build a new logistics centre in Handaq. The first phase of the project was originally due for completion in March 2025, but due to historical findings, the completion date has been delayed to August 2025. Despite this, progress remains on track and the team is working to ensure the updated timeline stays on schedule.

Another major project has been the Marnisi Wine Estate in Marsaxlokk, owned by Marsovin Group. This project aims to enhance the guest experience at the estate, combining modern construction techniques with the traditional features of a winery. AX Construction began the works post-excavation, focusing on the foundation and using traditional construction methods, such as columns, beams, and brickwork, to give the building its classic form. With construction works completed in July 2024, the project is now entering its final phase, which includes finishing the interior and guest experience areas, with completion expected in 2025.

Steady progress has also been made on St. John's Co-Cathedral, particularly on the restoration of its historic façade along the building's perimeter and the construction of a new exhibition hall near the Cathedral's Oratory and the Bartolott Crypt. Over the past year, the team completed the roofing of the building and is now finalising the project. Due to the complex nature of this work, AX Construction has been responsible for coordinating a large team of engineers, restorers, archaeologists, stonemasons and other specialised construction professionals.

Following the successful completion of works on the Oratories of the Jesuits' Church in Valletta, AX Construction was awarded a follow-up tender to restore the main nave of the Jesuits' Church. This latest project reflects the quality and professionalism demonstrated in the initial restoration. Throughout the process, we have uncovered hidden decorative elements and intricate artwork, revealing the church's original character. The AX Construction team showcased the ongoing works to Prime Minister Robert Abela during Notte Bianca, an event which aligns with our commitment to giving back to the community. The team had the opportunity to share insights into the technical work and the meticulous process involved in preserving the rich history of the church.

Another major restoration project has been Villa Lunginsland, a Grade I historic property in Rabat, Malta, dating back to the 19th century. Restoration efforts preserved the villa's historic masonry and intricate details, which reflect Italian Neo-Renaissance and Baroque influences. The AX Construction team applied advanced techniques to maintain the building's structural integrity while integrating modern solutions that honoured its historical significance.

The past year saw a concentrated effort towards the Verdala project, with significant progress made in completing the Verdala Terraces and the Wellness Hotel. This expedited construction phase has been crucial, both for the timely opening of the hotel, scheduled for 2025, and for the sale of the Verdala Terraces residences, both of which will drive further financial growth for the Group.

Following the appointment of General Manager Andreas Aquilina in 2023, significant adjustments were made to address gaps and

CLADDING OF THE ROYAL MANSIONS

PRIME MINISTER VISIT AT THE JESUITS CHURCH

"In 2024, the company successfully shifted its strategy towards external projects, achieving a more balanced and diversified portfolio."

VILLA LUGINSLAND

ULYSSES BARTOLO - WORKS MANAGER

strengthen key areas, leading to more efficient operations. To strengthen our retention and attract talent, we continue to make significant strides in enhancing workplace safety and professional development for our staff. We conducted several training sessions aimed at improving the skills of our workforce, with a strong focus on health and safety.

AX Construction welcomed the announcement of the recently introduced Mason's license from the Building and Construction Authority (BCA), which is a major milestone in the local construction sector. BCA's legal notice now requires all contractors to be licensed, which is expected to improve professionalism across the industry. Here, we feel AX Construction is already ahead of the curve, as we have been continuously upskilling and training our team over the years, ensuring that all our team members are well-equipped to acquire the necessary licenses without delay.

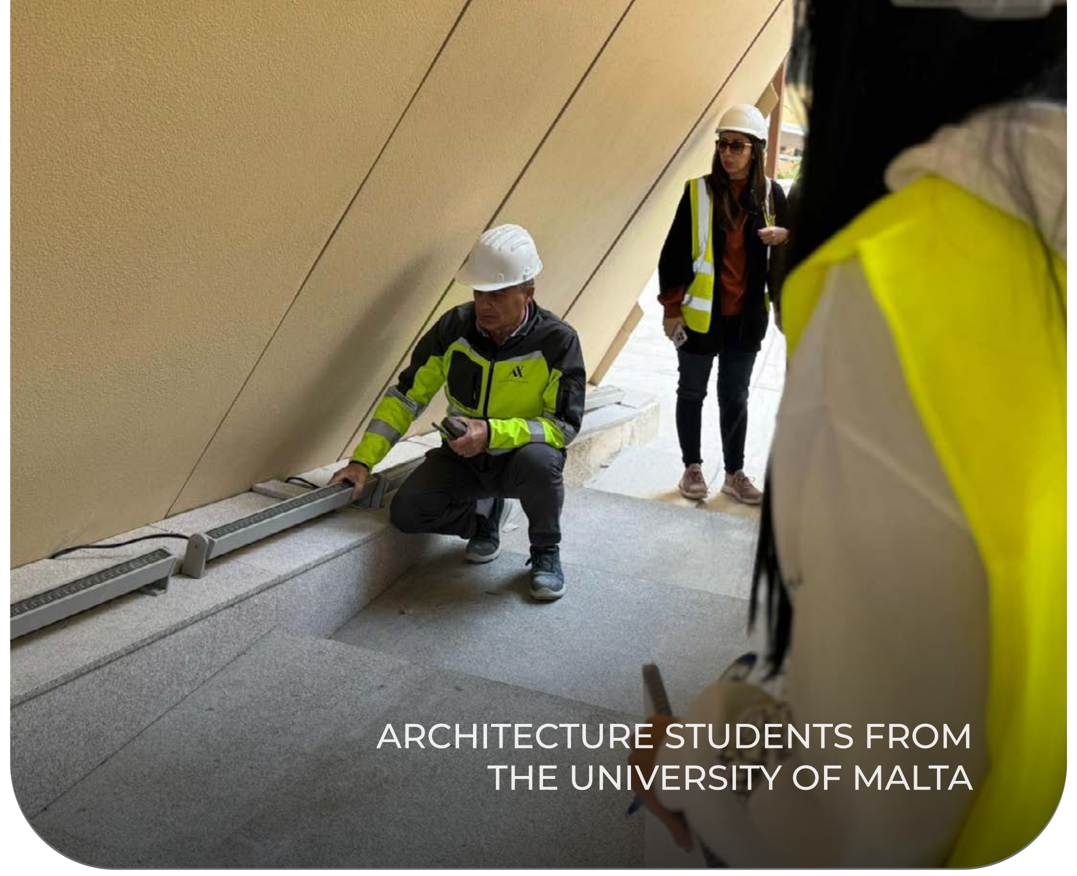
On the ESG front, we have focused on three key areas: waste separation, health and safety and community engagement. We continue to implement stringent on-site waste separation protocols, ensuring that waste is handled professionally with daily checks to maintain compliance. We introduced a Barometer score system and engaged an external H&S auditor to conduct bi-weekly site visits, holding team members accountable for any violations. A zero-tolerance policy towards health and safety issues continues to be enforced, ensuring all our people on-site can work without undue dangers and worry.

In our efforts to work closely and respectfully within the communities we serve, we have created a clear communication strategy, including site branding and regular clean-ups. We ensure that neighbouring households are well-informed about our projects, particularly in relation to excavation work, in order to minimise any disruptions as much as possible.

Furthermore, AX Construction made significant progress in its digital transformation, particularly with the introduction of a Document Management System (DMS). This system has enabled us to create a paperless office, reducing unnecessary paperwork and streamlining operations. Looking ahead, we plan to implement an Enterprise Resource Planning (ERP) system, further improving efficiency and supporting our sustainability goals.

We continued to strengthen our ties with the next generation of talent, fostering collaborations that contribute to the future of top quality construction in Malta. University of Malta students from various faculties visited sites such as Verdala, Villa Lunginsland, and the Jesuits' Church, where they observed restoration and construction processes firsthand, gaining valuable insight into the technical aspects and challenges involved. We believe these collaborations are essential in bridging the gap between academic theory and real-world application, and we look forward to hosting similar site visits in the future.

In the coming year, our strategy will focus on steady growth by expanding our portfolio and placing greater emphasis on external client projects. By building on our expertise and experience, we aim to strengthen our presence in the industry while continuing to deliver quality developments.


ARCHITECTURE STUDENTS FROM THE UNIVERSITY OF MALTA


STUDENTS FROM THE DEPARTMENT OF CONSTRUCTION AND PROPERTY MANAGEMENT - UNIVERSITY OF MALTA


VISIT FROM STUDENTS PURSUING A MASTER OF ENGINEERING AT THE UNIVERSITY OF MALTA

"We continued to strengthen our ties with the next generation of talent, fostering collaborations that enhance both our reputation and the development of the local construction industry."

AX REAL ESTATE

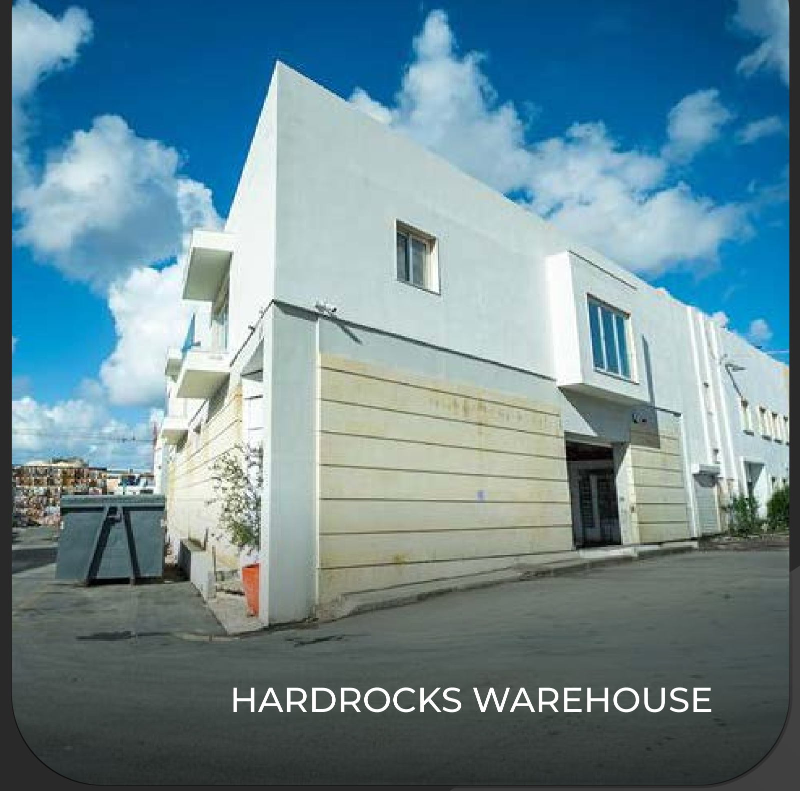
DIVERSIFIED PROPERTY PORTFOLIO

Explore AX Real Estate

AX REAL ESTATE

OUR YEAR IN HIGHLIGHTS

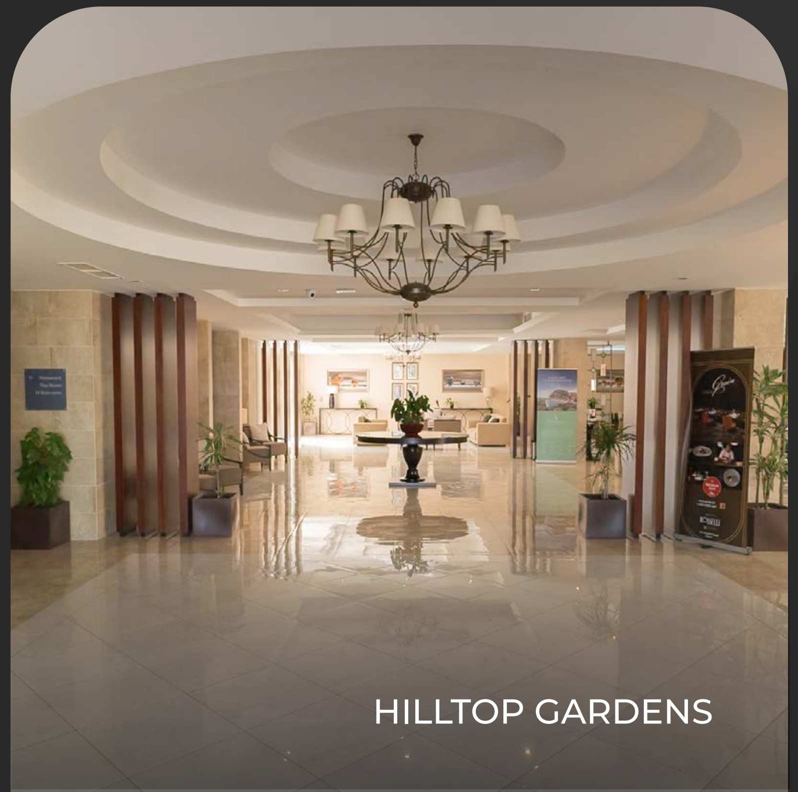
- Substantial growth in both revenue and profitability, primarily driven by ODYCY's performance which exceeded expectations.
- Focus for 2025 is on Verdala Wellness Hotel and Phase 2 of the Qawra Project, which will enhance the revenue generation of AX Real Estate.
- All AX Real Estate properties were practically fully leased throughout the year.


HARDROCKS WAREHOUSE


AX THE PALACE - SLIEMA


AX GROUP BUSINESS CENTRE


FALCON HOUSE COMMERCIAL OFFICES


HILLTOP GARDENS

AX REAL ESTATE

DIVERSIFIED PROPERTY PORTFOLIO

The past financial year marked the fourth operational year for AX Real Estate, with the business unit continuing to experience year-on-year growth. With the opening of the AX ODYCY hotel in 2023, the Real Estate unit has significantly surpassed all budget expectations for the year. This positive performance is encouraging as the Group looks to expand its real estate potential further, with the upcoming Verdala Wellness Hotel project expected to enhance revenues and gross operating profit in 2025 and beyond.

Operating in parallel with AX Group, AX Real Estate is responsible for ensuring that all properties within the Group's portfolio; including those located within our hotel and healthcare properties, are fully leased and maintained to the highest standards. These properties

AX ODYCY HOTEL - QAWRA


PROGRESS AT THE VERDALA WELLNESS HOTEL

are leased to both intra-group tenants and third-party clients, with the team continuing to optimise rental rates and provide exceptional service while working towards a healthy bottom line.

The lease structure for our hotel properties is based on a hybrid rental system, combining a fixed base rent with a variable rent component tied to the hotel's performance. The past year saw all the AX Real Estate's investment properties fully leased out, and we were once again fully occupied throughout the year.

Following the exceptional performance of AX ODYCY, AX Real Estate generated Eur4.2 million in variable rents, a Eur2.9 million increase over budget. This is in addition to the base rents from the AX ODYCY Hotel and Lido, as well as the base and variable rents from other Qawra properties such as AX Sunny Coast, Luzzu, and the Sunny Coast Leisure Centre. This strong performance continued with our Sliema hotel properties, where AX The Palace and AX Victoria surpassed budget expectations, achieving Eur1.4 million in variable rents, exceeding the budget by Eur855K.

Overall, total revenues reached Eur19.5 million, a 64% increase from the previous year's Eur11.9 million, exceeding budget expectations.

The increase in revenues from budget has also positively impacted profit before tax, where AX Real Estate registered a Gross Operating Profit (GOP) before finance costs, fair value movements on investment property, and tax of Eur18.4 million, exceeding budget expectations of Eur14.5 million by Eur4 million, or 27.5%. This represents a significant 68% increase from the previous year's GOP of

Eur11 million. Our Net Profit, after finance costs but before fair value movements on investment properties and before tax, also almost doubled the previous year's net profit of Eur6.4 million, reflecting an 88% increase. AX Real Estate recorded a net loss of Eur0.7 million from the fair value movement of investment property.

This strong financial performance reflects the continued growth and maturity of AX Real Estate's property portfolio, demonstrating the Group's ability to strategically manage and maximise the value of its assets in line with current market demands in order to deliver long-term value to both tenants and investors. This growth reflects the Group's proactive approach to investing in its property portfolio, where the focus is not only on upgrading existing properties to meet current market demands and attract high-quality tenants and consumers, but also on investing in new property projects. These efforts continue to enhance and diversify our real estate offerings, providing the Group with additional opportunities to capitalise on its growing portfolio.

In fact, in 2024, AX Real Estate continued to make significant investments in its properties, with a Capex spend of Eur14.5 million for the year. This included nearly Eur9 million spent on the AX ODYCY Hotel and Eur4.9 million on the upcoming Verdala Wellness Hotel. Since the start of our Capital Expenditure programme, the Group has invested over Eur72 million in its two main development projects, with Eur63.9 million allocated to AX ODYCY and Eur8.2 million to the Verdala Wellness Hotel. The successful performance of AX ODYCY affirms that the forward-thinking strategies set out by senior management are proving effective in shaping the Group's future performance and ensuring steady returns on investment.

Looking ahead, AX Real Estate has outlined several key priorities that will align with the broader AX Group strategy and continue to drive the business unit's growth.

The opening of the 5-star Verdala Wellness Hotel mid-year marks a significant milestone, with the first returns on this investment expected. This luxury, wellness-focused hotel adds a new dimension to our property portfolio, introducing a new market segment. The team is working diligently to attract and instate both tenants within the various property spaces and venues ahead of launch, to ensure a smooth opening. Similar to the launch of AX ODYCY, a base rent will be implemented from the hotel's first day of operation.

Additionally, Phase 2 of the Qawra Project is set to begin, with the redevelopment of Sunny Coast resort into AX ODYCY Residences with 151 rooms in total. The upcoming works will include gutting the property, securing adjacent buildings, and demolition and excavation of the site.

The Group is also actively pursuing various other future investment property projects, including the reconstruction of the Sunny Coast Lido, the Luzzu Lido, and the vertical extension of the Hilltop Gardens retirement village in Naxxar, among others. These initiatives will further diversify and expand our real estate portfolio.

While AX Real Estate is not a typical real estate operator in Malta, we remain attentive to market trends and opportunities. We believe that every project should begin with a clear understanding of client expectations and market developments. This approach ensures that we keep the end-user in focus, investing in and maintaining properties that align with their needs and provide a seamless interaction with both the space and staff. Our commitment to sustainability is also integral to this process, as we continuously evaluate our procurement procedures to work with reliable operators and contractors, sourcing sustainable materials wherever possible and ensuring our supply chain follows the right channels.

By taking a proactive approach, we are confident that AX Real Estate will continue to expand its portfolio in 2025 and beyond, through designing high-quality properties that meet diverse rental needs, while adding significant value for our clients and investors.

DENISE XUEREB AT THE MALTA PROPERTY SHOW ORGANISED BY THE MALTA DEVELOPMENT ASSOCIATION AND CHECK YOUR TRADERS, PART OF THE MALTA TRADE FAIR.

AX RENEWABLE ENERGY

GREEN ENERGY SOLUTIONS

AX RENEWABLE ENERGY

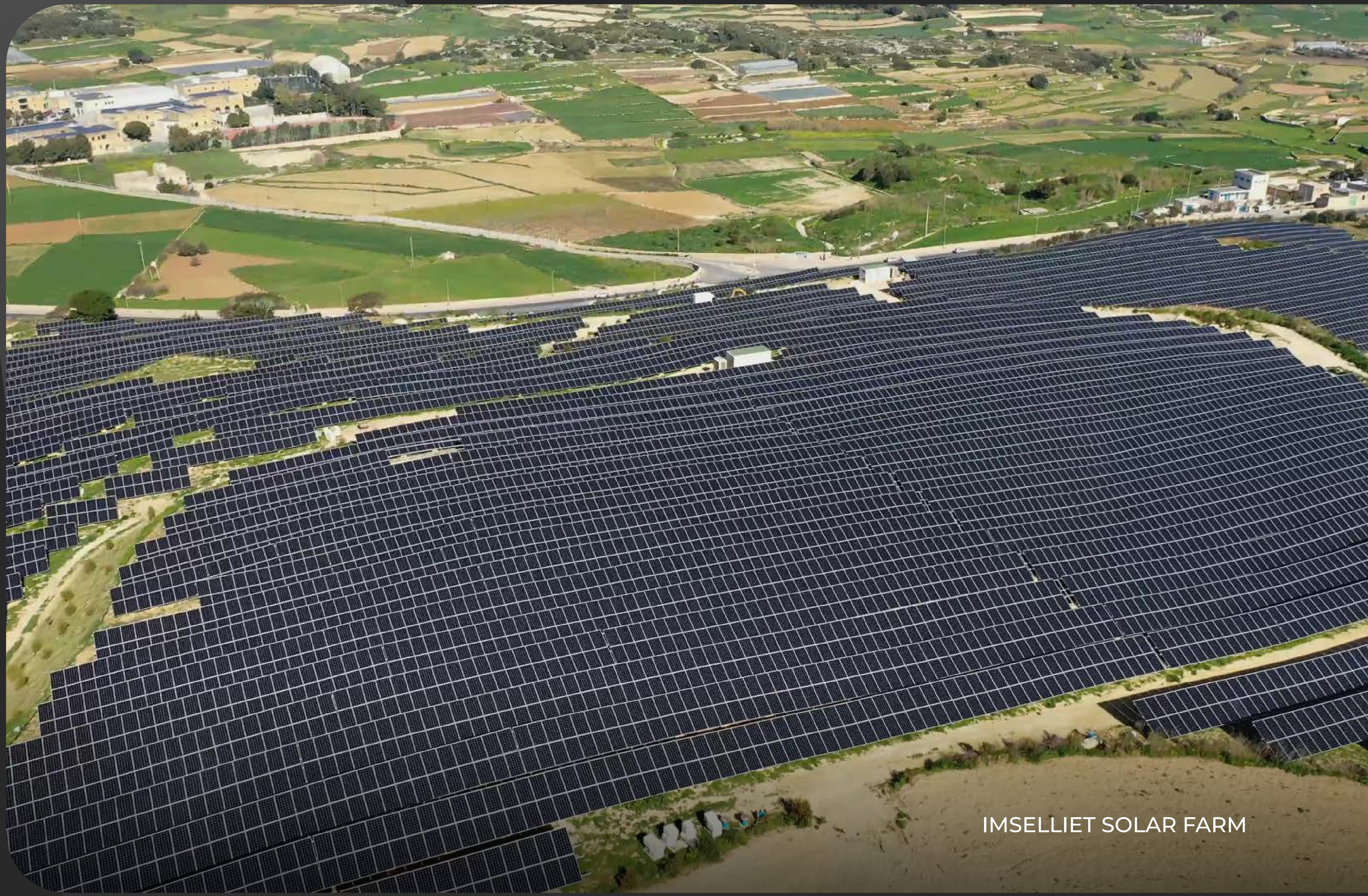
GREEN ENERGY SOLUTIONS

The AX Group's investment in solar energy installations also produced steady revenue and profits.

Imselliet Solar operates two solar energy plants, one at Imselliet in Mgarr and the other over the roofs of the residential blocks at Hilltop Gardens Retirement Village. Both plants were fully operational during the year.

The company is monitoring closely the developments in the renewable energy sphere both in Malta and overseas. The main limiting factor is identifying suitable sites for such installations that meet the planning requirements and limitations imposed.

Meanwhile independently of this subsidiary's activity, the AX Group has commissioned the installation of two other solar energy plants, one at the ODYCY hotel and the other will be at the Verdala Hotel. Both these installations are projected to come into operation in 2025.



IMSELLIET SOLAR FARM

AX GROUP

OTHER INVESTMENTS

AX GROUP

OTHER INVESTMENTS

VALLETTA CRUISE PORT PLC

The cruise industry has continued to grow during 2024 with record number of ship movements and passenger movements recorded. Total revenue for the year achieved a growth of almost 28% over the previous year. The Company's EBIDTA also was 40% higher than prior year. The company continued with its policy to distribute strong dividends. The amount received by the AX Group for the year was Eur1,273,025.

The prospects for the coming years look encouraging.

Work on the extension of quays Pinto 4 & 5 progressed slower than expected. This is being carried out by Transport Malta and as such Valletta Cruise Port management have little control over these

VALLETTA CRUISE PORT

VALLETTA CRUISE PORT

works. It is expected that works will progress well into 2025 which will continue to hamper the cruise operations somewhat and burden the company with additional costs from using the quay at Boiler Wharf.

The landside revenue experienced some pressure from competition. The significant increase in food and beverage outlets in Valletta and across the island is impacting tenant income and the company is actively looking into ways to address this.

During the year the permit for the construction of the Atrium car park was approved and the company plans to issue tenders for its construction in the coming months. Likewise the company issued a request for proposals for the Old Power Station site which has attracted considerable interest.

04
BUSINESS FUNCTIONS

Our business functions are designed to drive efficiency, innovation and strategic growth across all operations.

AX INVESTOR RELATIONS

TRANSPARENCY FOR TRUST

Visit AX Investor Relations

AX INVESTOR RELATIONS

TRANSPARENCY FOR TRUST

AX Group's ongoing success is built on the collective effort of our people, clients and business partners, as well as our investors, who are not only a crucial part of our journey but also key contributors to the growth and transformation we continue to experience. That's why we remain committed to fostering strong relationships with our stakeholders by creating platforms and initiatives that keep them engaged and informed, ensuring they feel a part of our story every step of the way.

At the beginning of the year, AX Group issued its annual newsletter, providing essential insights into the Group's activities, upcoming projects, and key developments that are expected to impact operations. The newsletter continues to serve as an important platform for showcasing initiatives that drive value and profitability, reaffirming the Group's commitment to delivering meaningful information to its stakeholders. In addition, the AX Investor Relations microsite remains another valuable resource for updates on the Group's activities and available financial instruments throughout the year.


ANNUAL GENERAL MEETING

Investors Loyalty Scheme

Beyond fulfilling its dividend promises, AX Group continues to prioritise building strong relationships with investors through transparency and enhanced communication. Positive feedback from investors highlights the value they place on being well-informed, and we are confident this approach fosters greater trust, collaboration, and long-term relationships for future projects.

In 2024, AX Real Estate plc held another successful in-person AGM, offering shareholders the chance to engage directly with management, learn about upcoming projects, and gain insights into its financial performance. Alongside the AGM, a brokers' presentation of the AX Group's financial performance of the previous financial year, coinciding with the publication of the AX Group's annual report, has become another staple event in the Group's calendar. This provides a detailed overview of the AX Group's performance and core project updates, keeping investors informed of growth opportunities on the horizon.

AX Investor Relations has also been exploring new ways to foster collaboration and networking within Malta's business community. For the second consecutive year, the Group hosted a brokers' get-together and held cordial meetings with representatives from the Malta Small Shareholders Association.

Furthermore, we continue to add value to our investors, we recently updated the investors' loyalty cards, offering exclusive discounts and offers on AX Group brands and services, providing added benefits for our investors. Through these measures, we aim to ensure that our investors continue to feel valued and engaged in the growth of AX Group.

AX CAREERS

A REWARDING WORK CULTURE

Explore AX Careers

AX CAREERS

A REWARDING WORK CULTURE

AX Careers, the recruitment arm of AX Group, plays a crucial role in the ongoing success of our projects by taking a specialised approach to attracting, building, and retaining our talented workforce. Over the past year, numerous new positions opened across all departments and levels of AX Group, resulting in many success stories emerging from these promotions and new hires. The team successfully met its objectives and laid the groundwork for important projects in the year ahead.

Since the pandemic, AX Careers has been on a steady path of growth and reinvention, both internally as a team, as well as in terms of growing its presence within the local market and key overseas

F&B TEAMS READY FOR THE VERDALA TERRACES NETWORKING EVENT

regions to attract quality hires. The team has cemented its internal expertise, backed by personnel with years of experience within the Group, becoming increasingly astute in identifying talent that aligns with our core values and work ethic, all while responding to employee needs and the evolving market. Positive reviews and ratings, with many praising individual team members, demonstrate the success of our recruitment team's knack for identifying candidates of the highest calibre to perform diverse roles and responsibilities.

Over the past year, the AX Careers team expanded with the addition of a new talent acquisition specialist, strengthening the team as the focus shifts towards recruitment for the upcoming Verdala Wellness Hotel. This project has required a tailored recruitment strategy, distinct from previous efforts, due to the unique nature of the luxury wellness property and its brand. To attract the right candidates, a dedicated microsite was created, along with targeted online and social media campaigns focused on local and international potential candidates, resulting in many successful leads.

In line with the dynamic job market trends and aiming to improve efficiency, we started working on implementing a new internal recruitment process, using automation, to further streamline our talent sourcing and selection processes. This system will eliminate many manual tasks, allowing our team to provide a more personal approach to networking, headhunting, and meeting the needs of our existing teams.

We continue to believe that for AX Group to remain an employer of choice, we must maintain an eye towards the future. This year, we increased our participation in various recruitment drives and job fairs, targeting the next generation of professionals. These efforts reflect our ongoing commitment to raising awareness about the diverse career opportunities available to young professionals at AX Group. Additionally, this year we expanded our outreach, registering some 70 students locally and from overseas, encouraging them to consider internship roles across AX Group's hotels and administrative offices.

As a Group that has always embraced digital innovation, we are continuously exploring systems and tools to enhance our recruitment and HR workflows. In addition, we have enhanced our communication channels through a digital noticeboard to better reach our employees, providing a more effective way to keep everyone informed about internal developments, news, and updates.

In addition to our investments in technology, we are also dedicating more time and resources to our people to enhance engagement, retention, and skills development across all roles. Our townhall meetings, led by the CEO and Directors, continue to play a crucial role in uniting staff. These meetings provide updates on the progress of various business units and provide respective teams with an opportunity to ask their own questions, all in all helping foster a sense of purpose and ownership among teams as we work together towards the collective success of the Group.

We are also focused on addressing the practical needs of our workforce. We succeeded in maintaining the organised and well-flowing process related to the single work permit applications of our

FRESHERS' WEEK

CLAIRE ZAMMIT XUEREB - TOWN HALL MEETING


REVIVE EMPLOYEE

"These efforts are part of our commitment to growing awareness about the diverse career paths within AX Group."

HEALTH & SAFETY TRAINING

TRAIN THE TRAINER SESSIONS

new and existing employees, during a period characterised by many impactful changes in the regulations related to the employment of non-EU nationals. Alongside with other measures, the Government of Malta introduced new requirements for the employees occupied in the Tourism and Hospitality industry, the Skills Pass certification process which enables skilled individuals to gain formal recognition for their expertise. Here, we have been working towards ensuring all our employees pass the assessment, facilitating the upskilling of approximately 500 hotel employees, with nearly 100% participation. The cost of the Skills Pass certification of our employees was fully subsidised by the AX Group.

Recognising that a significant portion of our staff are third-country nationals, we started the Employee Concierge project, piloted in Qawra hotels, by appointing a dedicated employee-himself a third-country national promoted from within-to assist employees and new recruits with settling into life in Malta. From helping with bank accounts to guiding staff on public transport cards and assisting with work permits and renewal applications, this initiative has proven successful and will continue to be expanded across our business units as needed.

Training and upskilling remain top priorities. We enrolled many of our hospitality employees in various training programmes provided by the Forbes Travel Guide, organised by the Malta Hotels and Restaurants Association (MHRA). In fact, AX Group was recognised as the most dedicated employer for these training sessions by the MHRA, demonstrating our commitment to ensuring our teams are upskilled to the highest standards according to the latest industry best practices. Employees at AX Group completed a total of 28064 hours of training on various topics, including health and safety, legal compliance, company requirements, and personal development, in addition to other areas.

Similarly, the introduction of the Mason's license from the Building and Construction Authority (BCA) marks a significant milestone for the construction sector. The new BCA regulations require all contractors to be licensed, which will enhance professionalism in the industry. Here too we are preparing our construction team to acquire the necessary licenses efficiently and without delay.

Over the past year, we have introduced new incentives and organised a variety of events, fostering a positive work environment where our team members feel valued, recognised and engaged.In Qawra, our LET'S TALK initiative brings teams together every month for focus groups where employees engage in open discussions about important topics such as how to improve communication and ESG. These sessions are designed to encourage participation and contribute to a more collaborative work environment. To mark the one-year anniversary of our Qawra operations, staff were celebrated with specially designed T-shirts and a week of activities, including a poolside BBQ and fireworks. In Sliema and Valletta, regular breakfast and lunch sessions with managers have proven popular with employees, providing them with the opportunity to discuss their suggestions, with many of these ideas being implemented where possible.

We also celebrate outstanding contributions from our people


LET'S TALK - EMPLOYEE INITIATIVE


ODYCY 1 YEAR CELEBRATION WITH STAFF


TECHNICAL SKILLS

"Over the past year, we have introduced new incentives and organised a variety of events, fostering a positive work environment where our team members feel valued, recognised, and engaged."

BUSINESS CENTRE TEAM BUILDING

AX GROUP FOOTBALL TOURNAMENT

through the popular Employee of the Month awards and our annual Awards Ceremony highlighting special achievements and long service.

Our events calendar across all units remains filled with opportunities for employees to connect and enjoy time together outside of their work responsibilities. Over the past year, we organised team-building activities for various departments and units, along with community-driven initiatives that encouraged collaboration while giving back to the community, such as our Casual Fridays in support of Hospice Malta and a special sports day event organised by our team for senior residents at Hilltop Gardens.

Our long-term goal is to connect AX Group and its diverse brands with the right candidates. By highlighting our expertise and the high calibre of professionals within the Group, we aim to cement AX Group as an employer of choice in Malta, one with a strong reputation that attracts top talent across all sectors.

AX GROUP

BUSINESS TRANSFORMATION

AX GROUP

TRANSFORMING CHALLENGES INTO OPPORTUNITIES

AX Group's Business Transformation department has seen considerable progress in 2024, further solidifying its role in driving the Group's technological transformation. In the second year since the merging of our IT and Business Transformation departments, the team is now firmly focused on streamlining operations, implementing innovative systems and optimising data usage for insightful decision-making.

One notable success has been the introduction of AI-driven systems, such as the AI-enabled chatbot on the AX Hotels website; MAXIE. Implemented in Q2, we exceeded expectations, automating 94% of customer interactions, which has significantly enhanced both customer experience and operational efficiency. By automating repetitive tasks, we have freed up our staff to focus on areas of the

BUSINESS TRANSFORMATION TEAM

business that require a more personal touch and creative thinking. This shift allows our team to engage more meaningfully with clients, adding greater value to their interactions with us. With this achievement, we are exploring additional AI-based projects, which will further streamline our services.

The Group is also working towards consolidating and replacing fragmented legacy systems. One of the largest undertakings of 2024 was the migration of property management and point-of-sale systems in the Sliema hotels. Despite challenges, the project has moved forward successfully with minimal disruption. System upgrades were executed after hours, ensuring operations continued smoothly. Furthermore, the introduction of next-generation firewalls significantly strengthened IT security and scalability across the Group, providing greater protection against potential cyber threats. In addition, a major guest Wi-Fi upgrade across Sliema properties was completed, improving connectivity for both guests and staff.

AX Group has also made significant strides in implementing a new Enterprise Resource Planning (ERP) system, which aims to overhaul our financial systems, procurement, and other critical business functions. The proposal process was completed, and responses are expected in the coming year. With a timeline of approximately 18 months, this major project will replace the Group's entire financial backbone, aligning with long-term goals of enhanced efficiency and operational cohesion.

On the operational front, AX Group is also seeing positive results from its investment in Care Home software management at Simblija Care Home. The initial phase of the rollout has begun, setting the stage for future enhancements. In addition, the Document Management System implemented in AX Construction has been another tool that has helped maximise efficiency, improve workflows and enable better collaboration across departments.

We believe that a successful tech strategy must be supported by a talented team that is capable of staying ahead of the rapidly evolving tech landscape. Recruiting and retaining skilled IT professionals has been a rising challenge, given the competition from other tech industries in Malta. Despite this, efforts have been made to ensure the entire Business Transformation team remains engaged, efficient, and aligned in purpose.

Looking ahead, the department is committed to continuing its transformation efforts across each of the Group's diverse business units. Over the next year, AX Group will focus on utilising data more effectively, improving tools and systems, and ensuring that innovation remains at the heart of its operations.

05

ENVIRONMENTAL SOCIAL GOVERNANCE

AX Group remains committed to placing Environmental, Social and Governance principles into every facet of our operations.

COLLABORATION WITH NATURE TRUST

AX GROUP

CHARTING OUR ESG JOURNEY

AX FOUNDATION AX SUSTAINABILITY

STEPS TOWARDS A RESPONSIBLE FUTURE

In 2024, AX Group reached a significant milestone in our ESG journey, with AX The Palace and AX The Victoria becoming the first hotels in Malta to earn the Global Sustainable Tourism Council (GSTC) eco-label accreditation. This achievement highlights our commitment to sustainability, focusing on long-term environmental, social and governance initiatives. The GSTC certification is the result of extensive efforts, including implementing sustainable policies, improving resource management and educating both our team members and guests regarding responsible practices. Going forward, we are working towards certifying AX ODYCY in Qawra and our Valletta hotels.

Our internal ESG Committee, established two years ago, continued to ensure that all divisions are well-equipped to implement ESG initiatives such as reducing plastic usage, improving waste management and enhancing energy consumption efficiency. With these foundational steps in place, we are now focused on identifying more impactful ways to advance our ESG efforts while ensuring alignment with business needs and profitability. To this end, we recruited an ESG analyst with an environmental engineering background and engaged external consultants. We are also exploring tools to better track and analyse data, with prototypes in place to collect data on key sustainability

AX GROUP ESG COMMITTEE

AX GROUP CEO AND DEPUTY CHAIRMAN, MICHAEL WARRINGTON, PARTICIPATED AS A PANEL SPEAKER AT THE ISIMGĦUNA CONFERENCE, ORGANISED BY MESGA

YMCA MALTA AND YMCA EUROPE PRESENTING A PLAQUE OF APPRECIATION

matters and inform future decisions.

Another core part of our ESG strategy has been an emphasis on improving our supply chain. AX Group now requires its suppliers to sign declarations confirming their adherence to ESG standards covering a broad range of criteria, including eco-friendliness, fair labour practices, ethical business conduct and transparency.

AX Group continues its active participation in the Malta ESG Alliance (MESGA), established in 2022 to promote sustainability and reduce Malta's carbon footprint. Over the past year, the alliance which is made up of a consortium of local companies, has expanded with new members and strengthened its connections with key stakeholders, advancing Malta's sustainability goals. Additionally, the ISIMGĦUNA conference, in which CEO and Deputy Chairman, Michael Warrington was a speaker, has provided a platform for young voices to discuss critical issues like pollution and poverty, engaging the next generation in shaping the country's future.

Meanwhile, our investment in the Imselliet Solar Farm, located in the limits of Mġarr, has become a stable and reliable source of renewable energy, generating over 3 million kWh of clean energy annually and significantly reducing our carbon footprint.

Following the launch of the Corporate Sustainability Reporting Directive (CSRD), we have been working diligently towards our first sustainability report in line with the said directive and the respective local legislations. To fully comply with the CSRD, we are conducting a materiality assessment to identify the most relevant impacts, risks, and opportunities related to our operations. This includes gathering data on water usage, climate policies, biodiversity, supplier compliance, gender pay gaps, and health and safety incidents, among others.

On the social front, AX Group has remained actively engaged in several corporate social responsibility (CSR) initiatives throughout the year. These initiatives have included supporting important causes fronted by organisations like BirdLife, Coast is Clear and Nature Trust, which are dedicated to environmental conservation and protecting Malta's natural heritage. We also collected essential items for the Foodbank Lifeline Foundation Malta to help families in need of food supplies.

The Group held its annual Pink October campaign, encouraging employees who have faced illness or have family members affected to share their stories through social media initiatives. Similarly, employees were invited to join our Movember campaign, which focused on mental health awareness and the importance of eliminating the social stigma surrounding it. In addition, casual dress events were held at our Business Centre office, where employees donated money to Hospice Malta, supporting its valuable work in providing care to those in need.

Our Qawra Hotels team partnered with Nature Trust to raise awareness regarding turtles conservation in Malta, a project that reflects our commitment to environmental conservation. Through 'Turtle Tides', our kids' club facility at the ODYCY Hotel, children learned about turtle health, fostering awareness and support for local wildlife preservation efforts. As part of this initiative, AX ODYCY employees also participated as volunteers at different beaches assisting in crowd control during turtle releases, symbolising the joint effort between ODYCY and Nature Trust Malta.

PINK OCTOBER INITIATIVES

CELEBRATING DOWN SYNDROME DAY

TREE PLANTING WITH COAST IS CLEAR FOUNDATION

"On the social front, AX Group has remained actively engaged in several corporate social responsibility initiatives throughout the year."

AX FOUNDATION SUPPORTS SAN ANDREA TO ENHANCE STUDENT WELL-BEING


NEW FACILITIES AT SAN ANDREA SCHOOL FULLY SPONSORED BY THE AX FOUNDATION

AX Foundation, the philanthropic arm of AX Group, also continued its vital work in supporting children and young adults with invisible learning disabilities. This year, the Foundation made significant strides in the area of education, focusing on providing opportunities for children to develop their independence and reach their full potential.

One major initiative was the Foundation's support for San Andrea School in building dedicated spaces to support children with special needs. AX Foundation fully financed the creation of a Nurture Room, Therapy Rooms and Support Rooms as part of a pilot project. The objective of this project was to offer safe, secure, and supportive environments where educators and specialists can address the specific needs of students. These needs range from special educational support for children on the autism spectrum to addressing mental health challenges, such as anxiety or low self-esteem, and supporting students diagnosed with ADHD.

The project is a significant milestone in the Foundation's efforts to address the unique needs of children and is expected to be the first of many similar initiatives in other schools. The total cost of the project was Eur16,000.

In addition to the school project, AX Foundation also supported Inspire's well-attended conference on accessibility. The conference, held at AX The Palace, focused on inclusive education, accessible design and inclusive employment, as well as the importance of bridging the gap between research and practical implementation in the field of disabilities.

For the second consecutive year, AX Foundation continued its support for the Children in Need Foundation and Fondazzjoni Sebħ by sponsoring children in residential homes. The Foundation funded weekly therapy sessions for these children, addressing their mental, social, emotional and educational needs. This initiative is part of a three-year pilot project, with an expected cost of Eur22,500, demonstrating AX Foundation's long-term commitment to improving the well-being of vulnerable children.

Additionally, AX Foundation has partnered with the Autism Council and Agenzija Sapport to work on another pilot project aimed at matching neurodivergent individuals with suitable job opportunities. In collaboration with international organisations such as Specialisterne Ireland and APVA (Autistic Voices Association), as well as the local NGO Prisms, this project seeks to address the employment challenges faced by neurodivergent jobseekers. This project is expected to be launched in 2025.

The AX Ability Award, presented by AX Foundation, has become another annual highlight where we celebrate individuals who have overcome invisible challenges to achieve success in their lives. The award also honours those who have dedicated their efforts to advocating for the rights of people with disabilities. This year's recipient, Dr. Alistair Degaetano, is an inspiring individual on the autism spectrum who has not only earned a PhD but has also devoted his life to making a profound impact on the lives of people with disabilities. His achievements reflect the very essence of the AX Ability Award-empowering others facing similar challenges to move forward in their own lives.

'Giving & Dining', a fundraising event held at Minoa Mediterranean

AX FOUNDATION CHAIRPERSON - CLAIRE ZAMMIT XUEREB

DINING & GIVING EVENT

“Giving & Dining', a fundraising event at Minoa, was a resounding success, raising Eur29,500 for the Foundation's ongoing projects.”


DR. ALISTAIR DEGAETANO

JOSEPH BORG, DEPUTY CHAIRPERSON OF AX FOUNDATION, ADDRESSING THE INSPIRE CONFERENCE

Fusion Restaurant, at AX ODYCY in Qawra, was a resounding success, raising Eur29,500 for the Foundation's ongoing projects through dinner ticket sales, donations, sponsorships, and raffle proceeds.

AX Foundation also manages the AX Staff Solidarity Fund, designed to support AX Group employees experiencing health or financial difficulties. Employees voluntarily contribute Eur10 per year to the fund, with the AX Group matching these contributions. In 2024, Eur11,460 was distributed to employees in need of financial assistance due to medical or health issues. This initiative reflects the Group's commitment to supporting its employees during difficult times, ensuring they are not alone in navigating personal challenges.

As a family business with a strong reputation as an employer of choice, we understand our responsibility to Malta, the communities we serve, as well as to our people. We are committed to making continued progress across all areas of our ESG journey. While we acknowledge that there is always further progress to be made, we remain dedicated to exploring new ways where we can create meaningful impact and drive positive change in our operations.

06

FINANCIAL STATEMENTS

A YEAR OF
SUCCESS STORIES

CONTENTS

06
FINANCIAL STATEMENTS

This version of the Annual Report is not the official version. The official version is the ESEF Annual Financial Report 2024 that can be found on the Company's website 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 Zammit Xuereb
Mr Josef Formosa Gauci
Mr Christopher Paris
Mr John Soler
Mr Michael Warrington

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.
Labour Avenue
Naxxar
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 2024.

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 EUR13,523,836 (2023: EUR31,270,094). This included management fees of EUR2,217,237 (2023: EUR1,646,994), dividends received from subsidiaries of EUR11,171,486 (2023: EUR29,498,155) and rental income of EUR135,113 (2023 EUR124,945). Staff costs incurred amounted to EUR3,870,169 (2023: EUR3,825,546) and operating costs amounted to EUR1,574,254 (2023: EUR2,148,174).

In November 2023, the Company issued a EUR40 million bond with a 5.85% interest rate, to redeem the EUR40 million AX Investments p.l.c. bond which matured on 6 March 2024. The new bond attracted high demand, leading to an early closure of the offer period. The new bonds were admitted to listing on the Official List of the Malta Stock Exchange on 7 November 2023.

Moreover, during 2024, the Company disposed of EUR6,169,000 (2023: EUR3,037,000) of its holding of AX Real Estate p.l.c. debt instruments, incurring a realised loss of EUR595,563 (2023: EUR595,700). The remaining debt instruments held were remeasured at fair value at year end, resulting in an increase in fair value of EUR435,447 (2023: decrease in fair value of EUR637,955).

The Company also sold its shares in AX Investments p.l.c. to another subsidiary during the year, generating a gain on disposal of EUR2,204,063. This share transfer was carried out to facilitate the merger of AX Investments p.l.c. with the other subsidiary.

Operating profit of the Company amounted to EUR9,406,580 (2023: EUR23,124,711).

During the current year, finance costs remained stable at EUR3,716,351 (2023: EUR3,678,631). However, this stability was due to an increase in interest on debt securities following the new bond issued during the year, which offset a decrease in interest on amounts payable to subsidiaries following the redemption of some intra-group loans. Meanwhile, finance income saw an increase of EUR373,036 largely attributable to increases in interest rates on intra-group loans.

The profit for the year amounted to EUR9,642,214 (2023: EUR19,868,672).

Group

During the current year, the Group registered total revenue of EUR83,343,606 (2023: EUR49,865,256). The primary growth was driven by the Hospitality division, with revenues rising by EUR24.8 million when compared to last year. This increase is largely due to the AX ODYCY hotel and lido in Qawra, which re-opened in May 2023. After extensive development and a complete refurbishment, the hotel expanded significantly by adding four storeys, increasing the total number of guest rooms to 599. The project also included the demolition of the old Suncrest lido, excavation down to almost sea level, and the construction of three levels. These levels comprise an underground car park accommodating 80 cars, pools, sundeck areas and restaurant outlets one floor below street level, with additional outlets at street level. This year marks the first full year of operation for the rebranded hotel. Additionally, the Group's other hotels have also exceeded expectations, outperforming their projected revenue and operating profits.

The Healthcare division registered an increase in revenue of 5.3% compared to the prior year. The independent apartments at Hilltop Gardens were fully occupied throughout the year while occupancy at the Care Home exhibited a steady increase. In addition, revenues from the Revive physiotherapy centre and the food and beverage facilities experienced an improvement when compared to last year.

The Construction division has more than doubled its revenue from third-party work compared to last year, reaching EUR11.6 million in the current year (2023: EUR4.1 million). The division has successfully secured numerous contracts for the current year and beyond. In contrast, last year, the division was primarily focused on internal projects, mainly the extension of the AX ODYCY hotel and the redevelopment of the lido in Qawra. The Construction division was also heavily involved in the Verdala project during both the current and prior year. The main third-party projects during the current year included construction works at the Malta International Airport, the St John Co-Cathedral Annex, Villa Lugisland in Rabat and restoration works on the St Paul's Pro-Cathedral in Valletta.

Work on the Verdala project in Rabat is making steady progress. The finishing works on the residential blocks are at an advanced stage, while those on the hotel are progressing steadily. The goal is to have the hotel operational by May 2025. This 5-star wellness hotel is set to establish a new standard in luxury hospitality in Malta.

The Verdala Terraces were officially launched on the market at the end of June 2023, and since then, the number of promise of sale agreements signed has steadily increased, demonstrating continued confidence in the destination and concept. The first deed of sale was signed in November 2024.

PERFORMANCE REVIEW - CONTINUED

Group - continued

In addition to these major projects, the Group completed the redevelopment of Palazzo Lucia in Valletta, converting it into a premium office space. A tenant was also secured during the year.

The Group also resolved a long-standing dispute with the Commissioner of Lands concerning claims of alleged illegal occupation of land encompassing parts of the AX ODYCY and AX Sunny Coast lidos. Following a period of negotiations, a resolution was reached in May 2024 through a lease agreement. This agreement grants the Group temporary emphyteusis on the land for a 65-year term, coupled with a settlement arrangement for prior usage.

The Group reported a share of results from associates and joint ventures of EUR2,104,953 (2023: EUR975,602). The increase can be attributed largely to the improved operations of Hardrocks Estates Limited and Valletta Cruise Port p.l.c., entities in which the Group has a non-controlling interest. The improvement in performance at Valletta Cruise Ports p.l.c. is attributed to the growth in tourism and the recovery in the cruise industry.

Operating costs increased by EUR10,404,798 compared to 2023, reflecting the expanded operations of the Group. Simultaneously, staff costs experienced a substantial increase of 24% compared to prior year. The rise in operating and staff costs aligns with the improved performance of the Hospitality and Construction divisions.

The depreciation of property, plant, and equipment experienced a EUR740,171 increase over last year, primarily driven by substantial investments in the development of the AX ODYCY hotel and lido in Qawra.

Consequently, the operating results for the year shifted from a loss of EUR 1,789,249 in the previous year to a profit of EUR11,477,584 in the current year.

Finance costs increased by EUR1,888,039 over the previous year reflecting the further drawdown from the bank loan obtained during the prior year to finance the Qawra project as well as an increase in interest on debt securities following the new bond issued during the year.

The Group's profit before taxation for the year amounted to EUR5,812,014 (2023: loss before taxation of EUR6,817,166). As at year-end, the AX Group's equity stood at EUR248,829,558 (2023: EUR243,540,298).

Financial Key Performance Indicators	Group		Company	
	2024	2023	2024	2023
	EUR	EUR	EUR	EUR
Revenue and other operating income	83,550,472	50,292,529	13,576,106	31,284,316
Adjusted EBITDA*	24,033,119	7,445,341	8,131,683	25,310,596
Operating profit/(loss)	11,477,584	(1,789,249)	9,406,580	23,124,711
Net finance costs	(7,770,523)	(6,003,519)	(745,317)	(1,080,633)
Profit/(loss) after tax	5,067,350	(3,821,584)	9,642,214	19,868,672
Earnings per share	3.82	(3.31)	-	-
Total equity and liabilities	513,112,469	474,028,233	196,602,536	176,312,899

**The Group measures Adjusted Earnings before Interest, Tax, Depreciation and Amortisation ("Adjusted EBITDA") as operating profit/(loss) after adjusting for (loss)/gain on revaluation of investment properties, movement in fair value of financial asset, gain/(loss) on disposal of financial asset and depreciation. This key performance indictor 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 summarised 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 35 to the financial statements provides a detailed analysis of the financial risk to which the Group and the Company are exposed.

DIVIDENDS AND RESERVES

In September 2024, the Company issued an interim dividend of EUR4.29 per ordinary share, amounting to EUR5,000,000. The Directors do not recommend the payment of a final dividend.

During the year, AX Real Estate p.l.c., a subsidiary of the Company, declared interim dividends amounting to EUR531,976 due to non-controlling interest. The Directors intend to distribute a further gross dividend amounting to EUR205,012, equivalent to EUR0.008424 per ordinary share due to non-controlling interest. Following this payment, the total gross distribution to non-controlling interest for the year will amount to EUR736,988, equivalent to EUR0.030283 per share.

EVENTS AFTER THE REPORTING PERIOD

The Group and the Company have evaluated subsequent events and transactions for potential recognition or disclosure in these financial statements. Apart from the further dividend as noted above, the Group and the Company have not identified any subsequent events that would require adjustment to or disclosure in these financial statements.

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

In line with the 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 the impact of the Group's activities on environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters. The Group's reporting scope corresponds to that used in the financial statements.

Our Business Model

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. 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 of creativity, determination and integrity underpin and support everything we do.

Founded by chairman Angelo Xuereb in 1975, AX Group began its existence as a civil engineering firm. In the ensuing decades, the Group took steps towards diversification by expanding its business portfolio to include restoration works, hotels, restaurants, care homes and many other high-quality projects. In 2018, the Group consolidated its various businesses under the AX brand.

Creating effective Environmental, Social, and Governance ("ESG") policies is a top priority for the Group. We recognise the important role that businesses play in shaping a sustainable future and are committed to aligning our practices with responsible principles.

ESG Committee

The Group's ESG committee is composed of dedicated cross-functional leaders from all divisions and departments. The committee is tasked with researching industry best practices, engaging with stakeholders, and developing a comprehensive set of ESG policies that will guide our operations and decision-making. In addition to the focus on value creation, the ESG committee aims to enhance data collection and data management processes to facilitate reporting on sustainable initiatives. The ESG committee holds regular meetings to assess the progress of ongoing initiatives, explore new initiatives and actively promote collaboration within the Group. Furthermore, the ESG committee provides regular updates on the progress achieved to the Group's executive management team.

Compliance with the Corporate Sustainability Reporting Directive

The Corporate Sustainability Reporting Directive ("CSRD") officially came into effect on 5 January 2023. The CSRD mandates large EU entities to issue a sustainability report in accordance with European Sustainability Reporting Standards ("ESRS"). Such entities will be required to disclose information on what they see as the risks and opportunities arising from social and environmental issues, and on the impact of their activities on people and the environment. This helps investors, consumers and other stakeholders to evaluate the sustainability performance of companies. Qualifying entities are required to release their first sustainability report for financial years commencing on or after 1 January 2024.

In response to these regulatory changes, the Group has enlisted the expertise of external consultants to assist us in preparing for the new CSRD requirements and ensuring compliance with ESRS. This ongoing process involves several key steps, starting with a thorough risk assessment, the execution of a double materiality assessment, the identification of environmental, social, and governance impacts, risk and opportunities.

The initial evaluation of our impacts, risks, and opportunities is now well-progressed and moving into the crucial phase of data collection. To support this, we are developing methodologies and tailored data collection templates to ensure accuracy and compliance. Recognising the complexity of this task, we are addressing challenges such as integrating data from multiple platforms, including those managed by third parties, and harmonising diverse data formats. Despite these intricacies, we remain committed to refining our scoring approach and methodologies throughout the process, ensuring that our reporting aligns with the requirements set out in the said standards.

Environmental Consciousness

The AX Group has maintained its unwavering commitment to ecological responsibility over the past year. We continue to integrate environmental considerations into our business decisions and harmonising financial success with environmental stewardship. Our mission remains to minimise adverse environmental impacts, both within our property developments and through our internal operations.

Policies and Risks

At AX Group, we recognise the importance of environmental sustainability and the impact our operations can have on the environment. During the year, the Group has issued several environmental policies, as outlined below. Meanwhile, we are actively developing additional policies to further guide our operations toward more sustainable practices. The foundations to develop this framework is the double materiality assessment referred to above which will help us identify material impacts to be addressed. While the progress on the sustainability statement mandated by the CSRD continues, our network of ESG stewards across the divisions remain vigilant to seek environmentally sustainable opportunities, particularly in energy efficiency and waste management.

We believe that taking a proactive approach to environmental sustainability is crucial for the long-term success of our business, and for the health of the planet. Our strategy in the coming years aims to focus on establishing transition plans which will involve a phasing in approach to shift our business model, operations and asset base towards increased sustainability.

Our objective is to establish ESG policies that are robust, measurable and consistently enhanced to generate a positive impact on our stakeholders and the communities we engage with.

The Group is exposed to environmental risks by way of its supply chain, be it construction materials or hospitality consumables. A shortage in supply of these key materials will pose a risk for the Group and in this regard, management has established a close relationship with both local and foreign key suppliers to ensure that this risk is mitigated.

The Group has updated its Procurement Policy to incorporate environmental considerations. This revised policy establishes a framework for integrating sustainability into procurement processes, fostering environmentally responsible practices throughout the organisation's supply chain. When procuring OPEX or CAPEX items, we are now more sensitive and inquisitive about the ESG credentials of the suppliers and the products we are acquiring.

Environment and Real Estate

Environmental sustainability is an intrinsically valued objective of the Group and at the centre of our activities, reflected especially in the way we have been designing our buildings over the years. Our Development and Construction teams prioritise meticulous design to create buildings that incorporate energy efficiency features.

STATEMENT ON NON-FINANCIAL INFORMATION - CONTINUED

Environmental Consciousness - continued

Enviornment and Real Estate - continued

These include consideration of solar orientation to minimise dependence on electrical lighting as well as heating and cooling systems. We integrate various features such as thermal and acoustic insulation, natural ventilation systems, roof and wall insulation and double-glazed UV protection windows, amongst other sustainable technologies.

As the Verdala project approaches completion, we are proud to report that the sustainability initiatives outlined in last year's report have been successfully implemented. This project stands as a testament to our commitment to innovation and environmental stewardship. Beyond its historical significance and prime location, the Verdala building is envisioned to become a landmark in sustainability, embodying forward-thinking design and practices that harmonise luxury with ecological responsibility.

Carbon Matters

As a Group, we aim to be at the forefront of the business community in championing actionable carbon neutral policies and protocols in our business activities. We continue to promote awareness of the carbon footprint implications of our operations at all levels of the Group. In preparation for the upcoming regulatory obligations emanating from the CSRD, the Group has already taken steps to commence measuring carbon emissions from the main areas of the business. Scope 1 and Scope 2 emissions, as categorised under the Greenhouse Gas Protocol (GHG Protocol), are now consistently monitored and reported to the executive team on a monthly basis, ensuring accountability and progress in our sustainability efforts.

Following the guidance of our external consultants, our objective is to create a centralised platform dedicated to consolidating carbon-related data. Currently dispersed across different operational systems, including accounting systems, building management systems, and third-party platforms, this data requires integration for a comprehensive overview. The initial step involved defining the boundaries for Scope 1, 2, and 3 emissions. However, the more pivotal and challenging phase lies ahead, aggregating this diverse data into a cohesive dashboard. Accomplishing this objective demands significant investment in cutting edge IT tools and a workforce equipped with data driven skills and expertise.

This process is envisaged to span several months, aimed at delivering the first sustainability report in February 2026.

While the above process is ongoing, we have taken several immediate steps to mitigate and lessen the Group's carbon footprint. Wherever feasible, we prioritise the use of energy efficient equipment.

To achieve this, we engaged an independent consultant to carry out comprehensive energy audits across our main operating properties. These detailed assessments have highlighted opportunities for energy savings, ranging from optimising our heating and cooling systems to improving lighting efficiency and adopting more sustainable operational practices. Management is currently studying the recommendations put forward to ensure that such initiatives align with the Group's strategy.

To reduce water consumption and promote sustainable water use, management has installed over 650 aerators throughout our Qawra properties, including in all guest rooms and public areas. These aerators help minimise water usage by limiting the flow rate while maintaining water pressure, creating a softer, more aerated stream that also reduces energy consumption.

The Group is also enhancing its infrastructure by introducing electric vehicle charging stations in all of its car parks. These facilities will encourage our hotel guests, customers and employees to make use of electric vehicles, thereby reducing carbon emissions. Additionally, the Group is actively transitioning to electric vehicles wherever possible.

During 2024, the Group generated 3 million KWH (2023: 2.8 million KWH) from the solar panels installed at the Imselliet solar farm in Mgarr, Hilltop Gardens Retirement Village in Naxxar and AX Business Centre in Mosta. The Group's strategy is to increase its investment in renewable energy and continues to explore new opportunities to install additional solar panels.

Waste

Conscious about the substantial waste generated from the various Group divisions, we have been measuring waste generated from selected divisions to better understand the type and source of waste. It is clear that the waste generated by the Group varies depending on the nature of the business and the volume of business conducted. Our strategy in the coming years aims to reduce waste generation considerably by revisiting internal processes and ensuring that the waste generated by the Group is separated and recycled in line with the Environmental Protection Act amendment of February 2023. In this regard, our agreements with our waste collection contractors include the collection of various types of waste to ensure our waste is adequately separated, recycled and properly disposed of.

The Group has incorporated recycle bins throughout its properties to promote and encourage guests and staff to separate waste at source rather than disposing of all their waste into the mixed waste bin. Waste separation on-the-job training sessions are continually being held for all employees.

Following the ongoing data gathering exercise referred to above, the Group is building internal knowledge on its waste footprint and management which will lead to informed decisions when introducing improved sustainable practices. For example, in 2024 our

STATEMENT ON NON-FINANCIAL INFORMATION - CONTINUED

Environmental Consciousness - continued

Waste - continued

Sliema hotels installed hand dryers in public areas and back-of-house bathrooms to reduce and eventually eliminate single-use paper towels.

Additionally, the Group has implemented several internal policies, including a Food Waste Reduction Policy across its hotel properties, designed to minimise food waste, optimise the use of food resources and support environmental conservation efforts.

This year, the Group also introduced a Waste Management Policy across its hotel properties to formalise waste handling and disposal practices, prevent improper waste disposal, reduce overall waste, assign clear responsibilities for waste management within operations and ensure compliance with legislation and international best practices.

Within the Group, we are proudly aligned with the Beverage Container Refund System ("BCRS") in Malta, an initiative that prioritises environmental sustainability and responsible waste management. We have implemented a comprehensive program for the collection and return of single-use beverage containers, ensuring that these items are diverted from landfills and appropriately recycled. Where possible, our dedicated teams have set up designated collection points throughout our properties, making it convenient for both guests and staff to separate and deposit these containers for recycling. While actively participating in the BCRS system, we remain committed to our ongoing efforts to reduce the use of single-use beverage containers, embracing alternative eco-friendly solutions to further minimise our environmental footprint.

Over the past year, the Group has taken proactive measures to enhance sustainability across all its hotels. One key initiative was replacing double-packaged room amenities with single packaging made from recycled paper. Other initiatives included, switching to purchasing locally produced yogurt in 10-liter buckets instead of individually packed small cups, replacing packaged juices with concentrate juices dispensed from kegged machines and arranged for cakes to be delivered in returnable plastic crates instead of disposable cardboard boxes. These efforts reflect our commitment to reducing plastic waste and promoting eco-friendly practices.

In the Construction division, all clean concrete waste is now sent to a recycling facility, where it is repurposed into concrete by-products. Additionally, we have established an agreement with a local contractor to recycle steel waste generated on-site. The division has also intensified its waste separation efforts by launching an initiative to equip construction sites with separation containers. Moreover, as from the end of 2023, a waste management plan is being developed for each new construction site, outlining the specific waste management strategies for that specific location.

EU Taxonomy Disclosure

The EU Commission's "Action Plan on Financing Sustainable Growth" aims to provide the economic and financial system in the EU with a more sustainable strategy to achieve climate neutrality by 2050. As part of its action plan, the EU's Taxonomy Regulation 2020/852 ("EU Taxonomy" or "the Regulation") establishes a standardised classification system for sustainable economic activities and provides guidance on those activities which qualify as contributing to the Taxonomy's environmental objectives.

The Regulation defines the following six environmental objectives:

Climate Change Mitigation	**Climate Change Adaptation**	**Sustainable Use and Protection of Water and Marine Resources**
Transition to a Circular Economy	**Pollution and Prevention Control**	**Protection and Restoration of Biodiversity and Ecosystems**

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 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. Furthermore, the Group also discloses qualitative information (according to Section 1.2 of Annex I of the Disclosures Delegated Act).

STATEMENT ON NON-FINANCIAL INFORMATION - CONTINUED

EU Taxonomy Disclosure - continued

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.

Taxonomy-Eligible and Taxonomy-Aligned Economic Activities

An economic activity is "Taxonomy-Eligible" if it is listed in the EU Taxonomy's delegated acts. Once all Taxonomy-Eligible activities have been determined, an assessment shall be made to establish which of the eligible activities are also "Taxonomy-Aligned".

In accordance with the EU Taxonomy, economic activities of undertakings are considered as "Taxonomy-Aligned" if they:

- make a substantial contribution to at least one environmental objective, by meeting certain 'technical screening criteria';
- do no significant harm (DNSH) to the achievement of the five other environmental objectives; and
- comply with minimum social safeguards.

Taxonomy-Eligible Activities	**Taxonomy Non-Eligible Activities**
• Taxonomy Aligned • Taxonomy Non-Aligned	

Identifying Eligible Activities

In order to identify business activities that may be in scope of the Regulation, the Group relied on the EU Taxonomy package including the:

- Disclosures Delegated Act (Commission Delegated Regulation (EU) 2021/2178),
- Climate Delegated Act (Commission Delegated Regulation (EU) 2021/2139),
- Complementary Climate Delegated Act (Commission Delegated Regulation (EU) 2022/1214),
- Amended Climate Delegated Act (Commission Delegated Regulation 2023/2485),
- Environmental Delegated Act (Commission Delegated Regulation (EU) 2023/2486), and
- EU Taxonomy Compass.

The eligibility assessment was conducted using a combination of granular data on the Group's activities, assets and financial information, alongside a top-down analysis of officially assigned NACE codes, the EU's nomenclature used to categorise economic activities for statistical purposes, for its subsidiaries. Initially, economic activities were classified as eligible or non-eligible based on their alignment with NACE codes reflected in the EU Taxonomy Compass and delegated acts. For activities assigned a relevant NACE code, their descriptions were compared to the actual operations of the Group's entities to verify and confirm eligibility. For activities not directly associated with a NACE code in the EU Taxonomy, assessments were based solely on the activity descriptions provided in the framework.

Key assumptions applied during the assessment included the adequacy and relevance of the NACE classification system in capturing all pertinent economic activities, as well as its alignment with current business practices. Using cross-references from the Taxonomy Compass, the Group ensured that eligibility was determined against relevant environmental objectives, as outlined in the EU Taxonomy framework.

Following this thorough review, the following taxonomy-eligible economic activities were identified for the financial year ending 31 October 2024:

NACE	Economic Activity	Climate Delegated Act Reference	Enviromental Delegated Act Referece	Environmental Objective/s
F41	Construction	Activity 7.1	Activity 3.1	Climate Change Mitigation (CCM) Climate Change Adaptation (CCA) Transition to a Circular Economy (CE)
L68	Real Estate & Development	Activity 7.7		Climate Change Mitigation (CCM) Climate Change Adaptation (CCA)
Q87	Residential Care Activities	Activity 12.1		Climate Change Adaptation (CCA)
I55	Hotels and Similar Accommodation		Activity 2.1	Restoration of Biodiversity and EcoSystems (BIO)

STATEMENT ON NON-FINANCIAL INFORMATION - CONTINUED

EU Taxonomy Disclosure - continued

Identifying Eligible Activities - continued

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 2024. Financial data was utilised to calculate relevant KPIs, as outlined in the Key Performance Indicators.

Accounting Policy for Taxonomy Disclosures

The evaluation of the eligibility of the Group's economic activities has been conducted on the basis of the Regulation and its definition of the denominator and numerator of the three required KPIs (Turnover, CapEx and OpEx). It was performed through a methodological approach consisting of:

I. Extracting a total denominator for the three KPIs from the financial reporting system, and
II. Calculating the numerators for all identified eligible sub-activities within the Group and its subsidiaries based on Turnover, CapEx and OpEx.

These non-financial statement disclosures are based on the same consolidation principles that have been applied in the Group's financial reporting under the applicable accounting principles, in order to ensure comparability of this reporting with the Group's financial information.

KPIs are provided at the level of the Group based on consolidated financial statements. The following definitions were applied:

	Turnover	Capex	Opex
Numerator	Revenues derived from products and/or services associated with EU taxonomy eligible activities.	Capital expenditures that: • relates to assets or processes associated with the EU taxonomy eligible activities; • are part of a plan to expand taxonomy-eligible economic activities, or; • enable taxonomy-eligible activities to become taxonomy-aligned.	Operating expenses that are related to assets or processes associated with the EU taxonomy-eligible activities.

	Turnover	Capex	Opex
Denominator	Total consolidated revenues accounted for in the Consolidated Statement of Profit or Loss and Other Comprehensive Income under IFRS.	Total Capex consisting of additions to tangible and intangible assets accounted for in the Consolidated Statement of Financial Position under IFRS during the financial year, considered before depreciation, amortisation and any re-measurements, excluding Goodwill.	Direct non-capitalised costs recorded in the Consolidated Statement of Profit or Loss and Other Comprehensive Income under IFRS that relate to research and development, building renovation measures, short-term lease, maintenance and repair (excluding expenses reported as raw materials and consumables used) and any other direct expenditures relating to the day-to-day servicing of assets or Property, Plant and Equipment (PPE).

The Group is also required to report on the alignment of its eligible business activities. The assessment to establish Taxonomy alignment involves:

I. Determining if the eligible economic activities meet the 'Technical Screening Criteria' (TSC) defined by the delegated acts,
II. Determining if the eligible economic activities meet the 'Do No Significant Harm' (DNSH) criteria defined by the delegated acts,
III. Assessing whether the Minimum Social Safeguards are met in terms of the Final Report on Minimum Safeguards issued by the Platform on Sustainable Finance, and

STATEMENT ON NON-FINANCIAL INFORMATION - CONTINUED

EU Taxonomy Disclosure - continued

Accounting Policy for Taxonomy Disclosures - continued

IV. Determining the KPIs based on the proportion of aligned (if all criteria in (I)-(III) are met) and non-aligned (should any one criterion not be met) eligible economic activities.

The process of determining alignment is cumulative, meaning that, if one or more of the Technical Screening Criteria or Do No Significant Harm criteria or Minimum Social Safeguards, are not met, the economic activity automatically qualifies as eligible but is not aligned. It is also noted that the same activity may align with only one or more environmental objectives for which it is eligible.

The Group is aware that the disclosures required by the Disclosure Delegated Act are not subject to the materiality assessment, therefore all economic activities have been considered. Where an economic activity contributes substantially to more than one environmental objective, the higher percentage is taken to avoid any double counting. Furthermore, the aggregation of eligible and non-eligible activities should always amount to 100%.

Key Performance Indicators

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

KPIs - FY2024	TURNOVER	CAPEX	OPEX
Taxonomy Eligible – Aligned	0%	0%	0%
Taxonomy Eligible – Not Aligned	99.0%	99.5%	90.6%
Non-Eligible	1.0%	0.5%	9.4%
TOTAL	100%	100%	100%

KPIs – FY2023	TURNOVER	CAPEX	OPEX
Taxonomy Eligible – Aligned	0%	0%	0%
Taxonomy Eligible – Not Aligned	98.6%	98.7%	85.4%
Non-Eligible	1.4%	1.3%	14.6%
TOTAL	100%	100%	100%

The KPIs are based on the following figures:

FY2024	TURNOVER EUR	CAPEX EUR	OPEX EUR
Taxonomy Eligible – Aligned	-	-	-
Taxonomy Eligible – Not Aligned	82,471,971	41,893,320	53,935,273
Non-Eligible	871,635	222,760	5,582,080
TOTAL	83,343,606	42,116,080	59,517,353

FY2023	TURNOVER EUR	CAPEX EUR	OPEX EUR
Taxonomy Eligible – Aligned	-	-	-
Taxonomy Eligible – Not Aligned	49,189,112	60,201,261	36,608,853
Non-Eligible	676,144	779,841	6,238,335
TOTAL	49,865,256	60,981,102	42,847,188

The KPIs indicate that for the financial year ended 31 October 2024, the Group's taxonomy-eligible activities increased compared to the previous year. Revenue from economic activities deemed taxonomy-eligible saw a slight increase from 98.6% to 99.0%. CapEx experienced an increase from 98.7% in the prior year to 99.5% during the current year. Taxonomy-eligible OpEx also experienced an increase from 85.4% to 90.6% during the year.

Reconciliation

The Group's consolidated net turnover captured in the denominator of the KPI of EUR83,343,606 (2023: EUR49,865,256) 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.

STATEMENT ON NON-FINANCIAL INFORMATION - CONTINUED

EU TAXONOMY DISCLOSURE - CONTINUED

Key Performance Indicators - continued

Reconciliation - continued

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		2024	2023
	Note	EUR	EUR
CapEx per KPI denominator		42,116,079	60,981,102
Additions as per consolidated financial statements relating to:			
Property, plant and equipment	16	22,757,034	41,810,840
Investment properties	17	2,101,426	3,289,228
Inventories relating to Verdala terraces*		17,257,619	15,881,034
		42,116,079	60,981,102

* The figure presented pertains to the additions made to the Verdala Terraces project during the reporting period. This amount is included within Inventories (Note 22) in the consolidated financial statements. Furthermore, in the prior year, 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 16) and Investment Properties (Note 17) sections of the consolidated financial statements.

The Group's consolidated OpEx captured in the denominator of the KPI of EUR59,517,353 (2023: EUR42,847,188) 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.

Determination of Alignment

To determine Taxonomy alignment, the Group conducted a 'Substantial Contribution' assessment for each of its eligible economic activities, including Construction, Real Estate & Development, Residential Care Activities, and Hotels & Accommodation. This process involved a detailed analysis of the Technical Screening Criteria of the relevant delegated acts.

The 'Substantial Contribution' screening required an in-depth evaluation of the technical screening criteria to determine whether each economic activity made a meaningful contribution to the relevant environmental objectives. During this assessment, judgements were made for each activity and it was determined that none of the Group's eligible economic activities met the specific technical screening criteria for substantial contribution.

Under the Taxonomy framework, if even one criterion is not satisfied, the economic activity cannot be considered as substantially contributing to an environmental objective and, therefore, cannot be classified as aligned. As a result, for the financial year, Taxonomy-aligned activities accounted for 0% of the Group's revenues, with related CapEx and OpEx also amounting to 0%.

The significant gap between eligible and aligned activities reflects the more rigorous requirements for alignment compared to eligibility. The Group is committed to identifying these gaps and implementing procedures to gather the necessary data as stipulated in the Climate Delegated Act and Environmental Delegated Act.

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 the Group's economic activities do not align with any environmental objective for which they are eligible, the disclosures provided focus exclusively on Taxonomy eligibility. Activities have been classified as follows:

- EL: Taxonomy-eligible activity for the relevant objective; or
- N/EL: Taxonomy-non-eligible activity for the relevant objective.

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

				Substantial Contribution Criteria						DNSH Criteria								
Economic Activities	Codes	Absolute Turnover	Proportion of Turnover 2024	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	Minimum Safeguards	Proportion of Taxonomy Aligned / Eligible Turnover 2023	Category Enabling / Transitional Activity (E/T)
		EUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	
A. TAXONOMY ELIGIBLE ACTIVITIES																		
A.1. Taxonomy-aligned																		
Turnover of A.1		-	0%	0%	0%	0%	0%	0%	0%								0%	
A.2 Taxonomy-Eligible but not Taxonomy-Aligned																		
Construction	CCM7.1 CCA7.1 CE3.1	11,573,486	13.9%	EL	EL	N/EL	EL	N/EL	N/EL								8.3%	
Real Estate and Development	CCM7.7 CCA7.7	2,399,998	2.9%	EL	EL	N/EL	N/EL	N/EL	N/EL								4.6%	
Other Residential Care Activities	CCA12.1	7,189,896	8.6%	N/EL	EL	N/EL	N/EL	N/EL	N/EL								12.5%	
Hotels and Similar Accommodation	BIO2.1	61,308,591	73.6%	N/EL	N/EL	N/EL	N/EL	N/EL	EL								73.3%	
Turnover of A.2		82,471,972	99.0%														98.6%	
Total (A) = (A.1 + A.2)		82,471,972	99.0%														98.6%	
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																		
Turnover of Taxonomy Non-Eligible Activities		871,635	1.0%														1.4%	
TOTAL TURNOVER (A+B)		83,343,606	100.0%														100%	

STATEMENT ON NON-FINANCIAL INFORMATION - CONTINUED

EU Taxonomy Disclosure - continued

Key Performance Indicators - continued

(2) CapEx KPIs

				Substantial Contribution Criteria						DNSH Criteria								
Economic Activities	Codes	Absolute CAPEX	Proportion of CAPEX 2024	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	Minimum Safeguards	Proportion of Taxonomy Aligned / Eligible CAPEX 2023	Category Enabling / Transitional Activity (E/T)
		EUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	
A. TAXONOMY ELIGIBLE ACTIVITIES																		
A.1. Taxonomy-aligned																		
CAPEX of A.1		-	0%	0%	0%	0%	0%	0%	0%								0%	
A.2 Taxonomy-Eligible but not Taxonomy-Aligned																		
Construction	CCM7.1 CCA7.1 CE3.1	235,281	0.6%	EL	EL	N/EL	EL	N/EL	N/EL								0.4%	
Real Estate and Development	CCM7.7 CCA7.7	37,700,848	89.5%	EL	EL	N/EL	N/EL	N/EL	N/EL								80.7%	
Other Residential Care Activities	CCA12.1	156,026	0.4%	N/EL	EL	N/EL	N/EL	N/EL	N/EL								0.0%	
Hotels and Similar Accommodation	BIO2.1	3,801,165	9.0%	N/EL	N/EL	N/EL	N/EL	N/EL	EL								17.6%	
CAPEX of A.2		41,893,320	99.5%														98.7%	
Total (A) = (A.1 + A.2)		41,893,320	99.5%														98.7%	
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																		
CapEx of Taxonomy Non-Eligible Activities		222,760	0.5%														1.3%	
TOTAL CAPEX(A+B)		42,116,079	100%														100%	

STATEMENT ON NON-FINANCIAL INFORMATION - CONTINUED

EU Taxonomy Disclosure - continued

Key Performance Indicators - continued

(3) OpEx KPIs

				Substantial Contribution Criteria						DNSH Criteria								
Economic Activities	Code	Absolute OPEX	Proportion of OPEX 2024	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	Minimum Safeguards	Proportion of Taxonomy Aligned / Eligible OPEX 2023	Category Enabling / Transitional Activity (E/T)
		EUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	
A. TAXONOMY ELIGIBLE ACTIVITIES																		
A.1. Taxonomy-aligned																		
OPEX of A.1		-	0%	0%	0%	0%	0%	0%	0%								0%	
A.2 Taxonomy-Eligible but not Taxonomy-Aligned																		
Construction	CCM7.1 CCA7.1 CE3.1	9,484,226	15.9%	EL	EL	N/EL	EL	N/EL	N/EL								7.9%	
Real Estate and Development	CCM7.7 CCA7.7	1,646,745	2.8%	EL	EL	N/EL	N/EL	N/EL	N/EL								2.4%	
Other Residential Care Activities	CCA12.1	5,653,150	9.5%	N/EL	EL	N/EL	N/EL	N/EL	N/EL								12.4%	
Hotels and Similar Accommodation	BIO2.1	37,151,152	62.5%	N/EL	N/EL	N/EL	N/EL	N/EL	EL								62.7%	
OPEX of A.2		53,935,273	90.6%														85.4%	
Total (A) = (A.1 + A.2)		53,935,273	90.6%														85.4%	
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																		
B. OpEx of Taxonomy Non-Eligible Activities		5,582,080	9.4%														14.6%	
TOTAL OPEX (A+B)		59,517,353	100.0%														100%	

Social Matters

AX Group strives to enhance the quality of life of its employees, its consumers, the community and society as a whole. Through varying initiatives, the Group tries to ensure the well-being of both its employees as well as other members of society.

Ensuring Staff Well-Being

The Group employs over 1,200 employees (including both directly employed as disclosed in Note 9 and subcontracted employees), from around 63 different countries and with a spectrum of skill sets. We believe that the Group is only as strong as our people, and therefore, their happiness and well-being remain of utmost importance.

The Group continues to provide all employees with free health insurance coverage, along with significantly subsidised rates for their family members. Additionally, we continue to support all employees by providing access to professional and confidential mental health support through complimentary therapy sessions.

The Group is deeply committed to fostering a positive and inclusive work environment through a variety of initiatives that bring employees together and enhance their well-being. Team-building events are organised across the Group to strengthen relationships, enhance teamwork and boost morale among staff members. To further support our employees' health, the Group provides free gym access at the Sunny Coast Hotel and also partly subsidises employees opting to have their own gym membership subscription. During 2024, a gym was also set up at the AX Business Centre in Mosta for employee use. These initiatives reflect the Group's dedication to creating a supportive, engaged and health-conscious workplace where every team member feels valued and motivated.

This year, employees across the Group came together to support a meaningful cause through a weekly dress-down initiative held between October and November 2024. The initiative not only fostered camaraderie but also raised an impressive donation exceeding €4,100. The collected funds were proudly contributed to Hospice Malta, enabling them to continue their invaluable work in providing palliative care for individuals battling cancer and other serious illnesses. This collective effort reflects our team's shared commitment to making a positive impact in the community.

Long-term Development of Personnel

Our Group is committed to being recognised as an "employer of choice." This commitment serves as the foundation for all our efforts on the Human Resources (HR) front. Through initiatives that prioritise employee engagement, well-being, development and inclusivity, we strive to create a workplace where talent thrives. We do so by focusing our employment strategy on these key principles:

- Positive workplace culture
- Attracting the best fit talent
- Recognising and rewarding employees
- Employee training and career development

During 2024, the Group carried out 28,064 hours (2023: 19,504 hours) of training equating to an average of 28 hours per employee. Through the AX Careers online portal and the Knowledge Centre, the Group aims at stepping up its recruitment – providing applicants with an understanding of the values of the Group, whilst also training and developing the employees in their jobs to ensure longer retainment of personnel.

Performance of staff is evaluated through a periodic evaluation based on objective setting and feedback on job performance. The assigned reviewers set yearly objectives and targets with the appraisee which are then monitored and reviewed throughout the year.

We have also shown our appreciation and gratitude towards employees who have given their unwavering service to the Group over the years, during the AX Group's Annual Employee Awards Night which was held in June 2024. Over 60 employees from all divisions of the Group were recognised for their commitment and long service with the Group ranging between 5 and 35 years. A much-valued employee at AX Construction, who passed away during the year, received a special mention and standing ovation by all attendees. An award was presented to his family, for his commitment and the positive impact he had on his colleagues and the company's success during his tenure. The AX Awards ceremony also featured CSR and ESG awards, which were given to Dorianne D'Anastasi and Simon Peter Camilleri respectively, for their invaluable contributions in the respective areas.

Furthermore, as a gesture of appreciation for our dedicated AX Group employees and to acknowledge their steadfast commitment, we have implemented a retention bonus program. Under this initiative, our valued staff members who have shown an excellent track record, are eligible to receive bonuses as they reach their 3-year and 5-year anniversaries within the Group. This not only serves as a way to express our gratitude for their loyalty but also aims to provide additional motivation and recognition for their excellent work and dedication. We believe that such incentives contribute to fostering a positive and supportive work environment while fostering long-term relationships with our exceptional team.

STATEMENT ON NON-FINANCIAL INFORMATION - CONTINUED

Social Matters - continued

Workplace Diversity and Inclusion

AX Group believes in the benefits of having a diversified workplace environment and it is committed to promote inclusion and respect for human rights at all levels of the Group. The Group has long been embracing multiculturalism, and currently circa 76% of the staff compliment are foreign nationals. These foreign nationals come from over 63 countries and a considerable number of these foreign nationals are from outside the EU. We understand that this multicultural pool of staff brings new opportunities, more talent and a wider perspective to the entire Group. The respective Human Resources departments are continually working to ensure that these foreign nationals are welcome and that they integrate with the workplace culture of the AX Group.

Additionally, we have made thoughtful adjustments to the staff meals provided to our employees working in hotels and care facilities. Recognising the diverse cultural backgrounds of our workforce, including many from India and Nepal, we have introduced options such as rice-based dishes to better accommodate their tastes and preferences.

Moreover, the Group is also aiming at creating greater inclusion and equal representation at management level, having the Executive team being composed of 5 women and 7 men, whilst the Board still being composed of 2 females and 5 males.

Respect for Human Rights

The Group is committed to respecting human rights of its employees whether directly employed or otherwise as well as any workers in the supply chain. Management is vigilant to uphold such rights in all areas of operations. It is every employee's responsibility to maintain a work environment that promotes human rights and is free from all discrimination and harassment. All levels of management throughout the Group have an open-door policy to encourage open communication with staff and where any workplace concerns are addressed efficiently.

The organisation believes that preventing discrimination and/or harassment is an integral part of good management. The Group has a discrimination and harassment policy detailing the procedures employees should follow in any case of discrimination or harassment.

Supply Change

The Group has introduced and distributed a Suppliers Code of Ethics to the primary suppliers of AX Hotels. This document, which has been signed by the suppliers, outlines the ESG standards they must adhere to when conducting business with AX Hotels. The suppliers have also agreed to audits by AX Group to ensure compliance with these standards.

Additionally, through its recruitment agency, AX Careers, the Group conducts thorough compliance checks on subcontractor agencies to ensure full adherence to legal requirements. These measures highlight our unwavering commitment to ethical, lawful and sustainable business practices across all aspects of our operations.

Entrepreneurship

Our mission statement clearly outlines our passion for entrepreneurship. As a Group we aim to not only develop our personnel to reach their potential professionally, but we also aim to embrace and push the entrepreneurial community in Malta. Throughout the year, various members of the Group have generously dedicated their time to contribute to educational talks and public speaking engagements. These sessions have covered a wide range of topics, including IT, Cybersecurity, ESG, leadership and entrepreneurship. By sharing their expertise and experiences, our team members have actively supported knowledge-sharing and inspired others in the community.

Health and Safety

Due to the nature of certain operations within the Group, health and safety measures are of utmost priority within our workplace. For this reason, we are constantly reviewing and improving our health and safety measures in all of our processes, to ensure that both our employees', as well as our customers' health and safety are safeguarded.

To ensure adherence to key health and safety practices, we have implemented a Health and Safety Barometer. This comprehensive tool, prepared by an independent third-party consultant, provides robust monitoring and evaluation of our performance in this critical area. Executive management closely reviews the barometer's findings, reinforcing our commitment to maintaining a safe and compliant working environment across all operations.

In relation to our employees, we continue to provide safety equipment where necessary and ensure that health and safety measures and processes are made known to all staff. In addition to the mandatory health and safety officers on all construction sites, the Group has appointed an independent third party to prepare a high-level dashboard in order to keep executive management and Directors abreast of the health and safety status of all construction sites managed by the Group. The Group is pleased to report that no significant workplace injuries were recorded during the year.

STATEMENT ON NON-FINANCIAL INFORMATION - CONTINUED

Social Matters - continued

Health and Safety - continued

The Construction Division has also introduced fines for any violations of Health and Safety regulations, including failure to wear the minimum personal protective equipment provided by the Group.

AX Care

Another key business activity is the provision of Care for the elderly. We believe that through the Hilltop Gardens Retirement Village concept we are providing our elderly premium care within a safe, secure and comfortable environment, hence promoting active ageing and improving quality of life for our independent community of elders.

Through our "village within a village" concept in Naxxar, we provide our elderly a self-contained village environment enabling them to continue their day-to-day lives as normally as possible, through features such as pools, a chapel, a restaurant and other day-to-day amenities.

Moreover, through our Simblija Home we offer tailor-made packages depending on the needs of our elderly, including respite, convalescence, and palliative treatments. Our facilities also include Revive, which is our physiotherapy and aquatic center.

AX Foundation and Other Community Initiatives

Outside of the Group, we also take great pride in our community investment initiatives and charitable initiatives. Since its inception, the AX Foundation has proactively identified gaps in the support services to affect change on a national level and help young people living with disabilities acquire functional skill sets to live as independently as possible throughout their adult lives. We have taken steps to contribute to national policymaking, driving social change, to create a more inclusive future for all.

In June 2024, the AX Foundation Board of Administrators approved to fully finance and support San Andrea School in building a Nurture Room, Therapy Rooms and Support Rooms. The project was fully executed by December 2024 and was officially inaugurated in January 2025. The idea of this pilot project is to create safe and secure spaces, that will allow educators and specialists to further develop the children's individual needs.

Also during the month of June 2024, the AX Foundation hosted a Dining and Giving Fundraiser at Minoa at AX ODYCY hotel during which the annual AX Ability Award was awarded to Dr Alistair Degaetano. The AX Ability Award recognises the journey made by people with invisible challenges towards achieving success in their lives. It puts the focus on them, so that other people with similar challenges can see them, emulate them, and be encouraged to move forward, despite the difficulties that life throws at them. The AX Ability Award also recognises people who have worked relentlessly in the field of invisible disabilities and who have striven to improve the rights of people with disabilities within their lifetime. The event was a resounding success, welcoming over 100 guests, and raising over EUR33,450 in support of AX Foundation's initiatives for individuals living with invisible disabilities.

In October 2024, AX Foundation collaborated with Inspire and extended its support to organise a very well attended conference on Accessibility organised at AX The Palace. A welcome address was given by the Minister for Inclusion and The Voluntary Sector, and by the Shadow Minister. Another welcome address was given by the Commissioner for the Rights of Persons with Disability. The conference was addressed by a broad range of local and foreign experts in the field of disabilities. It delved into a number of areas related to accessibility in its broadest sense.

AX Foundation, for the second year running, this year, continued to extend its support to the Children in Need Foundation and Fondazzjoni Sebh, by sponsoring children in residential homes, providing weekly therapy sessions, by health professionals, to address their mental wellbeing, and social, emotional and educational needs. This is a 3-year pilot project.

During 2024, the AX Foundation has also worked on another pilot project to effectively match the unique skills and talents of neurodivergent persons, for roles and careers that suit their skills and talents. This is a project that we continue to work on, in conjunction with the Autism Council and the Ministry for Inclusion, Agenzija Sapport, two foreign organisations specialised in the field of coupling neurodivergent jobseekers with employment opportunities and another local NGO. The project is expected to be launched next year around May 2025.

AX Foundation also administers the AX Staff Solidarity Fund for the AX Group. This is a fund aimed at directly helping employees who come across health and financial challenges in their lives. We recognise that our employees may at some time in their lives find themselves faced with a personal crisis and may need financial assistance to help them through such difficult moments. For this reason, the AX Staff Solidarity Fund was set up, which contributes financial assistance to all direct and subcontracted employees, without distinction, or their dependents requiring financial support to help them cope with unfortunate medical or health problems.

STATEMENT ON NON-FINANCIAL INFORMATION - CONTINUED

Social Matters - continued

Other Community Initiatives

The Group partners with various educational institutions to offer internship opportunities and has also hosted students for business tours, showcasing its commitment to supporting education and investing in the local community. Through active engagement with schools, we strengthen our ties with the community and foster mutually beneficial partnerships.

A beach cleanup event was organised in May 2024 by the Sliema operations to actively support biodiversity conservation efforts. Volunteers gathered to restore the natural beauty of the coastline and protect marine ecosystems.

The Group also collaborated with Coast is Clear on a reforestation initiative, planting approximately 50 indigenous trees in the Kennedy Grove area in Qawra in December 2024. This project highlights our dedication to enhancing local biodiversity and contributing positively to our natural surroundings.

AX Group is supporting YMCA Malta by contributing to the vital initiatives of their 365 Campaign, which includes aiding homelessness, mental health, domestic violence and poverty alleviation efforts. The funds collected are directed towards YMCA's prevention, outreach, community, residential and aftercare services, making a positive and tangible difference in the lives of those they support.

In celebration of National Pet Day, employees from AX Group visited the Association for Abandoned Animals, (AAA Malta) in Birzebbugia. Throughout April, our team came together and rallied behind the NGO with a generous donation of food, toys, bedding and monetary contributions to support the vital work of the association.

Throughout the year, the Group has undertaken several other impactful initiatives, such as partnering with Nature Trust Malta at the AX ODYCY hotel, sponsoring the ALIVE Charity Foundation's ALIVE2024 Cycling Challenge for Cancer Research and conducting food drives to support families in crisis through the Foodbank Lifeline Foundation.

Our Group is proud to support key initiatives such as L-Istrina. Additionally, we provide numerous donations to a variety of social causes throughout the year, reflecting our dedication to fostering positive change and supporting those in need. These efforts exemplify our role as a socially responsible organisation and underline our commitment to making a difference.

Maltese Heritage

As a Group we value our local heritage and over the years we have taken up several renovation works across Malta, mainly on the bastions and in national museums. This is also outlined in the mission statement of AX Construction – "Building our future, restoring our heritage". In 2024, we completed works on the restoration of Villa Luginsland in Rabat and St Paul's Pro-Cathedral in Valletta. Works on the extension of the St John Co Cathedral are still ongoing. In 2020, the Group had acquired a dilapidated palazzo in Merchant Street Valletta with the aim of restoring it and convert the property to an office building. During 2024, the extensive restoration works was completed and this property has been re-branded as 'Palazzo Lucia'.

The Valletta hotels also promote a number of cultural and gastronomic tours for tourists, providing them with an experience of the local tastes and lifestyle. Rosselli hotel guests are offered complimentary tickets to the fine arts museum, war museum or national archaeology museum to enhance their stay and foster a deeper engagement with Malta's rich cultural heritage.

All of our hotels offer guests detailed information about the natural and cultural heritage of the surrounding area, ensuring they have the opportunity to fully appreciate the local environment and history. Additionally, our staff members are thoroughly educated about these aspects and are readily available to provide insights and recommendations, enhancing the overall guest experience by connecting them with the rich heritage of the region.

Uphold Good Governance

As a large, listed company, AX Group has the necessary corporate governance structures in place. The Group's internal auditor, who reports regularly to the Audit Committee, also ensures that all our internal controls are adhered to at all times.

Upholding Ethical Standards

A cornerstone of our governance framework is the Employee Code of Conduct, which outlines the principles for effective, ethical and positive behavior 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.

STATEMENT ON NON-FINANCIAL INFORMATION - CONTINUED

Uphold Good Governance - continued

Anti-Bribery and Corruption

Being one of the Group's core values, AX Group is committed to comply with local legislation and has zero tolerance towards bribery and corruption.

We stand by a code of ethics reflecting the ethical ethos of the Group. This is applicable to all employees and board members. The code of ethics sets out the principles and necessary controls to mitigate against bribery and corruption. All Group policies and procedures are built to ensure that this is achieved and that high ethical standards are maintained at all times. We constantly remind our employees about the risks and obligations associated with bribery and corruption. Cognizant of the potential reputational damage, the Group has also set out procedures to ensure that its principal suppliers operate and comply with local legislation. AX Group is committed to uphold and enhance its policy against bribery and corruption. No instances of bribery or corruption were identified in the past year.

The Governance of ESG and the Alliance

The Directors believe that for a business to thrive in the coming decades, it must work in harmony with its surrounding environment. This harmony and the consequential positive financial performance and longevity can only be achieved by considering ESG aspects in the Group's decision making.

AX Group understands that senior oversight and accountability for ESG initiatives is crucial to achieve a progressive ESG culture across the Group. Therefore, an ESG Committee has been established and is composed of individuals representing all areas of the business. The ESG Committee is responsible to establish an ESG framework, to identify, measure, analyse, monitor and document ESG elements across the Group.

In 2022, AX Group took a significant step forward in ESG matters by collaborating with 12 esteemed business leaders in Malta to establish the Malta ESG Alliance (MESGA). MESGA is fully dedicated to addressing local environmental, social and governance priorities. Through active engagement in monthly meetings, members collectively contribute to ongoing initiatives. The Alliance's primary focus is to raise awareness among other companies, policymakers, and the broader community on environmental, social and governance issues. MESGA actively collaborates with policymakers to contribute to enhancing the local regulatory landscape on ESG matters.

AX Group is dedicated to adapting our own operations and catalyzing positive change on a larger scale. Recognising the profound connection between business success and societal well-being, we, through MESGA, actively pursue a sustainable future for Malta. MESGA is now on a journey to increase the number of corporate members joining us in this transformative journey, building a future where responsible corporate practices shape a thriving and sustainable community.

Concluding Remarks

Moving forward, our Group remains adamant to be a catalyst in safeguarding the environment, whilst giving back to society and withholding the highest good governance processes. We acknowledge the ever-increasing importance of sustainability in businesses as well as the greater requests for Environment, Social and Governance data moving forward, from regulators, clients and investors alike.

We thereby commit to continue working on integrating ESG aspects within the overall strategy of the Group, including the necessary structures and skills to lead this transition. Moreover, we will ensure that the right level of ESG data is collected and verified periodically so that future measures and investments are well placed and conducive to improving our non-financial position along with our financial position. This will ensure that AX Group is not only a financially sound Group, but also one which adds value to the community, whilst respecting the environment in which it operates in, in a just manner.

Signed on behalf of the Board of Directors on 24 February 2025 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 2024.

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 seven Directors, three 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 Zammit Xuereb, Mr Josef Formosa Gauci, Mr Christopher Paris, Mr John Soler and Mr Michael Warrington. Messrs 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

The Board - continued

Kenneth Abela has been appointed as Chief Executive Officer Designate in November 2024.

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 six 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 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 five 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 was scheduled to meet during the year, however, the meeting was convened to 7 November 2024 due to business demands that arose close to year-end.

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 EUR1,276,761. 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, and 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 24 February 2025 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 2024.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Group		Company	
		2024	2023	2024	2023
	Notes	EUR	EUR	EUR	EUR
Revenue	8	83,343,606	49,865,256	13,523,836	31,270,094
Other operating income		206,866	427,273	52,270	14,222
Operating costs	12	(27,362,043)	(16,957,245)	(1,574,254)	(2,148,174)
Staff costs	9	(32,155,310)	(25,889,943)	(3,870,169)	(3,825,546)
Depreciation	16,18	(10,077,922)	(9,337,751)	(569,050)	(589,297)
(Loss)/gain on revaluation of investment properties	17	(2,477,613)	103,161	(200,000)	(362,933)
Movement in fair value of financial asset	21	-	-	435,447	(637,955)
Gain/(Loss) on disposal of financial asset		-	-	1,608,500	(595,700)
Operating profit/(loss)		11,477,584	(1,789,249)	9,406,580	23,124,711
Share of results of associates and joint ventures	20	2,104,953	975,602	-	-
Finance income	10	231,417	110,382	2,971,034	2,597,998
Finance costs	11	(8,001,940)	(6,113,901)	(3,716,351)	(3,678,631)
Profit/(loss) before taxation		5,812,014	(6,817,166)	8,661,263	22,044,078
Taxation	14	(744,664)	2,995,582	980,951	(2,175,406)
Profit/(loss) for the year		5,067,350	(3,821,584)	9,642,214	19,868,672

		Group		Company	
		2024	2023	2024	2023
	Notes	EUR	EUR	EUR	EUR
Attributable to:					
Owners of the parent		4,449,620	(3,856,785)	-	-
Non-controlling interest		617,730	35,201	-	-
		5,067,350	(3,821,584)	-	-
Basic earnings/(loss) per share	15	3.82	(3.31)	-	-
Other comprehensive income					
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods					
Gain on property revaluations	16	7,072,651	3,632,933	-	-
Taxation	14	(1,318,765)	(2,785,280)	-	-
Other comprehensive income net of tax		5,753,886	847,653	-	-
Total comprehensive income/(loss)		10,821,236	(2,973,931)	9,642,214	19,868,672
Attributable to:					
Owners of the parent		10,203,506	(3,009,132)	-	-
Non-controlling interest		617,730	35,201	-	-
Total comprehensive income/(loss)		10,821,236	(2,973,931)	9,642,214	19,868,672

The notes on pages 129 to 172 form an integral part of these financial statements

STATEMENTS OF FINANCIAL POSITION

		Group		Company	
		2024	2023	2024	2023
	Notes	EUR	EUR	EUR	EUR
ASSETS					
Non-current assets					
Property, plant and equipment	16	343,800,766	324,000,066	935,592	1,029,965
Investment properties	17	61,443,002	61,703,333	9,592,854	9,792,134
Right-of-use assets	18	3,706,899	393,679	4,944,268	5,284,855
Net investment in the lease	18	-	-	1,063,394	1,303,744
Investment in subsidiaries	19	-	-	87,866,933	82,472,590
Investments in associates and joint ventures	20	8,645,937	7,889,009	-	-
Loans receivable	21	388,892	2,175,155	62,485,306	42,779,811
Financial assets	21	-	-	11,080,392	16,813,945
		417,985,496	396,161,242	177,968,739	159,477,044
Current assets					
Inventories	22	66,234,134	49,101,502	3,179,131	3,179,131
Trade and other receivables	23	17,707,222	15,142,002	12,542,163	9,849,491
Net investment in the lease	18	-	-	240,350	230,941
Current tax asset		616,471	2,966,585	2,488,557	3,536,449
Cash at bank and in hand	24	10,569,146	10,656,902	183,596	39,843
		95,126,973	77,866,991	18,633,797	16,835,855
Total assets		513,112,469	474,028,233	196,602,536	176,312,899
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	26	1,164,688	1,164,688	1,164,688	1,164,688
Revaluation reserve	26	214,005,845	209,785,089	3,886,290	4,066,290
Other reserves		616,095	616,095	285,342	285,342
Retained earnings	26	20,929,232	19,235,716	98,276,514	93,454,300
		236,715,860	230,801,588	103,612,834	98,970,620

		Group		Company	
		2024	2023	2024	2023
	Notes	EUR	EUR	EUR	EUR
Non-controlling interest		12,113,698	12,738,710	-	-
Total equity		248,829,558	243,540,298	103,612,834	98,970,620
Non-current liabilities					
Trade and other payables	27	12,517,872	11,517,083	1,399,991	-
Bank borrowings	28	63,621,749	68,988,396	-	-
Other financial liabilities	29	-	-	3,912,273	2,700,848
Debt securities in issue	30	90,671,876	45,629,109	64,186,996	24,773,154
Non-current lease liabilities	18	3,622,187	372,104	5,705,411	6,079,868
Deferred tax liabilities	31	20,549,360	20,359,867	333,633	522,562
		190,983,044	146,866,559	75,538,304	34,076,432
Current liabilities					
Trade and other payables	27	39,522,736	29,469,209	1,704,479	3,843,671
Bank borrowings	28	29,903,372	11,431,154	-	-
Other financial liabilities	29	8,449	5,973	12,282,994	38,319,182
Debt securities in issue	30	3,810,761	42,692,823	3,089,469	746,712
Current lease liabilities	18	54,549	22,217	374,456	356,282
		73,299,867	83,621,376	17,451,398	43,265,847
Total liabilities		264,282,911	230,487,935	92,989,702	77,342,279
Total equity and liabilities		513,112,469	474,028,233	196,602,536	176,312,899

The notes on pages 129 to 172 form an integral part of these financial statements.

The financial statements on pages 123 to 172 have been authorised for issue by the Board of Directors on 24 February 2025 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 2024.

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 2022	1,164,688	208,812,536	616,095	24,317,401	234,910,720	13,311,927	248,222,647
(Loss)/profit for the year	-	-	-	(3,856,785)	(3,856,785)	35,201	(3,821,584)
Other comprehensive income for the year, net of tax	-	847,653	-	-	847,653	-	847,653
Total comprehensive income/(loss) for the year	-	847,653	-	(3,856,785)	(3,009,132)	35,201	(2,973,931)
Dividends (Note 26)	-	-	-	(1,100,000)	(1,100,000)	(608,418)	(1,708,418)
Fair value movement of investment properties, net of tax	-	124,900	-	(124,900)	-	-	-
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 26)	-	-	-	(5,000,000)	(5,000,000)	(531,976)	(5,531,976)
Derecognition of non-controlling interest (Note 4)	-	-	-	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	1,164,688	214,005,845	616,095	20,929,232	236,715,860	12,113,698	248,829,558

Company

	Share capital	Revaluation reserve	Other reserves	Retained earnings	Total
	EUR	EUR	EUR	EUR	EUR
At 31 October 2022	1,164,688	4,392,929	285,342	73,402,872	79,245,831
Profit for the year	-	-	-	19,868,672	19,868,672
Total comprehensive income for the year	-	-	-	19,868,672	19,868,672
Effect of merger (Note 3)	-	-	-	956,117	956,117
Dividends (Note 26)	-	-	-	(1,100,000)	(1,100,000)
Fair value movement of investment properties, net of tax	-	(326,639)	-	326,639	-
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 26)	-	-	-	(5,000,000)	(5,000,000)
Fair value movement of investment properties, net of tax	-	(180,000)	-	180,000	-
At 31 October 2024	1,164,688	3,886,290	285,342	98,276,514	103,612,834

The notes on pages 129 to 172 form an integral part of these financial statements.

STATEMENTS OF CASHFLOWS

		Group		Company	
		2024	2023	2024	2023
	Notes	EUR	EUR	EUR	EUR
Cash flows from operating activities					
Profit/(Loss) before taxation		5,812,014	(6,817,166)	8,661,263	22,044,078
Adjustments for:					
Depreciation	16,18	10,077,922	9,337,751	569,050	589,297
Dividend receivable	8	-	-	(11,171,486)	(29,498,155)
Share of results of associates and joint ventures	20	(2,104,953)	(975,602)	-	-
Movement in fair value of investment properties	17	2,477,613	(103,161)	200,000	362,933
Movement in fair value of financial asset	21	-	-	(435,447)	637,955
(Gain)/Loss on disposal of financial asset		-	-	(1,608,500)	595,700
Movement in expected credit loss	12	(81,134)	(237,241)	44,358	13,632
Movement in provision for litigation	12	(46,666)	247,887	-	-
Movement in provision for obsolete stock		(15,669)	-	-	-
Other short-term employee benefits	9	1,453,447	3,073,642	137,153	613,526
Issue cost amortization	11	179,102	154,797	102,838	36,980
Interest expense	11	7,527,230	5,959,104	3,613,513	3,641,651
Interest income	10	(231,417)	(110,382)	(2,971,034)	(2,597,998)
Operating profit/(loss) before working capital changes		25,047,489	10,529,629	(2,858,292)	(3,560,401)
Movement in inventories	16,17,22	(17,116,963)	(15,423,923)	-	-
Movement in trade and other receivables		(5,976,238)	(1,347,157)	(651,284)	(766,631)
Movement in trade and other payables		10,036,753	761,585	(22,837,600)	5,652,277
Cash flows from/(used in) operating activities		11,991,041	(5,479,866)	(26,347,176)	1,325,245
Interest paid		(6,176,939)	(5,743,539)	(862,500)	(864,863)
Interest received	10	231,417	-	68,737	65,456
Taxation credit received/(paid)		475,553	(1,110,865)	1,707,812	-
Net cash flows from/(used in) operating activities		6,521,072	(12,334,270)	(25,433,127)	525,838
Cash flows from investing activities					
Purchase of property, plant and equipment		(23,188,224)	(36,069,495)	(134,089)	(152,129)
Payments to acquire investment properties		(2,217,282)	(2,677,229)	-	-
Dividends received	20	1,348,025	1,337,248	-	-
Disposal of financial assets		-	-	7,776,780	2,441,300
Movement in loan to subsidiary		-	-	7,352,705	(1,688,689)
Net cash flows (used in)/from investing activities		(24,057,481)	(37,409,476)	14,995,396	600,482
Cash flows from financing activities					
Bank loan drawdowns		19,973,917	53,029,045	-	-
Bank loan repayments		(7,765,529)	(3,736,347)	-	-
Movement on other loans		-	(412,144)	-	-
Proceeds from debt securities in issue		5,050,011	2,864,045	10,924,704	-
Payment of lease liabilities	18	(174,953)	(36,500)	(343,220)	(628,408)

		Group		Company	
		2024	2023	2024	2023
	Notes	EUR	EUR	EUR	EUR
Dividends paid		-	(605,000)	-	(605,000)
Dividends to non-controlling interest		(531,976)	(608,418)	-	-
Net cash flows from/(used in) financing activities		16,551,470	50,494,681	10,581,484	(1,233,408)
Net movement in cash and cash equivalents		(984,939)	750,935	143,753	(107,088)
Cash and cash equivalents at beginning of year		10,329,685	9,578,750	39,843	146,931
Cash and cash equivalents at end of year	24	9,344,746	10,329,685	183,596	39,843

The notes on pages 129 to 172 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, healthcare 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 17), land and buildings (Note 16) and investment in debt securities (Note 21) 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 5 and significant accounting judgments, estimates and assumptions are disclosed in Note 6 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 EUR83.3 million, representing an increase of EUR33.5 million over last year and has reported an Adjusted EBITDA of EUR24,033,119 (2023:EUR7,445,341) which reconciles to the Group's operating profit/(loss) after adjusting for gain/(loss) on revaluation of investment properties, movement in fair value of financial asset, gain/(loss) on disposal of financial asset and depreciation on the Statement of Profit or Loss.

Financial Position

As at 31 October 2024, the Company's current assets exceeded its current liabilities by EUR1,182,399 (2023: current liabilities exceeded its current assets by EUR26,429,992). 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 2024, the Group's current assets exceeded its current liabilities by EUR21,827,106 (2023: current liabilities exceeded its current assets by EUR5,754,385) whereas the Group's total assets exceeded its total liabilities by EUR248,829,558 (2023: EUR243,540,298). The working capital position at 31 October 2024 includes a balance of EUR2,067,464 (2023: EUR2,020,019) that represents deferred income which does not have an impact on the Group's liquidity.

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 EUR113,497,761 (2023: EUR120,763,291) of which EUR19,977,729 (2023: EUR40,344,706) were undrawn banking facilities.

As at 31 October 2024, the Group's gearing ratio stood at 49.6% (2023: 46.4%). This ratio is anticipated to decrease following the closure of Verdala Terraces sales, as a portion of the proceeds from each sale will be allocated to repaying the bank loan. It should be noted that the Group is not required to maintain a sinking fund in relation to its borrowings.

Cashflow Forecast

Management has prepared a cashflow forecast covering 18 months from reporting date, considering significant events and transactions that have occurred or are expected to occur subsequent to period end. The base case scenario contemplates the Group FY2025 budget prepared by the various divisions of the Group.

2. BASIS OF PREPARATION - CONTINUED

2.1 GOING CONCERN - CONTINUED

Cashflow Forecast - continued

Revenue from the hospitality division is projected to grow further, building on the successful first full year of operations of the AX ODYCY hotel and lido following its refurbishment and extension. In the construction division, multiple third-party contracts have been secured for the coming year, expected to drive a notable increase in revenue. The healthcare sector is forecasted to maintain the same level of activity achieved in 2024. Additionally, during 2025, the Group anticipates closing several contracts of sale from the Verdala residential development, with the first ones signed in November 2024.

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, alongside its financing arrangements, as well as the development of a select number of projects considered critical to the Group's long-term strategy. Management also considered the servicing of current and projected debt, including debt at variable rates and contractual loan covenants which will come into effect as from FY2025.

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 to generate further liquidity should the events that are expected to occur do not materialise 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. Additionally, the Group has earmarked some non-core immovable property that can be disposed of.

3. LEGAL MERGER IN 2023

On 5 September 2022, the board of Directors of Capua Palace Investments Limited, a company registered in Malta and the board of Directors of AX Group p.l.c. ("the Company"), approved a *Draft Terms of Merger*, whereby Capua Palace Investments Limited ("the company being acquired") was amalgamated into the Company. The merger became effective on the 30 March 2023, on which date Capua Palace Investments Limited was struck off from the Malta Business Registry. The *Draft Terms of Merger* stipulated that the transactions of the company being acquired are accounted for in the annual accounts of the Company as from 1 November 2022.

Prior to the merger, the Company owned 100% of the ordinary shares in issue of Capua Palace Investments Limited. As a result of the legal merger, Capua Palace Investments Limited transferred all its activities to the Company and ceased to operate.

No cash payment was made; the legal merger is in substance the redemption by the Company of shares in Capua Palace Investments Limited, in exchange for the net assets of Capua Palace Investments Limited. The assets acquired and liabilities assumed are recognised at the carrying amounts in the consolidated financial statements as of the date of the legal merger with any difference recognised in equity as disclosed below:

	Capua Palace Investments Limited 31 October 2022
	EUR
ASSETS	
Non-current assets	
Right-of-use asset	495,527
Other receivables	1,534,685
Total non-current assets	2,030,212
Current assets	
Trade and other receivables	2,863,507
Total current assets	2,863,507
TOTAL ASSETS	4,893,719
LIABILITIES	
Current liabilities	
Trade and other payables	2,364,639
Current tax payable	25,207
Total current liabilities	2,389,846
Non-current liabilities	
Deferred tax liabilities	278,141

3. LEGAL MERGER - CONTINUED

	EUR
Other payables	1,269,615
Total non-current liabilities	1,547,756
TOTAL LIABILITIES	3,937,602
EQUITY	
Retained earnings	956,117
TOTAL EQUITY	956,117
TOTAL EQUITY AND LIABILITIES	4,893,719

4. 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 2024. 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	
	2024	2023
AX Construction Limited	100	100
AX Finance Limited	100	100
AX Hotel Operations p.l.c.	100	100
AX Investments p.l.c.	100	100
AX Port Holding Company Limited	100	100
AX Port Investments Company Limited	100	100
Capua Palace Investments Limited (merged into the Company per Note 3)	-	-
Central Leisure Developments Limited *	100	100
Harbour Connections Limited (merged into Verdala Mansions Limited)	-	100
Heritage Developments Limited *	100	100
Hilltop Gardens Retirement Village Limited	100	100

4. BASIS OF CONSOLIDATION - CONTINUED

	2024	2023
Hilltop Management Services Limited	100	100
AX Business Park Limited	100	100
Palazzo Merkanti Leisure Limited *	100	100
Prime Buildings Limited **	-	75
Renewables Limited	100	100
Royal Hotels Limited *	100	100
Simblija Developments Limited *	100	100
Skyline Developments Limited *	100	100
Suncrest Hotels p.l.c.*	100	100
Palazzo Lucia Limited	100	100
Verdala Mansions Limited	100	100
AX Real Estate p.l.c.	91.13	91.13
Engage People Limited	100	100
Verdala Terraces Limited	100	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.

**Prime Buildings Limited was dissolved and consequently voluntarily wound up during the year. Upon liquidation, the minority interest waived their right for the share capital and dividend distribution in favour of the Company (Note 19).

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.

5. 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.

5.1 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 12 Income Taxes: International Tax Reform – Pillar Two Model Rules (issued on 23 May 2023) (effective for financial year beginning on or after 1 January 2023)
- Amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (issued on 9 December 2021) (effective for financial year beginning on or after 1 January 2023)
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021) (effective for financial year beginning on or after 1 January 2023)
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (issued on 12 February 2021) (effective for financial year beginning on or after 1 January 2023)
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021) (effective for financial year beginning on or after 1 January 2023)
- IFRS 17 Insurance Contracts (issued on 18 May 2017); including Amendments to IFRS 17 (issued on 25 June 2020) (effective for financial year beginning on or after 1 January 2023)

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

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies

The amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting disclosures. The amendments impacted the Group's disclosures of accounting policies, but not the measurement, recognition or presentation of any items in the Group's financial statements.

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES - CONTINUED

5.2 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 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 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 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 these standards, interpretations and amendments are not expected to have a material effect on the financial statements of the Group.

5.3 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)
- Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7 (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)
- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (issued on 30 May 2024) (effective for financial year beginning on or after 1 January 2026)

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

5.4 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 healthcare 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.

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES - CONTINUED

5.4 REVENUE FROM CONTRACTS WITH CUSTOMERS - CONTINUED

ii. Provision of services - Hospitality and Healthcare

The Group, through various subsidiaries, provides hospitality and healthcare 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 health 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.

5.5 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.

5.6 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.

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, initial direct costs incurred, and lease payments made at or before the commencement date less 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 recognised 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 - 15 to 111 years

Company
Offices - 20 years
Warehouse - 20 years
Hospitality - 15 years to 20 years

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES - CONTINUED

5.6 LEASES - CONTINUED

Company and Group as a lessee - continued

i. Right-of-use assets - continued

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 19.

Group as 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 recognised over the lease term on the same basis as rental income.

5.7 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 realised directly in equity is realised 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 realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the reporting date.

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

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 realised.

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.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5.8 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 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.

5.9 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 a ffect 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 recognised 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.

5.10 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 2024.

Company

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5.11 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:

i. Financial assets at amortised cost (debt instruments)
ii. 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 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 'Movement in 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).

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5.11 FINANCIAL INSTRUMENTS - CONTINUED

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 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.

5.12 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.

5.13 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.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5.13 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

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% - 33% 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 recognised as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group during the financial period in which they are incurred.

5.14 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

5.15 INVESTMENT PROPERTIES

Investment properties are properties held to earn rentals or for capital appreciation or both. Investment properties are recognised 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. Subsequent 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 derecognised 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 recognised 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.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5.15 INVESTMENT PROPERTIES - CONTINUED

If owner-occupied property becomes an investment property, the Group accountsfor such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

5.16 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.

5.17 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.

5.18 LEGAL MERGER

The merger is accounted using the book value method of accounting, whereby the acquiring company recognises the assets acquired and liabilities assumed at the carrying amounts in the consolidated financial statements as of the date of the legal merger, on the effective date of as stipulated in the Draft Terms of Merger.

5.19 ORDINARY SHARES AND DIVIDENDS

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares are recognised 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.

5.20 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.

6. 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’.

6. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS - CONTINUED

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 31).

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 uses 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 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. As described in Note 17, the Group and the Company uses 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 17 provides detailed information regarding these valuation methods and the key assumptions used in performing such valuations.

6. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS - CONTINUED

ESTIMATES - CONTINUED

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.

7. 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 and Qawra. 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, turnkey 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.

- Healthcare

The healthcare operating segment encompasses Hilltop Gardens Retirement Village and Simblija Care Home, which offer tailor-made packages covering different levels of long- and short-term care. Revenue generated from health 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 & 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.

7. SEGMENT INFORMATION – CONTINUED

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.

Segments for the year-ended 31 October 2024

	Hospitality	Construction	Healthcare	Real estate and property rentals	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)	-
Revenue	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 profit							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. SEGMENT INFORMATION – CONTINUED

Segments for the year-ended 31 October 2023

	Hospitality	Construction	Healthcare	Real estate and property rentals	Admin, finance and investment	Adjustments and eliminations	Consolidated
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
External customers	36,528,735	4,138,979	6,841,329	1,680,464	675,749	-	49,865,256
Inter-segment	-	17,167,039	-	19,205,997	32,840,491	(69,213,527)	-
Revenue	36,528,735	21,306,018	6,841,329	20,886,461	33,516,240	(69,213,527)	49,865,256
Other operating Income	-	9,405	24,073	379,573	14,222	-	427,273
Other operating costs	(13,861,053)	(12,735,941)	(1,986,115)	(285,416)	(2,249,602)	14,160,882	(16,957,245)
Staff costs	(15,529,459)	(7,539,282)	(3,842,714)	(294,385)	(3,977,920)	5,293,817	(25,889,943)
Adjusted EBITDA	7,138,223	1,040,200	1,036,573	20,686,233	27,302,940	(49,758,828)	7,445,341
Depreciation	(2,797,501)	(302,400)	(35,207)	(747)	(253,144)	(5,948,752)	(9,337,751)
Gain/(loss) on revaluation	-	-	-	468, 827	(365,666)	-	103,161
Operating loss							(1,789,249)
Share of results of associates and joint ventures							975,602
Net finance costs							(6,003,519)
Loss before tax							(6,817,166)
Taxation							2,995,582
Loss for the year							(3,821,584)
Segment assets	170,944,801	12,392,471	56,113,153	556,596,240	243,716,678	(565,735,110)	474,028,233
Segment liabilities	(166,735,645)	(10,806,676)	(66,103,751)	(283,536,118)	(128,124,492)	424,818,747	(230,487,935)

8. REVENUE

Revenue by category of activity:	Group		Company	
	2024	2023	2024	2023
	EUR	EUR	EUR	EUR
Construction works and building materials	11,573,486	4,138,978	-	-
Hospitality and entertainment	60,986,343	36,237,054	-	-
Healthcare	6,976,408	6,623,179	-	-
Sale of property and real estate	1,119,628	651,000	-	-
Rental income	1,951,219	1,663,845	135,113	124,945
Management services	736,522	551,200	2,217,237	1,646,994
Dividend receivable	-	-	11,171,486	29,498,155
	83,343,606	49,865,256	13,523,836	31,270,094

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

Timing of revenue recognition

Group	2024	2023
	EUR	EUR
At a point in time		
Sale of property and real estate	1,119,628	651,000
Hospitality and entertainment	23,007,414	13,183,397
Healthcare	2,228,547	2,138,604
	26,355,589	15,973,001
Over time		
Construction works and building materials	11,573,486	4,138,978
Hospitality and entertainment	37,978,929	23,053,657
Healthcare	4,747,861	4,484,575
Management services	736,522	551,200
	55,036,798	32,228,410

9. STAFF COSTS

	Group		Company	
	2024	2023	2024	2023
	EUR	EUR	EUR	EUR
Personnel costs				
Wages and salaries	27,424,666	22,785,483	3,839,119	3,419,137
Social security costs	1,783,587	1,462,663	130,543	123,234
	29,208,253	24,248,146	3,969,662	3,542,371
Subcontracted labour	3,492,922	3,861,972	-	-
Salaries capitalised (i)	(1,999,312)	(5,293,817)	-	-
Salaries recharged to subsidiaries	-	-	(236,646)	(330,351)
Other short-term employee benefits (ii)	1,453,447	3,073,642	137,153	613,526
	32,155,310	25,889,943	3,870,169	3,825,546

(i) Capitalised salaries mostly relate to work performed on the two main internal developments, the extension and refurbishment of the AX ODYCY Hotel and 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	
	2024	2023	2024	2023
	EUR	EUR	EUR	EUR
Management and administration	184	206	32	43
Operations and distribution	819	716	-	2
	1,003	922	32	45

10. FINANCE INCOME

	Group		Company	
	2024	2023	2024	2023
	EUR	EUR	EUR	EUR
Interest income on loans and receivables	231,417	110,382	68,737	65,456
Interest income on loans to subsidiary	-	-	2,314,511	1,826,742
Interest on net investment in the lease	-	-	57,184	66,225
Interest income on investments	-	-	530,602	639,575
	231,417	110,382	2,971,034	2,597,998

11. FINANCE COSTS

	Group		Company	
	2024	2023	2024	2023
	EUR	EUR	EUR	EUR
Interest on bank loans and overdrafts	3,068,590	1,928,723	-	-
Interest on debt securities in issue	4,363,429	3,684,967	3,205,257	864,863
Interest on lease liabilities	95,211	19,785	275,062	289,470
Interest on amounts payable to subsidiary	-	-	133,194	2,487,318
Amortisation of bond issue costs	179,102	154,797	102,838	36,980
Bank loan fees	295,608	325,629	-	-
	8,001,940	6,113,901	3,716,351	3,678,631

12. OPERATING COSTS

	Group		Company	
	2024	2023	2024	2023
	EUR	EUR	EUR	EUR
Auditors' remuneration				
For audit services – statutory audit	220,000	190,000	55,200	43,000
For audit services – other assurance	-	27,000	-	27,000
For non-audit services	8,800	10,000	400	400
Stock consumed	7,773,936	4,939,470	-	-
Cost of constructing property sold	208,617	152,482	-	-
Construction costs	5,182,861	640,276	-	-
Movement in allowance for expected credit losses	(81,134)	(237,241)	44,358	13,632
Provision of litigation	-	247,887	-	-
Water and electricity	2,570,218	1,872,746	9,375	11,280
Repairs and maintenance	797,601	1,145,314	83,361	270,290
Professional fees	980,549	871,059	468,343	299,723
Commissions	3,200,307	2,405,973	11,290	24,097
Cleaning	851,080	551,935	5,577	1,890
Advertising and marketing	583,310	427,247	184,951	95,984
Insurance	568,031	433,977	73,265	59,352
Bank charges	117,312	156,510	12,685	5,465
Licences and permits	228,339	403,987	-	74,887
Printing and stationery	229,937	121,157	66,845	20,387
Entertainment	358,786	176,651	12,180	4,515
Recruitment and other staff related expenses	591,784	206,248	10,714	-
Waiver of amount due from subsidiary	-	-	-	1,000,000
Other administrative costs	2,971,709	2,214,567	535,710	196,272
	27,362,043	16,957,245	1,574,254	2,148,174

13. KEY MANAGEMENT PERSONNEL COMPENSATION

	Group		Company	
	2024	2023	2024	2023
	EUR	EUR	EUR	EUR
Directors' compensation				
Short-term benefits	1,319,761	990,153	1,276,761	947,153
Other key management personnel compensation				
Salaries and social security contributions	1,203,053	856,789	699,287	512,469

14. TAXATION

	Group		Company	
	2024	2023	2024	2023
	EUR	EUR	EUR	EUR
Current income tax				
- for the year	1,870,237	(825,389)	-	2,174,360
- losses surrendered to subsidiaries	-	-	(792,022)	-
Deferred tax through profit or loss	(1,125,573)	(2,170,193)	(188,929)	1,046
Income tax charge/(credit)	744,664	(2,995,582)	(980,951)	2,175,406
Deferred tax through other comprehensive income	1,318,765	2,785,280	-	-

14. TAXATION – CONTINUED

	Group		Company	
	2024	2023	2024	2023
	EUR	EUR	EUR	EUR
Profit/(loss) before taxation	5,812,014	(6,817,166)	8,661,263	22,044,078
Tax thereon at 35%	2,034,205	(2,386,008)	3,031,442	7,715,427
Tax effect of:				
Income not subject to tax	(736,734)	(341,461)	(3,271,948)	(5,220,135)
Lower rate of tax on immoveable property fair value	(309,186)	(57,903)	-	-
Lower rate of tax on rental and other income	(1,784,491)	(1,138,009)	60,542	118,281
Disallowed expenses	1,540,870	927,799	-	-
Other permanent differences	-	-	(800,987)	(438,167)
Income tax charge/(credit) for the year	744,664	(2,995,582)	(980,951)	2,175,406

15. 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 EUR4,449,620 (2023: loss for the year of EUR3,856,785) divided by the weighted average number of ordinary shares in issue during the year.

	Group	
	2024	2023
	EUR	EUR
Weighted average number of shares in issue (Note 26)	1,164,688	1,164,688
	EUR	EUR
Basic earnings/(loss) per share	3.82	(3.31)

16. 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
Fair value/Cost						
At 01.11.2022	252,872,240	29,333	25,687,722	839,127	51,560,501	330,988,923
Additions	22,418,750	-	8,044,222	51,141	11,296,727	41,810,840
Revaluation	3,632,933	-	-	-	-	3,632,933
Transfer from Invertory (i)	6,428,078	-	-	-	-	6,428,078
Other transfer (ii)	(3,147,122)	-	-	-	-	(3,147,122)
At 31.10.2023	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
Depreciation						
At 01.11.2022	-	29,333	15,248,933	656,716	33,616,693	49,551,675
Provision for the year	3,221,263	-	2,188,916	77,185	3,821,669	9,309,033
Transfer (ii)	(3,147,122)	-	-	-	-	(3,147,122)
At 31.10.2023	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
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

16. PROPERTY, PLANT AND EQUIPMENT – CONTINUED

	Land and buildings	Improvements	Plant and machinery	Motor vehicles	Furniture, fixtures and equipment	Total
	EUR	EUR	EUR	EUR	EUR	EUR
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
Net book value						
At 31.10.2022	252,872,240	-	10,438,789	182,411	17,943,808	281,437,248

(i) Details of the transfer from inventory

The transfer from inventory relates to the transfer of property resulting 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	
	2024	2023	2024	2023
	EUR	EUR	EUR	EUR
Transfer from inventory with a view to be occupied by the Group	-	6,428,078	-	-

(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 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 surplus on revaluation was transferred to the revaluation reserve. Note 17 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 EUR111,210,782 (2023: EUR101,518,322).

16. PROPERTY, PLANT AND EQUIPMENT – CONTINUED

Group - continued

Capitalised borrowing costs

The Group completed works on the extension of the AX ODYCY hotel and redevelopment of the lido in Qawra during 2023. This project was financed partly through bank borrowings and partly through debt securities issued by AX Real Estates p.l.c., a subsidiary of the Company. The amount of borrowing costs capitalised during the year ended 31 October 2023 was EUR717,673. The rates used to determine the amount of borrowing costs eligible for capitalisation were 2.85% plus 3-month Euribor, 3.5% and 4.25% respectively per annum, which were the EIR of the specific borrowings.

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

Company	Furniture, fittings and equipment	Motor vehicles	Total
	EUR	EUR	EUR
Cost			
At 01.11.2022	2,496,889	432,055	2,928,944
Additions	95,773	56,356	152,129
At 31.10.2023	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
Depreciation			
At 01.11.2022	1,394,152	408,247	1,802,399
Provision for the year	198,328	50,381	248,709
At 31.10.2023	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
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

17. INVESTMENT PROPERTIES

	Group	Company
	EUR	EUR
Fair value		
At 31 October 2022	57,887,382	9,552,294
Additions	3,289,228	602,773
Fair value gain/(loss)	103,161	(362,933)
Transfers from inventory (i)	423,562	-
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	-
At 31 October 2024	61,443,002	9,592,854

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	
	2024	2023	2024	2023
	EUR	EUR	EUR	EUR
Transfer from inventory with a view to earn rentals or for capital appreciation	115,856	979,367	-	-
Transfer to inventory with a view to sell	-	(555,805)	-	-
	115,856	423,562	-	-

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 IFRS13.

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.

17. INVESTMENT PROPERTIES – CONTINUED

Changes in valuation techniques

The valuation technique used to determine the fair value of the Sliema and Valletta hotels was changed from the average of income capitalisation approach and replacement cost 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 valuation methodology of the other hotel properties owned by the Group.

The change in valuation methods are applied prospectively since they present 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 the Verdala site which management intends to function as part of the hotel, and 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 5.8.

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 EUR2,477,613 (2023: net loss of EUR103,161). The Company recorded a loss on fair value measurements amounting to EUR200,000 (2023: EUR362,933). 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	19,008,995	19,008,995	31/10/2022
Commercial property	3,700,000	3,700,000	31/10/2021
	22,320,603	22,320,603	31/10/2024
Residential	5,319,379	5,319,379	31/10/2024
	612,000	612,000	31/10/2021
	10,482,025	10,482,025	31/10/2023
Total	61,443,002	61,443,002	

(ii) Land and Buildings

Type of Property	Level 3 EUR	Total EUR	Date of Valuation
Commercial property	297,462,611	297,462,611	31/10/2024
Total	297,462,611	297,462,611	

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.

17. INVESTMENT PROPERTIES – CONTINUED

Group - continued

Valuation techniques used to derive Level 3 fair value - continued

(i) Investment Properties

Type of Property	Valuation Technique	Inputs	Sensitivity
Residential property amounting to EUR4,498,025 (2023: EUR3,769,000)	Income capitalisation approach	Income capitalisation approach: total projected stabilised EBITDA of EUR617,251 (2023: EUR746,476) using an average growth of 3% (2023: 2%) and discount rate of future income of 10.5% (2023: 12.83%).	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 EUR2,210,000 (2023: EUR2,712,963)	Income capitalisation approach	The valuation relies on estimated commercial rental rates and yearly return of the various components of the existing building capitalized at a rate of 7% (2023: 7%). Annual rental rate of EUR350 per sqm (2023: EUR425) is assumed and EUR276,000 (2023: EUR320,000) 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 EUR13,187,881 * (2023: EUR13,340,619)	Income capitalisation approach	The inputs used to calculate the total value of the property is an annual return in the range of EUR40 and EUR268 per square meter (2023: in the range of EUR40 and EUR268) at a capitalisation rate of 6% (2023: 6%).	The higher the capitalisation rate, the lower the fair value. The higher the rental income and growth rate the higher the fair value.
Land amounting to EUR19,008,995 (2023: EUR19,000,000)	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 (2023: EUR 145) at a capitalisation rate of 7% (2023: 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 EUR6,922,722 (2023: EUR7,340,014)	Income capitalisation approach	The inputs used to calculate the total value of the property is an annual return of EUR205 (2023: EUR550) per square meter at a capitalisation rate of 6.5% (2023: 6.25%) 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 EUR612,000 (2023: EUR612,000)	Market approach	Market transaction.	The higher the market rates, the higher the fair value
Residential property amounting to EUR5,319,379 (2023: EUR5,308,737)	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 EUR5,984,000 (2023 EUR5,720,000)	Market approach	The valuation of investment property was 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 EUR3,700,000 (2023: EUR3,900,000)	Income capitalisation approach	The inputs used to calculate the total value of the property is an annual return of EUR100-EUR300 per square meter (2023: EUR100-EUR300) at a capitalisation rate of 5.5% (2023: 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.

17. INVESTMENT PROPERTIES – CONTINUED

Group - continued

Valuation techniques used to derive Level 3 fair value - continued

(i) Investment Properties - continued

* Includes a property amounting to EUR979,367 which was transferred from inventory to investment property during the prior year as disclosed in Details of the transfers (to) / from property, plant and equipment in Note 17.

(ii) Land and Buildings

Type of Property	Valuation Technique	Inputs	Sensitivity
Commercial property amounting to EUR8,231,321 (2023: EUR8,124,822)	Income capitalisation approach	The inputs used to calculate the total value of the property is an annual return in the range of EUR40 and EUR270 per square meter (2023: EUR40 and EUR270 per square meter) at a capitalisation rate in the range of 5.75% to 6% (2023: 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 EUR42,918,024 (2023: EUR42,009,911)	Average of profits method; income capitalisation approach and replacement cost approach	Profits method: stabilised EBIDTA of EUR1,601,381 (2023: EUR2,136,690), capitalisation yield of 5.5% (2023: 5.5%), land appreciation of 4.5% per annum (2023: 4.5%), discount rate for commercial property sale at termination 5% (2023: 5%) and EBITDA multipliers ranging between 11.5X to 16X (2023: 11.6X to 16.4X). Income capitalisation approach: stabilised EBIDTA of EUR1,601,381 (2023: EUR2,136,690), capitalisation yield of 5.5% (2023: 5.5%), land appreciation of 4.5% per annum (2023: 4.5%), discount rate for commercial property sale at termination 5% (2023: 5%) and discount rate for future income ranging 7.5%-11.83% (2023: 7.5%-11.83%). 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.	Profits method: The higher the EBITDA and capitalisation yield, the higher the fair value. Income capitalisation approach: The higher the EBITDA and capitalisation yield, the higher the fair value. Replacement cost approach: The higher the rates for construction, finishings, services and fittings, the higher the fair value.
Commercial property amounting to EUR6,622,583 (2023: EUR6,420,000)	Income capitalisation approach	Income capitalisation approach: total projected stabilised EBITDA of EUR2,049,732 (2023: EUR1,952,779) using an average growth of 3% (2023: 2%) and discount rate of future income of 11.83% (2023: 12.83%).	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 EUR219,753,362* (2023: EUR210,558,733)	Income capitalisation approach	Income capitalisation approach: total projected stabilised EBITDA of EUR24,695,000 using an average growth of 3% (2023: 3%), discount rate of 9.48%-11% (2023: 10%-11.83%).	The higher the EBITDA and capitalisation yield, the higher the fair value.

17. INVESTMENT PROPERTIES – CONTINUED

Group - continued

Valuation techniques used to derive Level 3 fair value - continued

(ii) Land and Buildings - continued

Type of Property	Valuation Technique	Inputs	Sensitivity
Commercial property amounting to EUR12,947,321 (2023: EUR8,504,376)**	Residual Method	The valuation of the property was based on market rates for comparable advertised properties using the residual method, 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 gross development value is deducting all projected development costs as well as a developer's profit.	The higher the market rates, the higher the fair value.
Commercial property amounting to EUR6,990,000 (2023: EUR6,587,037)	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% (2023: 7%). Annual rental rate of EUR350 per sqm (2023: EUR425) is assumed and EUR276,000 (2023: EUR320,000) 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, the valuation technique used to determine the revalued amount of part of this commercial property was changed as disclosed in *Changes in valuation techniques* in Note 17.
** During the prior year, the property was transferred at cost from inventory to owner-occupied property as disclosed in Details of the transfers (to)/from inventory in Note 17.
Company
*** During the prior year, part of the property was transferred from owner-occupied property to investment property as disclosed in *Details of the transfers (to)/from property, plant and equipment* in Note 17.

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	3,700,000	3,700,000	31/10/2021
Residential	5,280,854	5,280,854	31/10/2022
Residential	612,000	612,000	31/10/2023
Total	9,592,854	9,592,854	

17. INVESTMENT PROPERTIES – CONTINUED

Company - continued

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 (2023: EUR3,900,000)	Income capitalisation approach	The inputs used to calculate the total value of the property is an annual return of EUR100-EUR300 per square meter (2023: EUR100-EUR300) at a capitalisation rate of 5.5% (2023: 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 EUR5,280,854 (2023: EUR5,280,134)	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 EUR612,000 (2023: EUR612,000)	Market approach	Market transaction	The higher the rates, the higher the fair value.

18. 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 EUR1,951,219 (2023: EUR1,663,845).

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

	2024	2023
	EUR	EUR
Within one year	1,713,726	1,252,010
Between two and five years	4,143,948	1,844,112
Over five years	839,450	951,783
	6,697,124	4,047,905

18. LEASES – CONTINUED

Group and Company as a lessee

The Company has lease contracts with its subsidiaries for its Head Office, a warehouse and a sublease contract for Palazzo Capua following the merger of Capua Palace Investments Limited into the Company (Note 3). The lease contracts have terms between ten to twenty years.

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 the year, 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 2022	-	5,129,916
Effect of merger (Note 3)	-	495,527
Recognition of new lease	422,397	-
Depreciation on right-of-use assets	(28,718)	(340,588)
Closing balance at 31 October 2023	393,679	5,284,855
Recognition of a new lease	3,362,158	-
Depreciation on right-of-use assets	(48,938)	(340,587)
Closing balance at 31 October 2024	3,706,899	4,944,268

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

	Group EUR	Company EUR
Opening balance at 1 November 2022	-	5,321,900
Effect of merger (Note 3)	-	1,453,188
Recognition of new lease	411,036	-
Accretion of interest	19,785	289,470
Amounts set-off in respect of payments	(36,500)	(628,408)
Closing balance at 31 October 2023	394,321	6,436,150
Current	22,217	356,282
Non-Current	372,104	6,079,868
	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)
Closing balance as at 31 October 2024	3,676,736	6,079,867
Current	54,549	374,456
Non-current	3,622,187	5,705,411
	3,676,736	6,079,867

The Company subleases the Palazzo Capua to a subsidiary. As a result, the Company has a net investment in the lease of EUR1,303,744 (2023: EUR1,534,685), out of which EUR240,350 (2023: EUR230,941) is a current balance.

19. INVESTMENT IN SUBSIDIARIES

Company	
	EUR
Cost	
At 1 November 2022	82,054,477
Disposal	(1,162)
Increase in capital contributions (Note i)	419,275
At 31 October 2023	82,472,590
Disposal (Note ii)	(3,605,657)
Increase in capital contributions (Note i)	9,000,000
At 31 October 2024	87,866,933

These financial statements comprise the results and position of the Group and the Company at 31 October 2024, which is a common year-end of all subsidiaries forming part of the Group. The list of consolidated subsidiaries is disclosed in Note 4.

(i) During the year, the Company made capital contributions of EUR9,000,000 (2023: EUR419,275) in subsidiaries (Note 34).

(ii) During the year, 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).

20. INVESTMENT IN ASSOCIATES AND JOINT VENTURES

Group	
	EUR
At 31 October 2022	8,250,655
Share of results	975,602
Dividends	(1,337,248)
At 31 October 2023	7,889,009
Share of results	2,104,953
Dividends	(1,348,025)
At 31 October 2024	8,645,937

The Group has a 36% interest and voting rights in Valletta Cruise Port p.l.c. (2023: 36%), 33% interest and voting rights in Imselliet Solar Limited (2023: 33%) and 50% interest and voting rights in Hardrocks Estates Limited (2023: 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 (2023: 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:

20. INVESTMENT IN ASSOCIATES AND JOINT VENTURES – CONTINUED

	2024	2023
	EUR	EUR
Current assets	7,253,566	6,606,838
Non-current assets	52,100,417	52,019,501
Current liabilities	8,274,608	6,018,027
Non-current liabilities	31,482,206	35,049,467
Revenue	19,659,547	14,421,411
Profit for the year	5,577,772	2,418,435

The associates had no contingent liabilities or capital commitments at 31 October 2024 and 31 October 2023.

21. LOANS RECEIVABLE AND OTHER FINANCIAL ASSETS

Group

	Loans receivable from shareholders	Loans receivable from other related party	Total
	EUR	EUR	EUR
At 31 October 2022	863,011	900,000	1,763,011
New loan origination	412,144	-	412,144
At 31 October 2023	1,275,155	900,000	2,175,155
Repayment of loan	(886,263)	(900,000)	(1,786,263)
At 31 October 2024	388,892	-	388,892

Loans to shareholders are unsecured, bear an interest rate of 5% and are repayable by 31 December 2025. 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	EUR
	Cost	Fair Value
At 1 November 2022	38,839,539	20,488,900
New loan origination	2,044,166	-
Repayment of loan	(767,783)	-
Interest on loans transferred from current	2,720,160	-
Disposal of debt securities	-	(3,037,000)
Fair value movement	-	(637,955)
At 31 October 2023	42,836,082	16,813,945
New loan origination	19,082,269	-
Repayment of loan	(886,263)	-
Interest on loan	1,551,389	-
Disposal of debt securities	-	(6,169,000)
Fair value movement	-	435,447
At 31 October 2024	62,583,477	11,080,392
Expected credit loss		
At 1 November 2022	38,463	-
Movement for the year	17,808	-
At 31 October 2023	56,271	-
Movement for the year	41,900	-
At 31 October 2024	98,171	-
Net book value		
At 31 October 2024	62,485,306	11,080,392
Net book value		
At 31 October 2023	42,779,811	16,813,945

21. LOANS RECEIVABLE AND OTHER FINANCIAL ASSETS - CONTINUED

Company - continued

Loans receivable

Loans receivable include loans to shareholders amounting to EUR388,892 (2023: EUR1,275,155) which are unsecured, bear an interest rate of 5% and are repayable by 31 December 2025. The remaining balance relates to subsidiary undertaking loans, which are unsecured, carry interest at of 4.82% to 6.25% (2023: 4.85% to 4.98%) 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 2024 amounted to EUR11,914,400.

22. INVENTORIES

	Group		Company	
	2024	2023	2024	2023
	EUR	EUR	EUR	EUR
Property held for development and re-sale	64,304,393	47,070,934	3,179,131	3,179,131
Raw materials and consumables	1,929,741	2,030,568	-	-
	66,234,134	49,101,502	3,179,131	3,179,131
Current (i)	66,234,134	49,101,502	3,179,131	3,179,131
Non-current	-	-		-
	66,234,134	49,101,502	3,179,131	3,179,131

(i) The construction of the residential units at the Verdala site was completed during 2023. Accordingly, the units were ready to be sold in the ordinary course of business and such inventory property was transferred from non-current assets to current assets as at 31 October 2023.

During the current year, EUR8 million (2023: EUR5.1 million) was recognised as an expense for inventories carried at cost. This is recognised as part of operating expenses (Note 12).

23. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2024	2023	2024	2023
	EUR	EUR	EUR	EUR
Trade receivables (i)	6,599,302	6,464,973	72,171	212,799
Provision for doubtful debts (i)	(215,266)	(386,856)	-	-
Allowance for ECL on trade receivables (i)	(234,554)	(195,485)	-	-
	6,149,482	5,882,632	72,171	212,799
Amounts owed by associates (ii)	115,102	678,425	-	-
Amounts owed by other related parties (ii)	41,587	215,363	38,549	21,761
Amounts owed by subsidiaries (ii)	-	-	7,484,382	5,862,448
Shareholders' current account (ii)	2,240,833	3,111,344	2,236,623	2,942,227
Allowance for ECL on balances owed by related parties	-	-	(11,340)	(8,882)
Advanced payments to suppliers (iii)	1,415,992	1,695,032	-	3,466
Indirect taxation	486,040	712,577	-	-
Other receivables	3,270,480	1,033,143	2,371,000	319,250
Prepayments and accrued income	3,987,706	1,813,486	350,779	496,422
	17,707,222	15,142,002	12,542,163	9,849,491

23. TRADE AND OTHER RECEIVABLES – CONTINUED

(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 2024 was determined as follows:

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

2023		Current	>30 days	>60 days	>90 days	>180 days	>365 days	Total
Expected credit loss rate	%	0.20-1.72	0.04-3.99	0.07-52.53	0.11-89.61	0.39-89.61	100	
Gross carrying amount	EUR	3,894,019	715,842	820,053	586,449	364,507	84,103	6,464,973
Lifetime expected credit loss	EUR	34,947	14,163	23,984	85,811	12,425	24,155	195,485
Provision for doubtful debts	EUR	-	-	-	-	386,856	-	386,856

(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.

24. CASH AND CASH EQUIVALENTS

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

	Group		Company	
	2024	2023	2024	2023
	EUR	EUR	EUR	EUR
Cash at bank and in hand	10,569,146	10,656,902	183,596	39,843
Bank overdrafts (Note 28)	(1,224,400)	(327,217)	-	-
	9,344,746	10,329,685	183,596	39,843

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

	Group		Company	
	2024	2023	2024	2023
	EUR	EUR	EUR	EUR
Non-cash operating activities				
Property sold to shareholder (Note 34)	1,000,000	600,000	-	-
Waiver of amount owed by subsidiary (Note 12 and 34)	-	-	-	1,000,000
Non-cash investing activities				
Assets taken over upon merger (Note 3)	-	-	-	4,893,719
Non-cash financing activities				
Dividend declared by Company	5,000,000	495,000	5,000,000	495,000
Dividend declared by subsidiary (Note 8)	-	-	11,171,486	29,498,155
Increase in capital contribution (Note 19)	-	-	9,000,000	419,275

25. CONSTRUCTION CONTRACTS

As at year-end, retentions held by customers for contract works amounted to EUR2,453,027 (2023: EUR2,551,759).

26. CALLED UP ISSUED SHARE CAPITAL

Company and Group

	2024	2023
	EUR	EUR
Authorised		
300,000,000 ordinary shares of EUR1 each	300,000,000	300,000,000
Called up issued and fully paid up		
1,164,688 (2023: 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 EUR531,976 (2023: EUR608,418) 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 (2023: EUR1,100,000).

27. TRADE AND OTHER PAYABLES

	Group		Company	
	2024	2023	2024	2023
	EUR	EUR	EUR	EUR
Trade payables (i)	11,271,918	10,172,884	103,190	327,306
Other payables	6,879,162	5,525,007	2,417,397	2,656,836
Indirect taxation and social security	-	-	220,187	195,077
Accruals and deferred income (ii)	33,889,528	25,288,401	363,696	664,452
	52,040,608	40,986,292	3,104,470	3,843,671
Current	39,522,736	29,469,209	1,704,479	3,843,671
Non-current	12,517,872	11,517,083	1,399,991	-
	52,040,608	40,986,292	3,104,470	3,843,671

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

(ii) Accruals and deferred income mainly relate to upfront receipts from retirement home residents which will be recognised as revenue when the performance obligation is satisfied, along with deposits received on properties sold under a promise of sale.

28. BANK BORROWINGS

	Group		Company	
	2024	2023	2024	2023
	EUR	EUR	EUR	EUR
Bank loans	92,300,721	80,092,333	-	-
Bank overdrafts (Note 24)	1,224,400	327,217	-	-
	93,525,121	80,419,550	-	-

28. BANK BORROWINGS - CONTINUED

Bank loans and overdrafts are repayable as follows:

	Group		Company	
	2024	2023	2024	2023
	EUR	EUR	EUR	EUR
On demand or within one year	29,903,372	11,431,154	-	-
Between two and five years	24,321,821	21,608,479	-	-
After five years	39,299,928	47,379,917	-	-
	93,525,121	80,419,550	-	-
Current	29,903,372	11,431,154	-	-
Non-current	63,621,749	68,988,396	-	-
	93,525,121	80,419,550	-	-

The Group has aggregate bank facilities of EUR113,497,761 (2023: EUR120,763,291) of which EUR19,977,729 (2023: EUR40,344,706) 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 (2023: 3.9% to 6.8%).

29. OTHER FINANCIAL LIABILITIES

	Group		Company	
	2024	2023	2024	2023
	EUR	EUR	EUR	EUR
Amounts owed to subsidiaries (i)	-	-	16,048,941	41,020,030
Amounts owed to shareholders (ii)	-	-	146,326	-
Amounts owed to other related parties (iii)	8,449	5,973	-	-
Total other financial liabilities	8,449	5,973	16,195,267	41,020,030
Current	8,449	5,973	12,282,994	38,319,182
Non-current	-	-	3,912,273	2,700,848
Total other financial liabilities	8,449	5,973	16,195,267	41,020,030

(i) Amounts owed to subsidiaries are unsecured, interest free and have no fixed date of repayment.
(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.

30. 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 2024 for the 5.85% bonds (2023 – 2033) was EUR106. The fair value of the bond as at 31 October 2024 amounted to EUR42,400,000. The carrying value of the bond as at 31 October 2024 amounted to 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. EUR21,645,400 were assigned to the Company as part conversion of the loan receivable from AX Real Estate p.l.c.. 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

30. DEBT SECURITIES IN ISSUE - CONTINUED

Group and Company - continued

Stock Exchange. The quoted market price as at 31 October 2024 for the 3.5% bonds (2022 – 2032) was EUR93 (2023: EUR92.98). The fair value of the bonds as at 31 October 2024 amounted to EUR37,200,000 (2023: EUR37,192,000). The carrying value of the bond as at 31 October 2024 amounted to EUR39,611,543 (2023: EUR39,556,055). 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 2024 for the 3.25% bonds (2020 – 2026) was EUR97.99 (2023: EUR98.5) and for the 3.75% bonds (2020 – 2029) was EUR95 (2023: EUR95.01). The fair value of the bonds as at 31 October 2024 amounted to EUR14,698,500 (2023: EUR14,775,000) and EUR9,500,000 (2023: EUR9,501,000 respectively, which amounts to an aggregated fair value of EUR24,198,500 (2023: EUR24,276,000). The carrying value of the bonds as at 31 October 2024 amounted to EUR24,810,134 (2023: EUR24,773,154). 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 EUR90,671,876 (2023: EUR85,442,763) from the bond issues. The amount is made up of the bond issues of EUR91,873,337 net of bond issue costs which are being amortised over the life of the bonds.

Group

	2024	2023
	EUR	EUR
At beginning of year	85,442,763	82,423,921
Bonds issued during the year (Note i)	45,739,007	2,863,916
Bonds matured during the year	(40,000,000)	-
Bond issue costs	(688,996)	-
Bond issue costs amortisation for the year	179,102	154,926
	2024	2023
	EUR	EUR
	90,671,876	85,442,763
Accrued interest	3,810,761	2,879,169
At end of year	94,482,637	88,321,932
Current	3,810,761	42,692,823
Non-Current	90,671,876	45,629,109
	94,482,637	88,321,932

(i) Bonds issued during the year 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

	2024	2023
	EUR	EUR
At beginning of year	24,773,154	24,736,174
Bond issued during the year	40,000,000	-
Bond issue costs	(688,996)	-
	64,084,158	24,736,174
Bond issue costs amortised for the year	102,838	36,980
	64,186,996	24,773,154
Accrued interest	3,089,469	746,712
At end of year	67,276,465	25,519,866
Current	3,089,469	746,712
Non-current	64,186,996	24,773,154
	67,276,465	25,519,866

31. 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 EUR8,586,157 (2023: EUR8,373,920).

	Group		Company	
	2024	2023	2024	2023
	EUR	EUR	EUR	EUR
Arising on:				
Excess of capital allowances over depreciation	(62,679)	(161,515)	(282,730)	(320,820)
Provision for doubtful debts	(251,958)	(240,893)	(38,329)	(22,804)
Provision for obsolete stock	(9,842)	(15,326)	-	-
Provision for litigation	-	(86,760)	-	-
Unabsorbed tax losses and capital allowances	(9,747,018)	(8,017,142)	(120,159)	-
Revaluation of investment properties	30,567,489	28,881,503	716,000	732,000
Net lease position	53,368	-	58,851	134,186
	20,549,360	20,359,867	333,633	522,562

32. CONTINGENT LIABILITIES

At 31 October 2024, various guarantees were given in favour of third parties amounting to EUR1,251,742 (2023: EUR2,699,525) for which no provision has been made in these financial statements:

33. CAPITAL COMMITMENTS

Commitments for capital expenditure with respect to the development and completion of a number of projects stood as follows:

	2024	2023
	EUR	EUR
Authorised and contracted	18,088,909	22,125,869
Authorised but not contracted	14,113,587	35,407,849

34. RELATED PARTIES

The ultimate controlling party of the Group is Mr Angelo Xuereb, who holds 55% of the voting rights of the Company.

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:

	2024	2023
	EUR	EUR
Management services (Note 8)	736,522	551,200
Dividend issued to shareholders (Note 26)	5,000,000	1,100,000
Property sold to shareholder (Note 24)	1,000,000	600,000

Balances with related parties

Balances with related parties are disclosed in Note 21, Note 23 and Note 29.

34. RELATED PARTIES - CONTINUED

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:

	2024	2023
	EUR	EUR
Management services (Note 8)	2,217,237	1,646,994
Dividend received from subsidiaries (Note 8)	11,171,486	29,498,155
Dividend issued to shareholders (Note 26)	5,000,000	1,100,000
Interest receivable from subsidiaries (Note 10)	2,314,511	1,826,742
Interest payable to subsidiaries (Note 11)	133,194	2,487,318
Waiver of amount owed by subsidiary (Note 12) (i)	-	1,000,000
Recharge of salaries (Note 9)	236,646	330,351
Increase in capital contribution (Note 19)	9,000,000	419,275

(i) The waiver of amount owned by subsidiary relates to a loan advanced to a fully owned subsidiary for the acquisition of property.

Balances with related parties

Balances with related parties are disclosed in Note 19, Note 21, Note 23 and Note 29.

35. 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 21 and 23.

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.

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 2024 and 31 October 2023, 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.

35. RISK MANAGEMENT OBJECTIVES AND POLICIES - CONTINUED

Liquidity risk - continued

Group

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
Total	40,328,737	14,292,934	64,572,167	148,695,416	267,889,254

2023	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	4,900,487	10,052,093	33,100,075	54,805,146	102,857,801
Debt securities in issue	42,643,607	803,556	20,940,944	35,003,044	99,391,151
Lease liabilities	18,250	18,250	149,535	356,407	542,442
Other payables	15,697,891	-	-	-	15,697,891
Total	63,260,235	10,873,899	54,190,554	90,164,597	218,489,285

Financial Guarantee

For each financial guarantee contract issued, the Group has to determine the amount of expected credit loss in accordance with IFRS9. The Company provided a financial guarantee to secure the banking facilities of subsidiaries for an amount of EUR10,000,218. 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 28 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.

36. 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.

36. CAPITAL MANAGEMENT - CONTINUED

Group

	2024	2023
	EUR	EUR
Interest bearing loans and borrowings (Note 18, 28, 30)	191,684,494	169,135,803
Other financial liabilities (Note 29)	8,449	5,973
	2024	2023
Trade and other payables (Note 27)	52,040,608	40,986,292
Less: cash and cash equivalents (Note 24)	(10,569,146)	(10,656,902)
Net Debt	233,164,405	199,471,166
Equity (Note 26)	1,164,688	1,164,688
Other reserves	235,551,172	229,636,900
Total capital	236,715,860	230,801,588
Capital and net debt	469,880,265	430,272,754
Gearing ratio	49.6%	46.4%

No changes were made in the objectives, policies and processes for managing capital during the years ended 31 October 2024 and 2023.

37. SUBSEQUENT EVENTS

The Directors intend to distribute a further gross dividend amounting to EUR205,012, equivalent to EUR0.008424 per ordinary share due to non-controlling interest. Following this payment, the total gross distribution to non-controlling interest for the year will amount to EUR736,988, equivalent to EUR0.030283 per share.

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

Tel: +356 2134 2134
Fax: +356 2133 0280
ey.malta@mt.ey.com
ey.com

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 123 to 172, which comprise the consolidated and separate statements of financial position as at 31 October 2024, and the consolidated and separate statements of profit or loss and 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 2024, 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 Company and the Group 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)* together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the *Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act, Cap. 281 of the Laws of Malta*, and we have 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.

Building a better working world

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AX GROUP P.L.C.

Report on the audit of the financial statements

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 period. 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 valuation 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 5.13, 5.14, 6 and 16 to the accompanying financial statements, account for 60% of total assets as at 31 October 2024. 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 5.15, 6 and 17 to the accompanying financial statements, accounting for 12% of total assets of the Group as at 31 October 2024. 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 and best practice. The valuations are arrived at by a combination of the income capitalisation 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.

Key audit matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud - continued

Fair valuation 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 valuation of properties, we have considered the fair valuation of land and buildings classified as property, plant and equipment, and investment properties as a key audit matter.

Our audit procedures over the fair valuation 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 valuation of land and buildings classified as property, plant and equipment, and investment properties presented in Notes 5.13, 5.14, 5.15, 6, 16 and 17 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.

Other information- continued

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.

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;

Auditor's responsibilities for the audit of the financial statements - continued

- 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;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express 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.

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 5 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.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF AX GROUP P.L.C.

Report on other legal and regulatory requirements

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 AX Group p.l.c. for the year ended 31 October 2024, 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 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.
- 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 2024 has been prepared, in all material respects, in accordance with the requirements of the ESEF RTS.

A member firm of Ernst & Young Global Limited.
Registered in Malta No: C30252

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 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 120 to 122 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 103, 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

24 February 2025

AX GROUP