



MANOEL ISLAND & TIGNÉ POINT DEVELOPMENT

MIDI P.L.C
Annual Report 2025

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CHAIRMAN'S MESSAGE

Dear Shareholders,

Welcome to the sixteenth Annual General Meeting of MIDI p.l.c.

I address you at the conclusion of what has been, without question, the most difficult year in the Company's history. Every challenge we faced in 2025 traces back to a single cause: the Government's sudden withdrawal of support for the Manoel Island project in June 2025 and its publicly declared intention to convert the island into a national park.

When it became clear that Government's position had fundamentally changed, we accepted the reality early: a development of the scale and complexity of Manoel Island cannot succeed without the active and sustained support of Government. Whatever the strength of our legal position — and the Board regards it as a strong one — pursuing that project through the courts alone was never a realistic path.

What followed placed the Company under severe pressure. The judicial letters filed by Government extended the threatened rescission far beyond Manoel Island, casting a legal shadow over Tigné Point and paralysing the property sales and financing arrangements that the Company depended upon. The effect was to place the Company in a position where its negotiating capacity was severely constrained. Throughout this period, the Board remained focused on one priority: protecting the Company and its shareholders and bondholders from a worse outcome.

Our approach to the settlement negotiations reflected that priority directly. We declared from the outset that we were prepared to forego any claim to loss of

earnings and sought to limit our recovery to actual consideration paid and costs incurred — precisely because those figures approximate the values at which the assets were carried on our balance sheet. This approach was adopted in the hope of reaching a settlement that would avert what the Board regarded as the gravest threat of all: a rescission extending to Tigné Point, the repository of substantial shareholder value and the security underpinning the Company's bond obligations.

The Board's aim was to negotiate a reimbursement that would, to the greatest extent possible, shield shareholders from impairment. That we did not fully succeed in that aim is a source of regret, and the terms ultimately agreed do not reflect what the Board considers to be fair or equitable. They reflect, rather, the significant pressure under which those negotiations took place — pressure that was compounded by Government's refusal to confine the dispute to Manoel Island and submit it to judicial determination, choosing instead to extend the threatened rescission to Tigné Point, against which no claim of breach had ever been made.

MIDI's entitlement to extend the completion date for Manoel Island was never in question — as set out in the Circular, the delays encountered entitled the Company to an extension well in excess of ten years and this in terms of a specific provision of the deed of 2000. Prior to Government's change of direction, both parties had been working on a draft amended Emphyteutical Concession expressly acknowledging such ten-year extension — a basis on which both sides were proceeding. The consequence is straightforward: had no such entitlement existed, no reimbursement could have been contemplated. The settlement is concluded



without any admission, and our position has not changed — we were entitled to full reimbursement of what we invested and expended, and the shortfall between that entitlement and what has been agreed is not something the Board regards lightly.

The decision to settle rather than litigate was a difficult one, and I wish to be unequivocal about its basis. It was not taken out of any weakness in the Company's legal position. It was taken because no proceedings of the nature required could realistically have been concluded before the Bond redemption date of 27 July 2026, and the consequences of that timing failure would have been fatal to the Company. The Board acted in the firm conviction that preserving the Company as a going concern — and with it the interests of shareholders, bondholders and all those who depend on us — was the only responsible course of action open to it.

At the Extraordinary General Meeting held on 28 April 2026, shareholders approved the partial rescission and settlement terms with Government. With that approval secured, the Company is now making arrangements to enter into the Settlement Deed with Government. Once executed, Tigné Point will be wholly unencumbered by any claims from Government, enabling the conclusion of outstanding property sales and the full redemption of the Bonds later this year.

Acknowledgements

I wish to extend my sincere gratitude to CEO Mark Portelli, the management team and all Group staff, whose dedication and professionalism in the face of extraordinary adversity has been exemplary.

I also thank my fellow directors for their counsel and resolve during what has been an exceptionally demanding period. Finally, and most importantly, I wish to thank our shareholders and bondholders for their patience, their support and their faith in the Board throughout this crisis. The decisions we have taken were difficult, but they were guided by a single objective: to protect the Company and to preserve value for all those who have placed their trust and their investment in our stewardship. That trust is not something we take for granted.

ALEC A. MIZZI
CHAIRMAN



CEO'S REVIEW OF OPERATIONS

The 2025 financial year has proved to be an exceptionally difficult year for the MIDI Group. As better described in the Circular to Shareholders dated 6 April 2026 (the "Circular") and in previous company announcements, the Group's activities during 2025 were materially impacted by Government's decision to withdraw its support for the Manoel Island project and its subsequent threat to rescind the entire emphyteutical concession, including Tigné Point.

The loss registered by the Group for the year ended 31 December 2025 amounted to €42 million before tax (2024: loss before tax of €3.7 million). This loss reflects the significant impairments which were required as a result of the agreement concluded with Government for the rescission of Manoel Island and Fort Tigné.

Government actions and impact on Manoel Island and Tigné Point

In June 2025, the Government withdrew support for the Manoel Island development and publicly announced plans to convert the island into a national park. The Board concluded that, given the Government's declaration, pursuing development through litigation alone would be an inadequate and ultimately futile strategy, regardless of the merits of the Company's legal position, as a development of this scale and complexity cannot succeed without the active support of Government at every level. The timing of the Government's stance was critical—occurring about 12 months before the 27 July 2026 redemption date of the Company's €50 million bond, effectively derailing the Company's repayment plan, which was to refinance a

portion of its outstanding bond through a new bank facility, for which a term sheet had already been secured together with property sales at Tigné Point. This refinancing was contingent upon the continued progress of the Manoel Island project.

The matter was further compounded when the Government filed a judicial letter in September 2025 invoking the rescission mechanism of the Deed and demanding remedies within six months, while threatening rescission of the emphyteutical concession over both Manoel Island and Tigné Point. These actions prevented the Company from completing the deeds of sale for circa 60 apartments at Tigné Point, compromised the property located at Tigné Point which served as security for the bond and placed the Company's broader property portfolio at risk—despite the alleged claim for rescission being unrelated to Tigné Point.

Settlement Offer and resultant impairment on carrying value of inventory

As at 31 December 2025, Manoel Island and Fort Tigné were carried on the Group's balance sheet at €70.1 million compared to the net reimbursement offered by Government amounting to €42.7 million, necessitating an impairment of €27.4 million.

The Directors considered the Government's offer neither fair nor equitable. So much so the independent auditor engaged by the Lands Authority verified that the Company had incurred €66.4 million with respect to the development of Manoel Island and Fort



Tigné, including €19 million in consideration paid to Government. Nonetheless, given Government's take it or leave it offer and the absence of any viable alternative, the Board reluctantly recommended acceptance of the offer to the Company's shareholders in discharge of its fiduciary duty to act in the best interests of the Company and its stakeholders. This recommendation, approved by the shareholders at the Extraordinary General Meeting held on 28 April 2026, was a pragmatic response to a situation imposed on the Company, not an endorsement of the terms, which reflect the Government's superior negotiating position—compounded by its refusal to limit the dispute to Manoel Island and its threat to rescind the entire emphyteutical concession (including Tigné Point), thereby jeopardising the Company's assets and security.

Adjustment to investment property values

Apart from the impairment on the carrying value of Manoel Island and Fort Tigné, the Group adjusted the carrying amount of its investment properties at 31 December 2025 by €10 million. This impairment was deemed necessary as during the year the Group sought buyers for these properties in order to raise funds to repay the bond, as the Company's plans to repay the bond prior to Government withdrawing support for the Manoel Island project could no longer be actioned. The impairment of €10 million reflects the difference between the carrying value of the investment properties and the offers received for these properties.

Next steps and settlement objectives

The next steps, following the shareholders' approval at the Extraordinary General Meeting, held on 28 April 2026, in favour of the partial rescission of Manoel Island and Fort Tigné, is to enter into a settlement agreement with Government which is intended to resolve the dispute by restoring Tigné Point free from any claims relating to Manoel Island and thus allowing the Company to conclude outstanding property sales and rely on its Tigné Point assets as effective security.

Revenue and Operating Results

The Group generated €3.4 million in revenues compared to €3.3 million revenues generated in 2024. Given that the Company had no properties which it could deliver to prospective owners, it only registered revenues amounting to €26k (2024: €128k) in its development and sale of property segment. However, given the negative financial impact of the Manoel Island and Fort Tigné rescission, this segment has posted an operating loss of €30.6 million (2024: loss of €3.5 million).

In its property and rental management segment, rental operations remained on the same level as those of 2024 with revenues generated amounting to €3.4 million (2024: €3.2 million). However, given the downward adjustments made to the carrying value of investment property, an operating loss of €10.7 million has been registered for the 2025 financial year (2024: operating profit of €624k).

Income Statement

The Group's Income Statement is Summarised Below:

	2025	2024
	€	€
Revenue	3,411,726	3,345,422
Cost of sales	(2,757,072)	(1,437,134)
Gross profit	654,654	1,908,288
Other operating income	63,851	62,517
Adjustment to carrying amount of Inventories to reflect realisable values, net of related items	(27,366,040)	(2,000,000)
Impairment charge on property, plant and equipment	(1,134,926)	-
Fair value changes on investment property, net of related items	(9,863,825)	-
Administrative expenses	(3,722,437)	(2,885,497)
Operating loss	(41,368,723)	(2,914,692)
Finance income	134,042	293,762
Finance costs	(2,652,063)	(2,802,530)
Dividend income	50,000	-
Share of profit of investment accounted for using the equity method of accounting	1,787,955	1,722,778
Loss before tax	(42,048,789)	(3,700,682)
Tax income / (expense)	236,088	(76,145)
Loss for the year	(41,812,701)	(3,776,827)



Administrative Expenses and Finance Costs

Group administrative expenses for the year amounted to €3.7 million compared to €2.9 million registered during 2024. The increase is intrinsically linked to the rescission of Manoel Island and Fort Tigné and includes accruals associated with downsizing the company to reflect the new realities.

Finance costs have decreased marginally compared with those of 2024 (2025: €2.65 million versus 2024: €2.80 million). The interest payable on the 4% bond issued by the Company in 2016 remains the largest component of the Company's finance charges at €2 million per year.

Balance Sheet Review

The Group's total assets have decreased from €259 million to €210 million as at 31 December 2025 and this is a consequence of the impairment to inventory and property, plant and equipment as well as downward adjustments to the carrying value of the Group's investment properties. The major asset remains inventory, which consists of land held for development and work in progress. Following the impairment charge relating to the rescission of Manoel Island and Fort Tigné, the inventory carrying value has decreased from €163 million to €150 million. This now includes the reduced value of Manoel Island inventory (after impairment charge) as well as inventory attributable to the ongoing development works connected to the Q3 – Fortress Gardens residential development. Group assets also include investment properties and non-current assets classified as held for sale, which total value has decreased from €36 million to €26 million following the adjustment made to their carrying value to reflect the offers received from third parties. Other assets include the Group's investment in Mid Knight Holdings Limited ("MKH") which value has increased from €27 million to €28 million as at 31 December 2025. There has been a significant decrease in cash and cash equivalents from €13 million to €2 million as MIDI continues to fund the Q3 – Fortress

Gardens development from its internally generated funds together with a dedicated banking facility for this project.

The Group's Net Asset Value ("NAV") has decreased from €93 million to €51 million as a result of the loss after tax registered for 2025. The Net Asset Value per share as at year end amounts to €0.240 compared to €0.436 as at 31 December 2024. Group borrowings have increased from €60 million to €67 million. Total liabilities excluding borrowings have decreased from €106 million to €91 million. This sharp decrease is due to the reduction in lease liabilities following the rescission of Manoel Island and Fort Tigné. The Group's gearing ratio has increased from 33.1% as at 31 December 2024 to 55.8% as at 31 December 2025, as a result of the Group utilizing its cash reserves to fund the Q3 - Fortress Gardens development and higher borrowings. It is also exacerbated by the material decrease in the equity of the Group following the loss being registered for the 2025 financial year.

Going forward

From an operational point of view, the Company's objective is to conclude the development of the Q3 residential block and to deliver all apartments to their respective owners during 2026. In addition, the Company will redeem its €50 million bond on 27 July 2026 using funds from the reimbursement to be received from Government for the rescission of Manoel Island and Fort Tigné together with funds generated from the sale of properties at Tigné Point. Furthermore, all bank debt will be settled from the funds generated from the sale of the Q3 apartments. By end 2026, it is forecast that the Group will be debt-free.

Following the completion of the Q3 residential development and the sale of assets at Tigné Point in 2026, the Company will be able to account for the profits generated from the respective sales in the Group's 2026 financials which will mitigate to some degree the reduction in the Net Asset Value registered in 2025. The forecasted Group's financial result for the 2026 financial year as presented in the Circular indicate that revenues are forecasted to total €148.6 million



(including the amount reimbursed by Government relating to the Manoel Island and Fort Tigné rescission) resulting in a forecasted profit before tax of circa €21.6 million and a forecasted profit after tax amounting to circa €11.2 million. Based on the forecasted results for 2026, the Group's NAV is expected to increase from €51.48 million to €62.72 million as at 31 December 2026. The NAV per share is consequently forecast to increase from €0.24 to €0.29.

The Group's principal operational asset base going forward will be the investment properties retained at Tigné Point and its 50% interest in MKH.

Acknowledgments

Finally, I would like to thank the Senior Management team and Group employees for all their continued hard work and support during this extremely challenging year. I would also like to take this opportunity to thank my Chairman, Dr. Alec A. Mizzi, and the Board of Directors, for their unreserved support.

MARK PORTELLI
CHIEF EXECUTIVE OFFICER, MIDI P.L.C.

DIRECTORS' REPORT

DIRECTORS' REPORT

The Directors present their annual report and the audited Financial Statements for the year ended 31 December 2025.

Principal activity

The MIDI Group (the "Group") comprises MIDI p.l.c. ("MIDI" or the "Company") and three subsidiaries, Tigné Contracting Limited, T14 Investments Limited and Manoel Island Investments Limited. The Company also holds a 50% share in joint venture, Mid Knight Holdings Limited through its subsidiary T14 Investments Limited.

The principal activity of the Group and the Company has been the development of the Manoel Island and the Tigné Point Project.

Review of the business

The Group has registered a loss before tax of €42 million for the financial year ended 31 December 2025 (2024: loss before tax of €3.7 million).

The Group's activities have been dominated over the past year by Government's decision to withdraw its support for the Manoel Island project and publicly declare its intention to convert the island into a national park. Following months of negotiations with Government, the Company felt compelled to recommend to its shareholders the terms offered by Government, as further explained in this report.

Rescission of Manoel Island and Fort Tigné

In 2000, MIDI p.l.c. was granted a 99-year emphyteutical concession over Manoel Island and Tigné Point for mixed-use development, together with the exclusive right to develop and operate a yachting centre and an undertaking by Government to grant MIDI a casino concession. The project was originally required to be substantially completed by 31 March 2023, with a three-year cure period until 31 March 2026. The emphyteutical deed ("Deed") expressly provided for automatic extensions of the completion date where delays arose from circumstances beyond the parties' control, and MIDI contends that the various delays encountered resulted in such automatic extensions.

The proposed development of Manoel Island suffered a number of unforeseen setbacks outside the Group's control, falling into three broad categories: delays in the issuance of development permits and authorisations; delays arising from archaeological discoveries requiring the redesign of the development; and delays arising from protracted administrative and appellate processes initiated by third parties. Significant delays were encountered at Tigné Point due to the authorities' unexpected requirement to preserve the Garden Battery, which contradicted the outline development permit and necessitated a complete redesign of the Tigné North Phase. Although MIDI submitted revised applications in 2005/2006, approval was only granted in 2012. This had a direct knock-on effect on the permitting process for Manoel Island. The cumulative effect of these delays is the basis for the Group's declared position that the correct completion date under the Deed, properly construed, had been automatically extended by at least 10 years as at June 2025.

In June 2025, Government arbitrarily withdrew its support for the Manoel Island project and publicly declared its intention to convert the island into a national park. The Board concluded at an early stage that, given the change of stance of Government, pursuing development through litigation alone would be an inadequate and ultimately futile strategy, regardless of the merits of the Company's legal position, as a development of this scale and complexity cannot succeed without the active support of Government at every level.

Directors' Report - Continued

Rescission of Manoel Island and Fort Tigné - Continued

The change in policy came at an extremely sensitive time, approximately 12 months before the redemption date of its €50 million bond ("Bonds"). MIDI had planned to repay the Bonds through a combination of proceeds from the future development of Manoel Island — on the basis of which a term sheet for a new bank facility had already been secured — together with internal resources and proceeds of property sales at Tigné Point. The sudden and unexpected withdrawal of Government's support derailed this plan entirely.

Government filed two judicial letters, with the latest one filed on 24 September 2025 invoking the rescission mechanism of the Deed, requiring MIDI to remedy the alleged defaults within six months, failing which Government threatened to rescind the entire emphyteutical concession (Manoel Island and Tigné Point) by the end of March 2026. The judicial letters paralysed the Company's ability to complete 59 promise of sale agreements at Tigné Point, compromised the security for the Bonds, and placed the entirety of the Company's property portfolio in jeopardy — none of which bore any rational connection to the alleged defaults concerning Manoel Island, which was the sole subject matter of Government's stated grievance.

The Board has consistently regarded the Company's legal position on the extension point as a strong one, supported by the terms of the Deed. The decision not to litigate was made on practical and financial grounds alone — specifically, the impossibility of obtaining a judgment within the Bond redemption timeframe — and not because of any weakness in the Company's legal case. The Company's obligations to its bondholders crystallise on 27 July 2026, and no Maltese court proceedings of the nature required to challenge a threatened rescission of an emphyteutical concession could realistically be concluded within such a timeframe. The judgment would have arrived too late to prevent insolvency. The Company formally requested, on more than one occasion, that Government limit the dispute to Manoel Island. Government's rejection of this request left the Company with no practical alternative but to pursue a settlement, notwithstanding the unfavourable terms of such settlement.

The Company's claim, the settlement and financial impact

A critical factor underpinning the Board's approach to the Company's claim was the manner in which the Manoel Island asset has been carried on the Company's balance sheet. The Manoel Island development project has been recognised in the Company's financial statements at cost — that is, at the total of the expenditure and consideration payments actually incurred by MIDI in connection with the project, and not at its projected development value or any estimate of the market value of the land. By limiting its claim to the recovery of actual consideration paid and actual expenses incurred, the Company sought to ensure that the reimbursement from Government approximates the book value at which the Manoel Island asset and eventually Fort Tigné is carried on its balance sheet, thereby seeking to minimise, to the greatest extent possible, the impairment that the Manoel Island and Fort Tigné rescission could cause to the Company's balance sheet and seeking to protect Shareholders from a dilution in net asset value. Manoel Island and Fort Tigné were, as at 31 December 2025, carried in MIDI's balance sheet at €70.1 million. The Company's claim, as verified by the Lands Authority's independently appointed auditors, established the total of claimable consideration and expenses incurred by the Company in connection with the Manoel Island project. The verified total, excluding Fort Tigné, amounts to approximately €63 million. With the inclusion of Fort Tigné, this amount increases to €66.4 million.

Notwithstanding the verification of expenses by the Lands Authority's independent auditors, the Lands Authority proceeded to propose a series of further reductions to the total claimable consideration and expenses incurred by the Company in connection with the Manoel Island development. This has resulted in a Government offer of €47.32 million which after taking into consideration the VAT arising from this transaction, will result in a net reimbursable amount of €42.7 million ("Reimbursable Amount"). This has resulted in an impairment loss of €27.4 million when compared to the carrying amounts at which Manoel Island and Fort Tigné are carried in the Company's balance sheet at 31 December 2025, net of related items. A further impairment charge of €1.1 million was accounted for on the carrying amount of the elements of the Group's property, including the Group's head office on Manoel Island, which will no longer be available for use. This loss is equivalent to a reduction in the Company's net assets of €0.132 per ordinary share.

Directors' Report - Continued

Board's Recommendation to Company's Shareholders

As Government's offer is well below the Company's verified claim, the Directors do not consider the offer to be fair and equitable. The Board regards the amount being reimbursed as inadequate but, given the absence of any viable alternative, reluctantly accepted it in the circumstances. The terms ultimately agreed upon do not reflect the merits of the respective positions of the parties, but rather the significant disparity in negotiating power that prevailed throughout the negotiation process, which was materially compounded by the Government's refusal to limit the dispute to Manoel Island and its insistence on threatening what the Company considers to be the unwarranted and legally unfounded rescission of the entire emphyteutical concession, including over Tigné Point, thereby placing all of the Company's assets and security for bondholders and banks at risk, and severely undermining its ability to negotiate on equitable terms.

Therefore, the Board recommended in favour of Government's offer to the Company's shareholders and this was made solely in discharge of its fiduciary duty to act in the best interests of the Company and all those who depend on it, and it was made clear that this was a pragmatic response to a situation which was forced upon the Company, not as an endorsement of the terms offered by Government. It was also made clear to the Company's shareholders that a vote against this offer was not a vote to preserve the status quo - it would have been a vote that would have deprived the Company of the principal source of funding required to honour its obligations which would consequently bring about insolvency.

On 19 March 2026, the Group entered into a standstill agreement with the Government of Malta by virtue of which both parties agreed that they shall neither institute any further judicial proceedings relating to the subject matter of the Judicial Letters or the Emphyteutical Concession, nor give any fresh notice of rescission or termination, nor take any action to enforce rescission or demand any damages, penalties or other remedies in connection therewith.

The Parliament of Malta has approved the terms of the Settlement Deed, the Partial Rescission and the transactions contemplated by means of a special resolution of the House of Representatives of Malta taken during the sitting of 24 March 2026 in terms of the Government Lands Act (Chapter 573 of the Laws of Malta).

The Company's shareholders voted in favour of accepting Government's offer at an Extraordinary General Meeting held on the 28 April 2026.

Adjustment to the carrying amount of investment property

In addition to the above rescission and to counter the financial pressures created by the threatened rescission, and given the notice of rescission, the Group commenced a process to dispose of other assets in order to generate funds to satisfy its liabilities. The Group sounded the market in connection with the potential sale of other investment properties. It is pertinent to underline that the conditions for the Group negotiating these sales were far from ideal due to the public nature of the Company's current dispute with Government, which inevitably weakened its negotiating stance as well as the urgency to conclude the sale process created by the impending maturity of the Bonds. At a more macro level, the negotiations have also been impacted by the conditions in the local market for commercial real estate that is being affected by a marked increase in the supply of commercial properties in recent years.

The carrying amount of the Group's investment property as at 31 December 2025 was adjusted to reflect the best offers that were received for those properties that the Group has placed onto the market. This resulted in a total reduction of €9.9 million in the carrying amount of investment properties, which equates to an overall reduction of 27.7% on the values at which they were carried as at 31 December 2024.

Directors' Report - Continued

Next steps

The next stage following the afore-mentioned shareholders' approval is for the Company to enter into a settlement deed with Government which is intended to resolve the dispute, restoring Tigné Point free from any claims relating to Manoel Island and enabling the Group to conclude outstanding property sales and rely on its Tigné Point assets as effective security.

Review of 2025 Operations

During 2025, the Company continued with the development of the final residential block at Tigné Point referred to as Q3 – Fortress Gardens and which comprises of 63 apartments and 2 commercial units. As at the end of December 2025, 59 units were subject to a promise of sale agreement. This development is now close to completion and once the Settlement Agreement is signed with Government, the Company will be able to deliver these apartments to their prospective owners during 2026.

Given that the Group had no other properties for sale, it only registered revenues amounting to €26k in its development and sale of property segment. However given the negative financial impact of the Manoel Island and Fort Tigné rescission, this segment has posted an operating loss of €30.6 million.

In its property and rental management segment, rental operations remained on the same level as those of 2024 with revenues generated amounting to €3.4 million (2024: €3.2 million). This segment includes the Group's rental operations of its Pjazza retail outlets and foreshore restaurants, car parking operations, operator concession fees earned from the Manoel Island Yacht Marina and the operating activities associated with the provision of HVAC supply and access control services. However, given the adjustments made to the carrying value of investment property, an operating loss of €10.7 million has been registered for the 2025 financial year.

The Group's financial results also include its 50% share of the financial results of Mid Knight Holdings Limited ("MKH"), a jointly controlled entity accounted for on the basis of the equity method of accounting. The Group's share of MKH's profits for 2025 amounted to €1.79 million compared to €1.72 million registered in 2024.

The Group After the Rescission of Manoel Island and Fort Tigné – Going Forward

The Manoel Island and Fort Tigné rescission and the impairment of the carrying amount of investment properties have had an extremely significant impact on the Group's statement of financial position. Total assets have decreased from €258.68 million as at 31 December 2024 to €209.67 million as at 31 December 2025 while the Net Asset Value has decreased from €93.39 million as at 31 December 2024 to €51.46 million as at 31 December 2025, thus reflecting the loss of €41.8 million being registered for the 2025 financial year. Hence, the Net Asset Value per share as at year end amounts to €0.240 compared to €0.436 as at 31 December 2024.

The directors would like to point out as to what the Group will look like following the completion of the Manoel Island and Fort Tigné rescission, and why the Directors believe that MIDI — as a going concern and as an investment — retains value after settlement.

Following the signing of the Settlement Deed, the properties still held by MIDI at Tigné Point — which is wholly unaffected by the rescission — will remain the Company's principal operational asset, together with a 50% interest in MKH. Tigné Point is an established, income-generating residential and commercial development in Sliema, with a proven track record of property sales and a developed commercial and leisure offering. The restoration of clean title to Tigné Point, free from any association with the Manoel Island dispute, will allow the Company to conclude the outstanding promise of sale agreements in the Q3 block and the remaining sale of other assets held.

The Bonds will be fully redeemed on 27 July 2026 from the combination of the Reimbursement Amount and the Tigné Point sale proceeds. This will extinguish the Company's primary debt obligation and leave it with a materially simplified balance sheet.

Directors' Report - Continued

The Group After the Rescission of Manoel Island and Fort Tigné – Going Forward - Continued

The Board is of the view that, following the rescission and the redemption of the Bonds, the Company will be free from the legal and financial overhang that has characterised the past 12 months.

2026 Outlook

Following the completion of the Q3 residential development and the sale of assets at Tigné Point in 2026, the Company will be able to account for the profits generated from the respective sales in the Group's 2026 financials which will mitigate to some degree the reduction in the Net Asset Value resulting in the main from the rescission of Manoel Island and Fort Tigné. Forecasted Group's financial result for the 2026 financial year indicate that revenues generated will amount to circa €148.6 million (including the amount reimbursed by Government relating to the Manoel Island and Fort Tigné rescission) resulting in a profit before tax of circa €21.6 million and a profit after tax amounting to circa €11.2 million. This will result in an increase in the Group's Net Asset Value from €51.48 million to €62.72 million as at 31 December 2026. The Net Asset Value per share will consequently increase from €0.24 to €0.29.

Capital Markets Rule 5.64

Structure of Capital

The Company has an authorised share capital of ninety million euro (€90,000,000) divided into four hundred and fifty million (450,000,000) Ordinary shares having a nominal value of €0.20 each.

The Company's issued share capital is forty-two million eight hundred and thirty-one thousand nine hundred eighty four euro (€42,831,984) divided into two hundred and fourteen million one hundred fifty-nine thousand nine hundred and twenty-two (214,159,922) Ordinary shares of €0.20 each fully paid up and forming part of one class of Ordinary Shares.

Any increase in the issued share capital of the Company shall be decided upon by an Ordinary Resolution of the Company: provided that, notwithstanding the foregoing, the Company may by Ordinary Resolution authorise the Directors to issue shares up to the amount specified as the authorised share capital of the Company, which authorisation shall be for a maximum period of five years and is renewable for further periods of five years each.

Since there are currently no different classes of ordinary shares in the Company, all Ordinary Shares have the same rights, voting rights and entitlements in connection with any distribution whether of dividends or capital (on a winding up or otherwise). There are no shares in issue that have any preferred or deferred rights.

Every Ordinary Share carries the right to participate in any distribution of dividend declared by the Company *pari passu* with all other Ordinary Shares. Each Ordinary Share shall be entitled to one vote at meetings of Shareholders. Every Ordinary Share carries the right for the holders thereof to participate in any distribution of capital made whether on a winding up or otherwise, *pari passu* with all other Ordinary Shares. The Ordinary Shares are freely transferable and pursuant to admission to the Official List of the Malta Stock Exchange, the shares are transferable in accordance with the rules and regulations of the Malta Stock Exchange as applicable from time to time. Subject to the provisions of the Companies Act (Chapter 386 of the Laws of Malta) (the "Companies Act"), the Company may purchase its own shares.

Appointment and Removal of Directors

Article 98 of the Company's Memorandum and Articles of Association states that at each Annual General Meeting of the Company all the Directors shall retire from office. A Director retiring from office shall retain office until the dissolution of such Meeting and a retiring director shall be eligible for re-election or re-appointment.

Directors' Report - Continued

Capital Markets Rule 5.64 - Continued

Appointment and Removal of Directors - Continued

The Directors of the Company shall be elected as provided in Article 102 of the Company's Memorandum and Articles of Association that is a maximum of eight (8) directors shall be elected at each Annual General Meeting (or at an Extraordinary General Meeting convened for the purpose of electing directors). Voting shall take place on the basis that every member shall have one (1) vote in respect of each ordinary share held by him. A member may use all his votes in favour of one candidate or may split his votes in any manner he chooses amongst any two or more candidates. The Chairman of the Meeting shall declare elected those candidates who obtain the greater number of votes on that basis.

The Directors of the Company may appoint two (2) additional directors to the Board of the Company without the requirement that the appointment of such director or directors be ratified by a members' resolution taken at a General Meeting of the Company. A director so appointed by the Board of the Company shall hold office until the end of the Annual General Meeting following his appointment. The director so appointed may be withdrawn or replaced by the Board at any time.

Powers of Directors

The Directors are empowered to act on behalf of the Company and in this respect have the authority to enter into contracts, sue and be sued in representation of the Company. The business of the Company shall be managed by the Directors, who may exercise all such powers of the Company as are not, by the Companies Act or by the Articles of Association, required to be exercised by the Company in General Meeting, subject, nevertheless, to the provisions of the Articles of Association and of the Companies Act and to such directions, being not inconsistent with any provisions of the Articles of Association and of the Companies Act, as may be given by the Company in General Meeting; provided that no direction given by the Company in General Meeting shall invalidate any prior act of the Directors which would have been valid if such direction had not been given. The general powers conferred upon the Directors by Article 87 of the Articles of Association shall not be deemed to be abridged or restricted by any specific power conferred upon the Directors by any other Article.

Subject to the provisions of the Articles of Association, the Board of Directors may exercise all the powers of the Company to borrow money and to hypothecate or charge its undertaking, property and uncalled capital or any part thereof, and to issue debentures and other securities, whether outright or as security for any debt, liability or obligation of the Company or of any third party.

Voting Rights in respect of Ordinary Shares

As outlined previously, each ordinary share shall be entitled to one vote. Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands every member present in person shall have one (1) vote, and on a poll every member present in person or by proxy shall have one (1) vote for each share of which he is the holder.

On a poll votes may be given personally or by proxy and a member entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way. No member shall be entitled, in respect of any share in the capital of the Company held by him, to be present or to vote on any question, either in person or by proxy, at any General Meeting, or upon any poll, or to be reckoned in a quorum, or to exercise any other right or privilege conferred by membership in relation to meetings of the Company if any call or other sum presently payable by him to the Company in respect of such share remains unpaid.

No member shall be entitled, in respect of any share in the capital of the Company held by him, to be present or to vote on any question, either in person or by proxy, at any General Meeting, or upon any poll, or to be reckoned in a quorum, or to exercise any other right or privilege conferred by membership in relation to meetings of the Company if any call or other sum presently payable by him to the Company in respect of such share remains unpaid.

Directors' Report - Continued

Capital Markets Rule 5.64 - Continued

Restrictions on Ordinary Shares

During such time as any part of the call or installment together with interests and expenses remains unpaid, the entitlement of the person from whom the sum is due to the rights and advantages conferred by membership of the Company including the right to receive dividends and the right to attend and vote at meetings of the Company, shall be suspended. A person becoming entitled to a share by reason of the death or bankruptcy of the holder shall, upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share, be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to Meetings of the Company. Provided always that the Directors may at any time give notice requiring any such person to elect either be registered himself or to transfer the share, and if the notice is not complied with within ninety (90) days, the Directors may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share until the requirements of the notice have been complied with.

Transfer of Ordinary Shares

Subject to the provisions of law and of the Company's Articles of Association, the shares of the Company are freely transferable provided that in no case may a part of a share constitute the object of a transfer.

All transfers of shares in the Company, which are listed on the Malta Stock Exchange, shall be regulated by law and accordingly Articles 34 to 36 of the Company's Articles of Association shall be applicable to such transfers only in so far as the said Articles are not inconsistent therewith.

General Meetings

The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meetings in that year, and not more than fifteen (15) months shall elapse between the date of one Annual General Meeting of the Company and that of the next. Furthermore, Article 182(1) of the Companies Act, sets out a period of seven (7) months from the end of the accounting period, within which period, a public company is to call a general meeting for the approval of the annual accounts for the applicable accounting period.

All General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings. The Directors may, whenever they think fit, convene an Extraordinary General Meeting, and Extraordinary General Meetings shall also be convened on such requisition, or, in default, may be convened by such requisitions as provided by the Companies Act. If at any time there are not in Malta sufficient directors capable of acting to form a quorum, the Directors in Malta capable of acting, or if there are no directors capable and willing so to act, any two (2) members of the Company, may convene an Extraordinary General Meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.

A General Meeting of the Company shall be called by not less than twenty-one (21) days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place, the day and the hour of meeting, the proposed agenda for the Meeting and, in case of special business, the general nature of the business to be considered as well as other information which is specified in Article 56(2) of the Company's Articles of Association.

Subject to such restrictions for the time being, affecting the right to receive notice to the holders of any class of shares, notice of every General Meeting shall be given in any manner hereinbefore authorised to: - (a) every member except those members who have not supplied to the Company an address for the giving of notices to them; and (b) the Auditor for the time being of the Company; and (c) the Directors for the time being of the Company. No other person shall be entitled to receive notices of General Meetings.

A notice calling an Annual General Meeting shall specify the meeting as such and a notice convening a meeting to pass an Extraordinary Resolution shall specify the intention to propose the resolution as such and the principal purpose thereof. A notice of a General Meeting called to consider extraordinary business shall be accompanied by a statement regarding the effect and scope of any proposed resolution in respect of such extraordinary business.

Directors' Report - Continued

Capital Markets Rule 5.64 - Continued

General Meetings - Continued

In every notice calling a meeting, there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him and that a proxy need not also be a member and such statement shall comply with the provisions of the Act as to informing members of their right to appoint proxies.

Any member or members holding not less than five per cent (5%) in nominal value of all the shares entitled to vote at the meeting may: (a) request the Company to include items on the agenda of the General Meeting, provided that each item is accompanied by a justification or a draft resolution to be adopted at the Annual General Meeting; and (b) table draft resolutions for items included in the agenda of a general meeting.

The request to put items on the agenda of the General Meeting or the tabling of draft resolutions to be adopted at the General Meeting shall be submitted to the Company (in hard copy or in electronic form to an email address provided by the Company for the purpose) at least forty-six (46) days before the date set for the General Meeting to which it relates and shall be authenticated by the person or persons making it. Furthermore, where the right to request items to be put on the agenda of the General Meeting or to table draft resolutions to be adopted at the General Meeting requires a modification of the agenda for the General Meeting that has already been communicated to Shareholders, there shall be made available a revised agenda in the same manner as the previous agenda in advance of the applicable record date or, if no such record date applies, sufficiently in advance of the date of the General Meeting so as to enable other Shareholders to appoint a proxy, or where applicable, to vote by correspondence.

The accidental omission to give notice of a meeting or (in cases where instruments of proxy are sent out with the notice) the accidental omission to send such instrument of proxy to, or the non-receipt of notice of a meeting or such instrument of proxy by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

An "Ordinary Resolution" means a resolution taken at a General Meeting of the Company passed by a member or members having the right to attend and vote at such meeting holding in the aggregate more than fifty per cent (50%) in nominal value of the shares represented and entitled to vote at the meeting. An "Extraordinary Resolution" means a resolution taken at a General Meeting of the Company of which notice specifying the intention to propose the text of the resolution as an extraordinary resolution and the principal purpose thereof has been duly given and passed by a number of members having the right to attend and vote at such meeting holding in the aggregate not less than seventy-five per cent (75%) in nominal value of the shares represented and entitled to vote at the meeting and at least fifty-one per cent (51%) in nominal value of all the shares entitled to vote at the meeting.

Provided that, if one of the aforesaid majorities is obtained, but not both, another meeting shall be convened within thirty (30) days in accordance with the provisions for the calling of meetings to take a fresh vote on the proposed resolution. At the second meeting the resolution may be passed by a member or members having the right to attend and vote at the meeting holding in the aggregate not less than seventy-five per cent (75%) in nominal value of the shares represented and entitled to vote at the meeting. However, if more than half in nominal value of all the shares having the right to vote at the meeting is represented at that meeting, a simple majority in nominal value of such shares so represented shall suffice.

Changes to the Company's Memorandum and Articles of Association

The Company may by extraordinary resolution approved by the shareholders in general meeting alter or add to its Memorandum and Articles of Association.

Other matters

The Company has nothing to report in relation to the requirements of Capital Markets Rules 5.64.4, 5.64.5, 5.64.6, 5.64.7 and 5.64.10, since these do not apply to the Company. Information relating to the requirements of Capital Markets Rule 5.64.11 is reflected in the Remuneration Report and Statement on pages 36 to 43.

Directors' Report - Continued

Information pursuant to Capital Markets Rule 5.70.1

There is no information to report pursuant to Capital Markets Rule 5.70.1.

Directors' interests in Share Capital of the Company as at 23 April 2026

Dr. Alec A. Mizzi has a beneficial interest in 37,206,701 (2024: 37,206,701) Ordinary shares issued by the Company which are held by Alf. Mizzi & Sons Ltd.

In addition, Dr. Alec A. Mizzi, through Alf. Mizzi & Sons Ltd., has a beneficial interest in 2,012,050 (2024: 2,012,050) Ordinary shares in the Company which are held by First Gemini p.l.c.

Mr. Joseph A. Gasan has a beneficial interest in 23,741,461 (2024: 23,741,461) Ordinary shares in the Company held by Gasan Enterprises Limited.

Mr. Joseph Bonello has a direct interest in 2,405,321 (2024: 2,405,321) Ordinary shares in the Company held in his own name. Mr. Bonello also has a further 288,889 (2024: 288,889) Ordinary shares in the Company which are held on his behalf by Finco Treasury Management Limited.

Registered Shareholders with 5% or more of the share capital of the Company

	23 APRIL 2026	31 DECEMBER	
		2025	2024
Alf. Mizzi & Sons Ltd.	17.37%	17.37%	17.37%
MAPFRE MSV Life p.l.c.	12.55%	12.55%	12.55%
Gasan Enterprises Limited	11.09%	11.09%	11.09%
Mr. Mark Andrew Weingard	8.91%	8.91%	8.91%
Rizzo Farrugia & Co. Ltd.	6.08%	6.27%	6.14%

Results and dividends

The consolidated income statement is set out on page 47. The Board of Directors has resolved not to recommend a dividend payment in respect of the year ended 31 December 2025.

Directors' Report - Continued

Directors

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

Alec A. Mizzi - Chairman
Joseph Bonello
Jacqueline *sive* Jackie Briffa
Jonathan Buttigieg
David Demarco (resigned on the 12 June 2025)
Joseph A. Gasan
Marzena Formosa (appointed on the 12 June 2025)
Sarah Mamo
Alfredo Muñoz Perez (resigned on the 12 June 2025)
Mark Portelli
Joseph Said

All the Directors shall retire from office at the Annual General Meeting of the Company in accordance with Articles 98, 99 and 102(3) of the Company's Articles of Association and those eligible can be re-elected or re-appointed.

Senior Management, Company Secretary and Internal Audit

As at 31 December 2025, the senior management of the Group was composed as follows:

Mark Portelli	Chief Executive Officer
Jesmond Micallef	Chief Financial Officer
Ivan Piccinino	Senior Project Manager

Catherine Formosa	Company Secretary
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The Company's Board of Directors engaged the services of EY Malta to provide internal audit related services to the Company.

Directors' statement of responsibilities in relation to the Financial Statements

The Directors are required by the Companies Act (Cap. 386 of the laws of Malta) to prepare financial statements which give a true and fair view of the state of affairs of the Group and MIDI p.l.c. (the "Parent Company") as at the end of each reporting period and of the profit or loss for that period.

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

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

Directors' Report - Continued

Directors' statement of responsibilities in relation to the Financial Statements - Continued

The Directors are also responsible for designing, implementing and maintaining internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Companies Act (Cap. 386 of the laws of Malta). They are also responsible for safeguarding the assets of the Group and the Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Financial Statements of MIDI p.l.c. for the year ended 31 December 2025 are included in the Annual Report 2025, which is made available on the Company's website and also published in hard-copy printed form. The Directors are responsible for the maintenance and integrity of the Annual Report on the website in view of their responsibility for the controls over, and the security of, the website. Access to information published on the Company's website is available in other countries and jurisdictions, where legislation governing the preparation and dissemination of Financial Statements may differ from requirements or practice in Malta.

Statement by Directors in terms of Capital Markets Rule 5.68

The Directors confirm that, to the best of their knowledge:

- the financial statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the subsidiaries included in the consolidation taken as a whole; and
- the Directors' Report includes a fair review of the performance of the business and the position of the Company, and the subsidiaries included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Going concern basis – Capital Markets Rule 5.62

Notwithstanding the significant negative impact on the Group's and the Parent Company's financial results for the financial year ended 31 December 2025 by the events that have transpired over the past year in connection with the reversion of Manoel Island to Government, the Directors have a reasonable expectation, at the time of approving the Financial Statements, that the Group and the Parent Company have adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the Financial Statements.

Financial key performance indicators

The Directors consistently monitor the Group's financial performance by assessing a range of financial indicators which illustrate the financial strength and performance of the Group.

The main financial key performance indicators which are monitored by the Board include the following:

	2025	2024
Working capital ratio	1.14	2.73
Debt to asset ratio	0.75	0.64
Debt to equity ratio	3.07	1.77

Directors' Report - Continued

Non-financial key performance indicators

Corporate Social Responsibility

Corporate social responsibility has always been a priority for the Group, especially during the restoration works undertaken along the years at Fort Manoel, Fort Tigné and other historical sites at Manoel Island and Tigné Point. Over the years, more than €20 million has been invested by MIDI for their restoration.

At the heart of MIDI's development projects there always subsisted a steadfast adherence to sustainability values. From conception to execution, the Company prioritized green and eco-friendly strategies, aiming to cultivate a sustainable environment for future generations.

Moreover, over the past years, MIDI has actively engaged with the neighbouring communities of Gzira and Sliema, supporting various grassroots initiatives. In collaboration with the Sliema Local Council, MIDI had assisted in the refurbishing of the playground located within the George Bonello Du Puis gardens at Qui-Si-Sana.

MIDI has to date also continued to offer various premises which form part of the Group's assets free of charge to non-profit organisations and other third parties to carry out activities and events which benefit the community.

Financial risk management

The financial risk management note in the Financial Statements (Note 2) describes the process of how the Group identifies, measures and manages its financial risks. The main categories of risk described in this section are market, credit and liquidity risks.

Auditors

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

Signed on behalf of the entity's Board of Directors on 29 April 2026 by Alec A. Mizzi (Chairman) and Mark Portelli (Director) as per the Directors' Declaration on the ESEF Annual Financial Report submitted in conjunction with the 2025 Annual Report and Consolidated Financial Statements.

Company secretary: Catherine Formosa

Registered office:
North Shore
Manoel Island
Gzira
Malta

Telephone number: (+356) 2065 5500

STATEMENT OF COMPLIANCE WITH THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE

A. INTRODUCTION

Pursuant to the Capital Markets Rules issued by the Malta Financial Services Authority, MIDI p.l.c. (the “Company”) is hereby reporting on the extent of its adoption of the Code of Principles of Good Corporate Governance (the “Code”) as well as on the measures adopted to ensure compliance with this same Code. For this reporting period, the Company is adhering to the Code as set out in Appendix 5.1 of Chapter 5 – Continuing Obligations of the said Capital Markets Rules. The Directors are committed to the values of transparency, honesty, and integrity in all their actions and strongly believe that such practices are in the best interests of the Company, its Shareholders and other stakeholders. The Directors believe that the Company benefits from having in place more transparent governance structures and from improved relations with the market which enhance market integrity and confidence.

Good corporate governance is the responsibility of the Board of Directors of the Company (the “Board”), and in this regard the Board has carried out a review of the Company’s compliance with the Code during the period under review. Notwithstanding that the Principles of Good Corporate Governance are not mandatory, the Board has ensured their adoption, save as indicated herein within the section entitled Non-Compliance with Code. In the latter section the Board indicates and explains the instances where it has departed from or where it has not applied the Code, as allowed by the Code.

The Board takes such measures as are necessary in order for the Company to comply with the requirements of the Code to the extent that this is considered appropriate and complementary to the size, nature and operations of the Company.

B. COMPLIANCE WITH THE CODE

Principle 1: The Board

The overall management and policy setting of the Company is vested in a Board of Directors consisting of a Chairman and eight (8) Directors.

While the Board provides the necessary leadership in the overall direction of the Company, its key role with respect to the Company’s principal activities is to establish the Company’s strategy and to appoint all members of Senior Management and other key members of management.

All the Directors, individually and collectively, are of the appropriate calibre, and have the necessary skills and experience to contribute effectively to the decision-making process. The Board delegates specific responsibilities to a number of committees, notably the Audit Committee and the Remuneration and Nomination Committee as well as the Project Management Advisory Committee, each of which operates under formal terms of reference approved by the Board.

Statement of compliance with the Principles of Good Corporate Governance - Continued

B. COMPLIANCE WITH THE CODE - Continued

Principle 2: Chairman and Chief Executive

The positions of the Chairman of the Board and that of the Chief Executive Officer (the “CEO”) are vested in separate individuals. The positions have been defined with specific roles rendering these positions completely separate from one another.

Dr. Alec A. Mizzi serves as Chairman of the Board. The Chairman, who continues to meet the independence criteria (see principle 3 below), is responsible to lead the Board and to set its agenda. The Chairman ensures that the Board’s discussions on any issue put before it goes into adequate depth, encourages the involvement of all Directors, and ensures that all the Board’s decisions are supported by adequate and timely information. The Chairman ensures that the CEO develops a strategy that is agreed to by the Board.

The role of CEO is vested in Mr. Mark Portelli. The Board has delegated specific authority to the CEO to manage specific activities within the Company which include, amongst others:

- Implementation of policies as set by the Board;
- Working towards objectives established by the Board; and
- Representing the Company with third parties.

The role of the CEO is to plan, co-ordinate and control the daily operations of the Company through the leadership and direction of MIDI’s management team. For this purpose, the CEO communicates on a continuous basis with Senior Management to direct business activities against plans, to decide on emerging matters, to allocate responsibilities of work and to monitor performance.

At the annual general meeting held on the 12 June 2025, the CEO Mr. Mark Portelli was elected as a Director. In terms of Article 117(3) of the Articles of Association of the Company, if the person appointed to the office of CEO is a director of the Company the said person shall be designated as Managing Director.

Principle 3: Composition of the Board

The Board is composed of 8 independent non-executive Directors (including the Chairman) and 1 executive Director.

The following Directors served on the Board during the period under review (namely for the period 1 January 2025 to 31 December 2025):

Chairman

Alec A. Mizzi

Independent non-executive Directors

Joseph Bonello

Jacqueline sive Jackie Briffa

Jonathan Buttigieg

David Demarco (resigned on the 12 June 2025)

Marzena Formosa (appointed on the 12 June 2025)

Joseph A. Gasan

Sarah Mamo

Alfredo Muñoz Perez (resigned on the 12 June 2025)

Joseph Said

Executive Director (Managing Director)

Mark Portelli

Statement of compliance with the Principles of Good Corporate Governance - Continued

B. COMPLIANCE WITH THE CODE - Continued

Principle 3: Composition of the Board - Continued

The Board determines whether a director is independent by considering primarily the following principles relating to independence contained in the Code:

- i. Whether the director has been an executive officer or employee of the Company or a subsidiary of the Company as the case may be within the last three years;
- ii. Whether the director has or has had within the last three years, a significant business relationship with the Company either directly, or as a partner, shareholder, director or senior employee of a body that has a such a relationship with the Company;
- iii. Whether the director has received or receives significant additional remuneration from the Company or any member of the group of which the Company forms part in addition to a director's fee;
- iv. Whether the director has close family ties with any of the Company's executive Directors or senior employees;
- v. Whether the director has served on the Board for more than twelve consecutive years; or
- vi. Whether the director is or has been within the last three years an engagement partner or a member of the audit team of the present or former external auditor of the Company or any member of the group of which the Company forms part.

Following an assessment of the criteria above and after having considered whether other situations exist which may possibly impinge on the independence of the current non-executive Directors, the Board considers all current non-executive Directors to be independent. It is the Board's view that despite the fact that Dr. Alec A. Mizzi, Mr. Joseph A. Gasan, Mr. Joseph Said and Mr. Joseph Bonello have served on the Board for more than twelve consecutive years, the Directors in question continue to provide valuable contribution and insight to the Board as well as a deep understanding of the Company's operations and market in which it operates and in the carrying out of their role, their ability to exercise objective and unbiased judgement has not been impaired by length of service. Furthermore, Mr. Joseph Said is also the CEO and Executive Director of Lombard Bank Malta p.l.c. ("Lombard") which provides credit facilities to the Company. It is the Board's view that the fact that Mr. Joseph Said is a director of a company that has a significant relationship with the Group does not impinge on Mr. Said's independence and his ability to take objective and unbiased judgements. In any case, the relationship between Lombard and the Company is conducted on a commercial and arms' length basis and Mr. Joseph Said has informed the Board of Directors that he is not involved in any decisions taken by Lombard in relation to the Company. Likewise, as a director of the Company, Mr. Joseph Said is not involved in any decisions concerning or which have a bearing on the Lombard relationship.

In terms of Principle 3.4, each non-executive Director has confirmed in writing to the Board that the Director undertook:

- to maintain in all circumstances his independence of analysis, decision and action;
- not to seek or accept any unreasonable advantages that could be considered as compromising his independence; and
- to clearly express his opposition in the event that he finds that a decision of the Board may harm the Company.

The composition of the Board is determined by the Articles of Association of the Company. The appointment of directors to the Board is reserved exclusively to the Company's shareholders, except in so far as (i) the situation contemplated in Article 102(3) of the Articles of Association where the Directors may appoint two additional directors to the Board without the requirement that the appointment be ratified by a members' resolution taken at a General Meeting of the Company; and (ii) an appointment which may be made by the Board to fill a casual vacancy on the Board in terms of Article 103(3).

The Board is composed of a minimum of five (5) and a maximum of ten (10) directors. A maximum of eight (8) directors are elected at each Annual General Meeting (or at an Extraordinary General Meeting convened for the purpose of electing directors) while the Board of Directors may appoint two (2) additional directors to the Board without the requirement that the appointments be ratified by a members' resolution taken at a General Meeting of

Statement of compliance with the Principles of Good Corporate Governance - Continued

B. COMPLIANCE WITH THE CODE - Continued

Principle 3: Composition of the Board - Continued

the Company in terms of Article 102(3). Dr. Sarah Mamo was re-appointed as director by the Board of Directors in terms of Article 102(3) on the 12 June 2025.

No election will take place where there are as many nominations for the Board of Directors as there are vacancies, in which case the candidates so nominated will be automatically appointed directors.

Unless appointed for a shorter period, a director shall hold office from the end of one Annual General Meeting to the end of the next. A retiring director shall be eligible for re-election or re-appointment. The Director appointed by the Board in terms of Article 102(3) shall likewise hold office until the end of the Annual General Meeting following his appointment.

Shareholders are entitled to participate in the election of the directors on the basis that each shareholder shall have one (1) vote in respect of each ordinary share held. A shareholder may use all his votes in favour of one candidate or may split his votes in any manner he chooses amongst two or more candidates. The candidates elected are those candidates who obtain the greater number of votes on that basis.

The Chairman shall be elected by a simple majority from amongst the Directors of the Company.

The Board considers that the size of the Board, whilst not being large as to be unwieldy, has been to-date appropriate for the requirements of the Company's business. Apart from being clearly equally conducive to good corporate governance, the current composition of the Board provided, in the Board's view, the added benefits of control and management of the Company's affairs and an efficient decision-making process. The Board considers that the balance of skills and experience is appropriate for the requirements of the business and that changes to the Board's composition can be managed without undue disruption. The Board is also of the view that it is composed of members who, as a whole, have the required diversity of knowledge, judgment and experience to properly complete their tasks. Following the developments concerning the Manoel Island development, the completion of the Q3 project and the redemption of the bond during 2026, the Board will reassess and keep under review its size and composition to ensure it remains aligned with the Company's scale and operational focus.

As from the 5 October 2020, in addition to the independent non-executive Directors, the Board's composition also includes one executive Director.

Principle 4: The Responsibilities of the Board

The Board of Directors is charged with the supervision of Board Committees and of management and the general course of affairs of the Company and the business connected with it (including its financial policies and corporate structure). The Board of Directors periodically evaluates the main organisational structure and the operation of the internal risk-management and control systems established as well as agrees on any necessary changes or corrective actions regarding such systems.

In fulfilling its mandate, the Board of Directors assumes responsibility to:

- a) establish corporate governance standards;
- b) review, evaluate and approve, on a regular basis, long-term plans for the Company;
- c) review, evaluate and approve the Company's budgets and forecasts;
review, evaluate and approve major resource allocations and capital investments;
- d) review the financial and operating results of the Company;
- e) ensure appropriate policies and procedures are in place to manage risks and internal control;
- f) review, evaluate and approve the overall corporate organisation structure, the assignment of management responsibilities and plans for senior management development including succession;

Statement of compliance with the Principles of Good Corporate Governance - Continued

B. COMPLIANCE WITH THE CODE - Continued

Principle 4: The Responsibilities of the Board - Continued

- g) review, evaluate and approve compensation strategy for senior management; and
- h) review periodically the Company's objectives and policies relating to social, health and safety and environmental responsibilities.

The Board supervises compliance with the Capital Markets Rules, including those pertaining to the preparation and publication of the Annual Report and Financial Statements, and approves the Financial Statements for submission to the General Meeting of the Shareholders. The Board retains direct responsibility, amongst others, for approving and monitoring:

- i) business plans for the Group;
- ii) the Annual Budget;
- iii) the Annual Financial Statements;
- iv) the award of tenders;
- v) termination of employment or engagement of the Chief Executive Officer and other positions of strategic importance at Senior Management level;
- vi) proposals to increase the issued capital and to materially increase or decrease the Company's funding; and
- vii) other resolutions which the Board of Directors may determine to be subject to its approval.

Any meeting that a director wishes to initiate may be arranged through the Company Secretary. A director of the Company has access to advice from internal and external sources, which are deemed necessary for carrying out the respective roles and responsibilities and the Company will bear the related expenses. A newly appointed director is given a thorough induction course in the operations, activities and procedures of the Company to be able to carry out the function of a director in an effective manner.

Principle 5: Board Meetings

The Board meets regularly, with additional meetings held as necessary. Board meetings are presided over by the Chairman and all Directors are allowed equal opportunity to voice and express their views on matters relating to the Company and its business.

After each Board meeting, minutes that faithfully record attendance, matters discussed and decisions taken, are prepared, and circulated to all Directors as soon as practicable after the meeting.

Statement of compliance with the Principles of Good Corporate Governance - Continued

B. COMPLIANCE WITH THE CODE - Continued

Principle 5: Board Meetings - Continued

A total of twenty-five (25) Board of Directors meetings were held during 2025 and attendance was as follows:

Board member	Attended
Alec A. Mizzi	25
Joseph Bonello	25
Jacqueline <i>sive</i> Jackie Briffa	21
Jonathan Buttigieg	23
David Demarco (resigned on 12 June 2025)	10 out of 11 meetings
Marzena Formosa (appointed on 12 June 2025)	11 out of 14 meetings
Joseph A. Gasan	21
Sarah Mamo	24
Alfredo Muñoz Perez (resigned on 12 June 2025)	8 out of 11 meetings
Mark Portelli	25
Joseph Said	22

Principle 6: Information and Professional Development

The Chief Executive Officer is appointed by the Board of Directors in accordance with the Articles of Association.

The recruitment and selection of Senior Management is the responsibility of the Remuneration and Nomination Committee (as described under Principle 8 below) in consultation with the CEO.

In line with the Company's induction policy, newly appointed directors are provided with briefings by the Chief Executive Officer and also by other members of Senior Management in respect to the operations of the Group. An information pack is handed to a new director following his appointment which incorporates Memoranda and Articles of Group companies, terms of reference of any relevant committees, any Company policies as well as relevant legislation and rules. The Directors have access to the advice and services of the Company Secretary who is responsible for ensuring that Board procedures are adhered to. Additionally, Directors may seek independent professional advice on any matter at the Company's expense.

The Company ensures the personal development of Directors, management, and employees by recommending attendance to seminars, conferences as well as training programmes that are designed to help improve the potential of its staff members whilst boosting the Company's competitiveness. The Company provides the necessary training to the individual Directors on a requirements basis by formally identifying and addressing any such requirements.

Statement of compliance with the Principles of Good Corporate Governance - Continued

B. COMPLIANCE WITH THE CODE - Continued

Principle 7: Evaluation of Board's Performance

Evaluation of the Board's, the Committees' and the Chairman's performances have been conducted on a regular basis over the years, as also evidenced in prior Annual Reports, reflecting the Company's ongoing commitment to maintaining high standards of governance and effectiveness. Any best practice recommendations resulting from such evaluations were implemented by the Board. The latest evaluation was undertaken in March 2025 and included all incumbent directors, except for one director who was appointed in June 2025. While a formal evaluation exercise was not carried out in 2026, the Board and its Committees nonetheless continued to keep their performance and effectiveness under regular review, with any relevant matters also raised and discussed as part of ongoing Board and Committee deliberations. This matter is also being reported under Section C of this Report on Non-Compliance.

Principle 8: Committees

The Board has appointed the following Committees:

Audit Committee

The Audit Committee is a committee appointed by the Board and is directly responsible and accountable to the Board. The Audit Committee's primary purpose is to:

- a) protect the interests of the Company's shareholders; and
- b) assist the Directors in conducting their role effectively so that the Company's decision-making capability and the accuracy of its reporting and financial results are maintained at a high level at all times.

The Board has set formal terms of reference of the Audit Committee that establish its composition, role and function and responsibilities.

The main role and responsibilities of the Audit Committee include:

- a) to inform the Board of Directors of the outcome of the statutory audit and to explain how the statutory audit contributed to the integrity of the Financial Statements and what the role of the Audit Committee was in this process;
- b) to monitor the financial reporting process and to submit recommendations of proposals to ensure its integrity;
- c) to monitor the effectiveness of the Company's internal quality control and risk managements system and, where applicable, its internal audit regarding the financial reporting without breaching its independence;
- d) to monitor the audit of the annual and consolidated financial statements, in particular, its performance, taking into account any findings and conclusions by the competent authority pursuant to Article 26 (6) of the Statutory Audit Regulation;
- e) to review the additional report prepared by the statutory auditors or audit firm submitted to the Audit Committee in terms of Article 11 of the Statutory Audit Regulation;
- f) to review and monitor the independence of the statutory auditors or audit firms in accordance with Articles 22, 22a, 22b, 24a and 24b of the Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts, amending Council Directive 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC and Article 6 of the Statutory Audit Regulation and in particular the appropriateness of the provision of non-audit services to the audited entity in accordance with Article 5 of the Statutory Audit Regulation;
- g) the responsibility for the procedure for the selection of statutory auditors or audit firms in accordance with Articles 16 and 17 of the Statutory Audit Regulation, and also the consideration of the appointment of the external auditors and the making of recommendations to the Board of Directors and additionally the consideration of any questions of auditor resignation or dismissal.

Statement of compliance with the Principles of Good Corporate Governance - Continued

B. COMPLIANCE WITH THE CODE - Continued

Principle 8: Committees - Continued

Audit Committee - Continued

Other responsibilities of the Audit Committee are set out in its Terms of Reference and these include, amongst others, the review, appointment or replacement of the internal auditor and the making of recommendations accordingly to the Board, the development and implementation of a policy on the engagement of the external auditor to supply non-audit services, if and where applicable, the consideration of the respective scope of work and audit plans of the internal auditor, if any, and the external auditors, the coordination of the audit, the review of the adequacy of the Company's internal controls, including computerised information system controls and security, management letters and any related significant findings and recommendations of the external auditors and internal audit together with Management's responses thereto, to enquire with Management about significant risks or exposures and assess the steps Management has taken to minimise such risks to the Company, to consider and review with Management significant internal audit findings during the year and management's responses thereto, to review legal and regulatory matters that may have a material impact on the financial statements, related compliance policies, and any reports arising from examinations or inspections performed by the regulators and review and evaluate any proposed transaction that the Company intends to carry out with a Related Party in accordance with the Capital Markets Rules.

For the year under review, until the 12 June 2025, the Audit Committee was composed of three independent non-executive Directors. Mr. Alfredo Muñoz Perez, Chairman and members Ms. Jacqueline *sive* Jackie Briffa and Dr. Sarah Mamo. On the 19 June 2025, the Board reconstituted the Audit Committee as follows: Ms. Jacqueline *sive* Jackie Briffa was appointed as Chairperson whilst Dr. Sarah Mamo and Ms. Marzena Formosa were appointed members.

In terms of Capital Markets Rules 5.117 and 5.118, Ms. Jacqueline *sive* Jackie Briffa is the Director who the Board considers as competent in accounting and/or auditing. All current three members are considered independent because they are free from any business, family or other relationship with the Company or its management that may create a conflict of interest such as to impair their judgement. In addition, the Board ensures that, collectively, the Audit Committee members possess the necessary competence relevant to the Issuer's sector. The Board is of the view that the current members' complementary experience, backgrounds and qualifications provide an appropriate and balanced mix of financial, audit, risk, legal and industry expertise.

The Audit Committee is required by the Capital Markets Rules to meet a minimum of four (4) times a year. During the year under review the Audit Committee met five (5) times.

When the Audit Committee's monitoring and review activities reveal cause for concern or identify the need for improvement, it shall make recommendations to the Board on the action needed to address the issue or make such improvements.

The Audit Committee oversees the Internal Audit process. This independent appraisal function was established within the Group to carry out business process risk-based audits aimed at ensuring adequate controls and efficient business processes. Such a process is undertaken by EY Malta, with representatives of the firm attending the meetings of the Audit Committee and thereby reporting directly to the Audit Committee.

Statement of compliance with the Principles of Good Corporate Governance - Continued

B. COMPLIANCE WITH THE CODE - Continued

Principle 8: Committees - Continued

Project Management Advisory Committee

In view of the inherent operations of the Company as a property developer, advisory committee to assist it with project management related matters pertaining to the relative property developments.

In furtherance of such an advisory role, the Project Management Advisory Committee's ("PMAC") involvement extends to the three main stages of project management: (i) the preparatory stages of the development including the procurement phase; (ii) the performance stage when works are undertaken on site; and (iii) the handover stage when following completion, the end product is either transferred to a third party purchaser or alternatively is prepared for the Company to itself operate as part of its overall operations.

Some of the more specific functions undertaken by the PMAC include the following:

- a) to make recommendations on the appropriate procurement procedure to be adopted in particular phases of a planned or ongoing project;
- b) to act as an interface between the Company and the project management consultants, advisors, contractors, suppliers or service providers engaged by the Company;
- c) subject to the supervision of the Board, to carry out the tendering process including the preparation of tender documents, to approach potential bidders and/or to publish tenders, to receive offers and to prepare and/or to oversee the preparation of reports on the short-listed bidders and to make recommendations on the selection of a preferred bidder to the Board;
- d) to oversee the negotiation and the execution of any contracts of works, services or supplies being entered into by the Company;
- e) to provide regular updates to the Board on the status and progress of planned or ongoing projects, both from a timing and cost point of view; and
- f) to advise the Board on any action that may be required on project management matters.

The PMAC is composed of Mr. Jonathan Buttigieg (Director) who chairs the Committee (appointed as Chairperson on the 23 June 2025 in lieu of Mr. David Demarco), Mr. Joseph Bonello (Director) (appointed on the 23 June 2025), Mr. Mark Portelli (CEO and Managing Director) and members of Senior Management. A number of consultants may also be invited to attend the meetings of the PMAC as may be necessary from time to time.

Remuneration and Nomination Committee

As Nomination Committee, the Committee periodically or as may be necessary is to review the structure, size and composition of the Board with a view to making any recommendations to the Board with regard to its composition and any skills, knowledge, diversity and experience suited to the Board. The Committee is responsible for identifying, nominating and proposing to the Board, for its approval, candidates for the position of Director to be appointed by the Board without the requirement that the appointment of such director or directors be ratified by a members' resolution taken at a General Meeting of the Company in terms of Article 102(3) of the Articles of Association of the Company: provided that for the sake of clarity, the decision whether to appoint an additional or additional directors to the Board in terms of the said Article shall always remain with the Board. The Committee is to keep under review the leadership needs of the Company and it is to consider succession planning issues in relation to and the policy for the selection of CEO and other Senior Executives, making any necessary recommendations to the Board. The Committee shall also be responsible for selecting, nominating and proposing to the Board, for its approval, candidates for the position of CEO and other Senior Executives.

Statement of compliance with the Principles of Good Corporate Governance - Continued

B. COMPLIANCE WITH THE CODE - Continued

Principle 8: Committees - Continued

Remuneration and Nomination Committee - Continued

The Committee is responsible for the process relating to the annual evaluation of the performance of the Board and that of its committees, including that of the Committee itself, as recommended to be carried out by the Code of Corporate Governance. The Committee shall then report to the Board on the results of the performance evaluation process in order to ascertain the strengths and to address the weaknesses of the Board.

Information regarding the Remuneration and Nomination Committee in relation to its remuneration function is found as part of the section in the Annual Report entitled "Remuneration Report and Statement".

Supervisory Board and Operations Committee

The Supervisory Board and the Operations Committee were not reconstituted after the annual general meeting held on the 12 June 2025, as the Board was of the view, also considering the developments related to the Manoel Island project, that the matters falling within the remits of these Committees could be overseen directly by the Board.

Principle 9 & 10: Relations with Shareholders and with the Market, and Institutional Investors

Pursuant to the Company's statutory obligations in terms of the Maltese Companies Act (Cap. 386) and the Capital Markets Rules, the Annual Report and Financial Statements, declaration of dividends, election of directors, and appointment of auditors and authorisation of the directors to set the auditors' fees are proposed and approved at the Company's Annual General Meeting.

The Company recognises the importance of maintaining a dialogue with its shareholders and of keeping the market informed to ensure that its strategies and performance are well understood.

The Board is of the view that during the period under review, the Company communicated effectively with shareholders through periodical Company Announcements and through press releases and other material addressed to the market in general using both the traditional media as well as social media.

The Company also communicates with its shareholders through the Company's Annual General Meeting ("AGM"). Apart from the AGM, the Company communicates with its shareholders by way of the Annual Report and Financial Statements. The Company's website also contains information about the Company and its business, including an Investor Relations Section.

The Directors consider that the Board properly serves the legitimate interests of all Shareholders and is accountable to all Shareholders.

The Chairman arranges for all Directors to attend the AGM. Information on the Company's General Meetings is found in the Directors' Report.

Individual shareholders can raise matters relating to their shareholding and the business of the Group at any time throughout the year and are given the opportunity to submit written questions in advance to be answered at the AGM or to ask questions in person at the AGM. In terms of Article 129 of the Companies Act, the Board may call an extraordinary general meeting on the request of shareholders holding not less than one-tenth of the paid-up share capital of the Company.

Statement of compliance with the Principles of Good Corporate Governance - Continued

B. COMPLIANCE WITH THE CODE - Continued

Principle 11: Conflicts of Interest

By way of internal practice, some of the Company's Directors also act as Directors on fully owned subsidiaries within the Group, namely: Tigné Contracting Limited, T14 Investments Limited, and Manoel Island Investments Limited. Mr. Joseph A. Gasan is also a director on Mid Knight Holdings Limited, a joint venture Company.

During the period under review the CEO acted as a director of Tigné Contracting Limited, T14 Investments Limited and Manoel Island Investments Limited, and up to 18 December 2025, he was also a director on Mid Knight Holdings Limited.

The Directors are strongly aware of their responsibility to act at all times in the interest of the Company and its shareholders as a whole and of their obligation to avoid conflicts of interest.

The Directors and the CEO, acting as directors of other companies of the Group and other third companies, may be subject to conflicts between the potentially divergent interests of the Company, the Group or such other third companies. The Company is not aware of any private interest or duties unrelated to the Group which may or are likely to place the Directors or the CEO in conflict with any interest in, or duties towards the Company.

Given the current shareholding of MIDI p.l.c., and in line with expectations upon the commencement of the Company, conflicts of interest affecting Board members may arise from time to time with regards to:

- 1) contracts for goods and services, including the provision of construction services, civil and mechanical and engineering works which have been/may be entered into between MIDI p.l.c., Tigné Contracting Limited, Mid Knight Holdings Limited and companies related to Board members;
- 2) financing and insurance related services which have been/may be provided to MIDI p.l.c. by companies related to Board members;
- 3) activities, including retail projects carried on by MIDI p.l.c. which may compete with similar activities carried on, in the close proximity of the MIDI's retail projects by companies related to Board members;
- 4) purchases of apartments by Directors or by companies related to Board members;
- 5) rental agreements by Directors or by companies related to Board members in relation to any of MIDI's commercial premises.

All contracts for goods and services, including the provision of construction services, civil and mechanical and engineering works, and any other purchases are based upon the principle of competitive bidding. The CEO negotiates with suppliers in order to ensure that the best quality goods and services are procured by MIDI at the least possible price. With regard to construction services, the Project Management Advisory Committee reporting to the Board is responsible to supervise the tendering process. In particular, the Project Management Advisory Committee assists the CEO in negotiations with contractors, suppliers and service providers. All tenders are then awarded by the Board following recommendations made by the Project Management Advisory Committee.

In terms of Article 90 of the Articles of Association of the Company, a director who is in any way, whether directly or indirectly, interested (even if such direct or indirect interest relates to the Member or Members who appointed him to office) in any contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at a meeting of the Directors.

Statement of compliance with the Principles of Good Corporate Governance - Continued

B. COMPLIANCE WITH THE CODE - Continued

Principle 11: Conflicts of Interest - Continued

In the case of a proposed contract or arrangement, the declaration of interest to be made by such director shall be made at the meeting of the directors at which the question of entering into the contract or arrangement is first taken into consideration, or if such director was not at the date of that meeting interested in the proposed contract or arrangement, at the next meeting of the Directors held after he became so interested; and in a case where such Director becomes interested in a contract or arrangement after it is made, the said declaration shall be made at the first meeting of the Directors held after such director becomes so interested.

In line with Code Provision 11.1, a director does not participate in a discussion concerning matters in which he has a conflict of interest unless the Board finds no objection to the presence of such director. In addition, in accordance with the said Article 90, a director shall not vote in respect of any contract, arrangement, transaction or proposal in which he has material interest in accordance with the Memorandum and Articles of Association, whether direct or indirect, otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company. A director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

Article 91 of the Articles of Association also states that if any question arises at any meeting as to the materiality of a director's interest or as to the entitlement of any director to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, then such question shall be referred to the auditors and their ruling shall be final and conclusive except in a case where the nature or extent of the interests of the Director concerned have not been fairly disclosed.

Dealing in Company Securities

On joining the Board and regularly thereafter, the Directors are informed of their obligations on dealing in securities of the Company within the parameters of the law, including the Capital Markets Rules and the Market Abuse Regulations ("MAR"), as well as within the Company's policy in respect of dealings by directors in the Company's securities, which policy is based on timely and comprehensive disclosures and notifications, as applicable in terms of the law.

Directors' interests in the share capital of the Company are contained in the Directors' report.

Principle 12: Corporate Social Responsibility

Corporate social responsibility has always been a priority for the Group, especially during the restoration works undertaken along the years at Fort Manoel, Fort Tigné and other historical sites at Manoel Island and Tigné Point. Over the years, more than €20 million has been invested by MIDI for their restoration.

At the heart of MIDI's development projects there always subsisted a steadfast adherence to sustainability values. From conception to execution, the Company prioritized green and eco-friendly strategies, aiming to cultivate a sustainable environment for future generations.

Moreover, over the past years, MIDI has actively engaged with the neighbouring communities of Gzira and Sliema, supporting various grassroots initiatives. In collaboration with the Sliema Local Council, MIDI had assisted in the refurbishing of the playground located within the George Bonello Du Puis gardens at Qui-Si-Sana.

MIDI has to date also continued to offer various premises which form part of the Group's assets free of charge to non-profit organisations and other third parties to carry out activities and events which benefit the community.

Statement of compliance with the Principles of Good Corporate Governance - Continued

C. NON-COMPLIANCE WITH THE CODE

Principle 4: Code Provision 4.2.7 Succession policy for the future composition of the Board

The Board notes that pursuant to the Company's Memorandum and Articles of Association of the Company, the appointment of directors to serve on the Board of Directors is a matter which is entirely reserved to the shareholders of the Company (other than in the case of the ninth and tenth directors who may be appointed by the Board or where the need arises to fill a casual vacancy). Accordingly, shareholders are afforded the power to nominate and elect a new board of directors on an annual basis. Thus, the Board does not consider it practical to develop a succession policy for the future composition of the Board since every Director is required to retire from office at the Annual General Meeting. However, as indicated in the statement of compliance, all newly appointed non-executive Directors are given a thorough induction course in the operations, activities and procedures of the Company by Senior Management to be able to carry out the function of Director in an effective manner.

Principle 7: Evaluation of the Board's performance

Evaluation of the Board's, the Committees' and the Chairman's performances have been conducted on a regular basis over the years, as also evidenced in prior Annual Reports, reflecting the Company's ongoing commitment to maintaining high standards of governance and effectiveness. Any best practice recommendations resulting from such evaluations were implemented by the Board. The latest evaluation was undertaken in March 2025 and included all incumbent directors, except for one director who was appointed in June 2025. While a formal evaluation exercise was not carried out in 2026, the Board and its Committees nonetheless continued to keep their performance and effectiveness under regular review, with any relevant matters also raised and discussed as part of ongoing Board and Committee deliberations.

Principle 9: Code Provision 9.3 Relations with Shareholders and with the Market

There are no procedures disclosed in the Company's Memorandum or Articles as recommended in Code Provision 9.3, to resolve conflicts between minority shareholders and controlling shareholders. It is the Board's view that this Code Provision is not applicable to the Company since the Company has no controlling shareholders.

This notwithstanding, the Company ensures that sufficient contact is maintained with shareholders to understand issues and concerns. The Office of the Company Secretary maintains regular communication with investors and provides individual shareholders with the opportunity to raise matters at any time throughout the year. Shareholders are also given the opportunity to ask questions physically at the AGM or to submit written questions in advance. Furthermore, as provided by the Companies Act, the Board may call an extraordinary general meeting on the requisition of shareholders holding not less than one-tenth of the paid up share capital of the Company.

D. INTERNAL CONTROL AND RISK MANAGEMENT IN RELATION TO THE FINANCIAL REPORTING PROCESS

The Board is ultimately responsible for the Group's system of internal control and risk management and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide a reasonable, as opposed to absolute assurance against material misstatement or loss.

Statement of compliance with the Principles of Good Corporate Governance - Continued

D. INTERNAL CONTROL AND RISK MANAGEMENT IN RELATION TO THE FINANCIAL REPORTING PROCESS - Continued

The Company operates through the Board of Directors and Senior Management with clear reporting lines and delegation of powers. The Board of Directors has adopted and implemented appropriate policies and procedures to manage risks and internal control. Senior Management plans, executes, controls and monitors business operations in order to achieve the set objectives.

The Directors, with the assistance of Senior Management, are responsible for the identification, evaluation and management of the key risks to which the Company may be exposed. The Company has in place clear and consistent procedures in place for monitoring the system of internal financial controls. The Directors also receive periodic management information giving comprehensive analysis of financial and business performance including variances against the Group's set targets.

This process is applicable specifically in relation to the Company's financial reporting framework.

The Audit Committee reviews and assesses the effectiveness of the internal control systems, including financial reporting, and determines whether significant internal control recommendations made by internal and external auditors have been implemented. The Committee plays an important role in initiating discussions with the Board with respect to risk assessment and risk management and reviews contingent liabilities and risks that may be material to the Group.

E. CAPITAL MARKETS RULE 5.97.5

The information required by this Capital Markets Rule is found in the Directors' Report.

F. GENERAL MEETINGS

General meetings are called and conducted in accordance with the provisions contained in the Company's Articles of Association and in accordance with any applicable laws or regulations as may be applicable from time to time. As outlined previously, information on General Meetings is found in the Directors' Report.

The report above is a summary of the views of the Board on the Company's compliance with the Code. Generally, the Board is of the opinion that, in the context of the applicability of the various principles of the Code to the Company and in the context of the Company's business operations and save as indicated herein in the section entitled "Non-Compliance" the Company has applied the principles and has complied with the Code throughout the financial year under review. The Board shall keep these principles under review and shall monitor any developments in the Company's business to evaluate the need to introduce new corporate governance structures or mechanisms as and when the need arises.

Signed on behalf of the entity's Board of Directors on 29 April 2026 by Alec A. Mizzi (Chairman) and Mark Portelli (Director) as per the Directors' Declaration on the ESEF Annual Financial Report submitted in conjunction with the 2025 Annual Report and Consolidated Financial Statements.

REMUNERATION REPORT AND STATEMENT

Remuneration Report and Statement was drawn up by the Remuneration and Nomination Committee and approved by the Board on the 29 April 2026. It is drawn up in terms of Code Provisions 8.A.3 to 8.A.6 of the Code of Principles of Good Corporate Governance (Appendix 5.1 of the Capital Markets Rules) and in accordance with the Capital Markets Rule 12.26K and the requirements of Appendix 12.1 of the Capital Markets Rules.

Membership and activities of the Remuneration and Nomination Committee

The Remuneration and Nomination Committee is composed of Joseph Said (Chairman), Joseph Bonello and Sarah Mamo as members, all of whom are independent non-executive directors.

In its function as a Remuneration Committee, the Remuneration and Nomination Committee is charged with oversight of the remuneration policies implemented by the Company with respect to its Directors, Senior Management and employees. It assists the Board in meeting its responsibilities regarding the determination, implementation and oversight of Directors, CEO and Senior Executive remuneration arrangements to enable the recruitment, motivation and retention of individuals with right skills and qualities. Its functions as a Nomination Committee are described in the Corporate Governance Statement under Principle 8.

Decisions of the Remuneration and Nomination Committee during the financial year under review were taken by virtue of resolutions approved by all the members.

Directors' Remuneration Policy approved by the Annual General Meeting

A Directors' Remuneration Policy was first approved by the shareholders at the Annual General Meeting of the Company held on 1 October 2020. A revised Remuneration Policy was subsequently approved at the Annual General Meeting held on 27 June 2024.

The Directors' Remuneration Policy is available in full on <https://www.midimalta.com/en/corporate-governance>. The Directors' Remuneration Policy applies to "directors" as such term is defined in Chapter 12 of the Capital Markets Rules and therefore in the case of the Company it applies to any member of the Board of Directors of the Company and to the Chief Executive Officer ("CEO"). The Board is currently composed of 8 non-executive Directors and 1 executive Director who is also the CEO of the Company and whose remuneration is also addressed in the Directors' Remuneration Policy in the part entitled "Remuneration of the CEO".

Any material amendments to the Policy shall be submitted to a vote by the General Meeting before their adoption and in any case the Policy shall be submitted to a vote by the General Meeting at least every four years in terms of Capital Markets Rule 12.26I.

Remuneration Report and Statement - Continued

Remuneration Policy – Non-Executive Directors

In proposing the overall remuneration for non-executive Directors and any reviews to remuneration, the Company takes into account the Company's need to attract, and motivate directors who possess the necessary experience, qualities and attributes to enable them to discharge their duties with integrity and highest professional standards, market realities, trends or standards for similar positions, the time commitment required to be devoted to the Company, group financial performance, salary increases for all employees, as well as the overall interests of shareholders and the overall costs to shareholders.

In terms of Article 84(1) of the Articles of Association of the Company, the maximum aggregate remuneration of all directors in any one financial year and any increases to such aggregate amount are approved by the Company in General Meeting. During the Company's Annual General Meeting of 2025, the shareholders approved the maximum annual aggregate remuneration for the Directors of the Company at one hundred twenty-five thousand euro (€125,000) in line with the previous year. For the sake of clarity, the said maximum limit of aggregate emoluments refers to the emoluments paid to the non-executive directors. As stated below in the part entitled "Remuneration Policy – CEO", no additional remuneration is paid by the Company to the CEO in respect of his role as an executive director of the Company and a member of Board Committees. This is also in accordance with Articles 85 and 90(1) of the Articles of Association of the Company.

There are no service contracts between the non-executive Directors and the Company or its subsidiaries. The remuneration of non-executive Directors consists of a fixed fee for their duties as directors. These fixed fees have been determined in line with information available from the current market. Each of the non-executive directors receive the same amount in terms of fixed fees for his or her respective duties as directors other than in the case of the Chairman of the Company who receives a different fixed fee commensurate with the added responsibilities of the role of chairman and in the case of directors who have an additional responsibility by way of chairmanship or membership of a Board committee or where the non-executive director is appointed by the Board to sit on the Board of Directors of a subsidiary company, a joint venture company or another company forming part of the same Group as the Company.

The remuneration of non-executive Directors does not include any variable component, such as bonuses, incentives, or other benefits in whatever form, nor does the Company award share-based remuneration or any share options. Non-executive Directors do not participate in any long-term incentive plans, neither do they receive any retirement or pension benefits, or any payment related to their resignation or removal from office.

Any reasonable travel and business expenses incurred by non-executive Directors in connection with the business of the Company are met by the Company.

A non-executive director is appointed and holds office for a term of one year from the end of one Annual General Meeting to the end of the next. In terms of Article 98 of the Articles of Association, all directors therefore retire from office at each Annual General Meeting. Directors appointed by the Board in terms of Article 102(3) of the Articles, that is, directors who are appointed without the requirement that the appointment be ratified by a members' resolution taken at a General Meeting of the Company are likewise appointed until the Annual General Meeting following their appointment and also retire at such Annual General Meeting, unless he or she are appointed for a shorter term. As stated earlier, there are no provisions for the payment of any benefits linked to termination of their office of directors.

Remuneration Report and Statement - Continued

Remuneration Policy – Non-Executive Directors - Continued

The Directors' fees applicable during the financial year ended 31 December 2025 were as follows:

Directors' Fees	
Chairman	€12,000 per annum (2024: €12,000)
Other Directors (per Director)	€8,000 per annum (2024: €8,000)
Audit Committee Fees	
Chairman	€4,000 per annum (2024: €4,000)
Member (per member)	€2,000 per annum (2024: €2,000)
Supervisory Board Fees^{Note 1}	
Chairman	€5,000 per annum (2024: €5,000)
Member (per member)	€4,000 per annum (2024: €4,000)
Remuneration Committee Fees	
Chairman	€1,500 per annum (2024: €1,500)
Member (per member)	€1,000 per annum (2024: €1,000)
Project Management Advisory Committee Fees	
Chairman	€4,000 per annum (2024: €4,000)
Member (per member)	€2,000 per annum (2024: €2,000)
Operations Committee Fees^{Note 1}	
Chairman	€4,000 per annum (2024: €4,000)
Member (per member)	€3,000 per annum (2024: €3,000)
Group Company Fees (as may be applicable)	
Chairman of Joint Venture Company	€4,000 per annum (2024: €4,000)
Member of Joint Venture Company (per member)	€3,000 per annum (2024: €3,000)

Note 1: The Supervisory Board and the Operations Committee were not reconstituted after the Annual General Meeting held on the 12 June 2025, as the Board was of the view, also considering the developments related to the Manoel Island project, that the matters falling within the remits of these Committees could be overseen directly by the Board.

In accordance with Code Provision 8.A.5, total Directors' remuneration for the financial year ended 31 December 2025 in respect of their office as Directors is as detailed below:

Fixed Remuneration	Variable Remuneration	Share Options	Others
€102,004	None	None	None

The amount disclosed above reflects the total Directors' emoluments paid during the period under review (2024: €118,992).

Remuneration Report and Statement - Continued

Remuneration Policy – Non-Executive Directors - Continued

Code Provision 12.26K and Appendix 12.1 of the Capital Markets Rules

In addition to the information provided above and with reference to Appendix 12.1 of the Capital Markets Rules, it is noted that the amount paid to each non-executive Director by the Company for attendance at meetings of the Board, meetings of Board Committees and directorships on the Company's subsidiaries and joint venture company (where applicable) during the period under review is indicated below. The table hereunder also represents the annual change of remuneration of the non-executive Directors, of the Company's performance, and of average remuneration on a full-time equivalent basis of the Company's employees over the five most recent financial years:

	Board and Committee fees FY 2025	Group Company fees FY 2025	Total FY 2025	Total FY 2024	Total FY 2023	% Annual change of remuneration (2025 v 2024)	% Annual change of remuneration (2024 vs 2023)	% Annual change of remuneration (2023 vs 2022)	% Annual change of remuneration (2022 vs 2021)
	€	€	€	€	€	%	%	%	%
Dr. Alec A. Mizzi	14,233	-	14,233	17,000	16,530	-16.3%	+2.8%	+50.0%	+0.2%
Joseph Bonello	11,893	-	11,893	12,503	12,584	-4.9%	-0.6%	+51.7%	+3.7%
Jacqueline <i>sive</i> Jackie Briffa	11,553	-	11,553	12,492	13,608	-7.5%	-8.2%	n/a	n/a
Jonathan Buttigieg*****	12,447	-	12,447	11,508	5,342	+8.2%	n/a	n/a	n/a
David Demarco ***	7,145	-	7,145	16,000	15,608	-55.3%	+2.5%	+41.5%	+12.0%
Marzena Formosa*****	5,534	-	5,534	-	-	n/a	n/a	n/a	n/a
Joseph A. Gasan	9,786	4,000	13,786	16,000	15,608	-13.8%	+2.5%	+41.9%	0.0%
Sarah Mamo****	10,553	-	10,553	10,497	9,384	+0.0%	+11.9%	n/a	n/a
Alfredo Muñoz Perez**	5,359	-	5,359	11,503	10,609	-53.4%	+8.4%	n/a	+95.0%
Gordon Polidano*	-	-	-	-	3,367	n/a	n/a	n/a	+34.9%
Joseph Said	9,500	-	9,500	11,489	13,109	-17.3%	+54.2%	+54.2%	+12.2%

* Resigned on the 19 June 2023

** Appointed on the 17 June 2021 and resigned on the 12 June 2025

*** Resigned on the 12 June 2025

**** Appointed on the 10 January 2023

***** Appointed on the 19 June 2023

***** Appointed on the 12 June 2025

Remuneration Report and Statement - Continued

Remuneration Policy – Non-Executive Directors - Continued

Code Provision 12.26K and Appendix 12.1 of the Capital Markets Rules – Continued

% Annual change of the Company's consolidated performance (2025 vs 2024) based on net profit after tax	% Annual change of the Company's consolidated performance (2024 vs 2023) based on net profit after tax	% Annual change of the Company's consolidated performance (2023 vs 2022) based on net profit after tax	% Annual change of the Company's consolidated performance (2022 vs 2021) based on net profit after tax	% Annual change of the Company's consolidated performance (2021 vs 2020) based on net profit after tax
-1006.8%	-148.7%	+33.3%	-508.0%	+126.0%

% Annual change of the average remuneration of the Company's employees on a full-time basis (2025 vs 2024)	% Annual change of the average remuneration of the Company's employees on a full-time basis (2024 vs 2023)	% Annual change of the average remuneration of the Company's employees on a full-time basis (2023 vs 2022)	% Annual change of the average remuneration of the Company's employees on a full-time basis (2022 vs 2021)	% Annual change of the average remuneration of the Company's employees on a full-time basis (2021 vs 2020)
-5.7% ^{Note 1}	+5.6%	+9.7%	+2.1%	+2.4%

Note 1: The percentage annual change of the average remuneration of the Company's employees on a full-time basis (2025 vs 2024), has been computed after excluding any contractual severance payments which are due in defined circumstances and which have been accrued for in the 2025 financial statements.

No other fees were payable or paid to any of the non-executive Directors during the financial year under review.

Remuneration Policy – CEO

In proposing the overall remuneration for the CEO and any reviews thereto, the Company takes into account the Company's need to attract, retain and motivate an individual who possesses the necessary experience, qualities and attributes for this key executive role within the Company by offering a base salary and other employment terms that are competitive within the market. The Company also considers the size and scope of the role, the experience of the individual, market realities, trends or standards for similar positions, group financial performance, salary levels, increases and general conditions applicable to the Company's employees, as well as the overall interests of shareholders and the overall costs to shareholders.

It is the Company's policy to engage the CEO on an indefinite contract of employment after a period of probation, rather than on a fixed term contract. Accordingly, the applicable notice periods, after probation, are those provided for in the relevant legislation. The CEO's terms of employment do not contain provision for any form of payment on resignation or termination of employment and therefore the only payments on termination are those which may be applicable in accordance with legal requirements. No retirement or pension benefits in whatever form are payable to the CEO.

Remuneration Report and Statement - Continued

Remuneration Policy – CEO - Continued

The CEO is entitled to a base or fixed salary as well as to an annual performance bonus which is established by reference to the attainment of pre-established annual financial and non-financial targets and/or performance criteria or key performance indicators. The annual performance bonus is the only variable component of the CEO's remuneration. These targets or performance criteria are set annually by the Remuneration and Nomination Committee in consultation with the Chairman of the Company. These targets or performance criteria are selected to incentivise the delivery of the Company's business plans, goals and financial objectives. These targets or performance criteria include a mix of company corporate objectives to be met and an assessment of the individual's performance and attainment of personal objectives. Neither the reviews of the base or fixed salary nor the performance bonus is linked directly or indirectly to the performance of the share price of the Company.

The Remuneration and Nomination Committee, in consultation with the Chairman of the Company, will decide on the payment of or otherwise of the annual performance bonus after assessing the attainment of the relative targets and/or performance criteria. It may also decide to defer the payment of the annual performance bonus or part thereof for a definite period. No such deferment has taken place in relation to the performance bonus paid for the financial year ended 31 December 2025. The link between the fixed salary and the performance annual bonus shall be appropriate and reasonable. The performance bonus of the CEO shall never exceed 40% of the fixed salary. The Company does not have the possibility to reclaim any variable remuneration.

The CEO is not otherwise awarded any other incentives or benefits in whatever form, nor does the Company award share-based remuneration or share options. The CEO does not participate in any profit-sharing arrangement.

Any reasonable travel and business expenses incurred by the CEO in connection with the business of the Company is met by the Company. The CEO is also entitled to a mobile telephone allowance.

On the 12 June 2025, the CEO Mark Portelli was elected as director by the shareholders of the Company. In terms of Article 102(3) of the Articles of Association of the Company which permits the Board to appoint up to a maximum of two additional directors without the requirement that the appointment be ratified by a members' resolution taken at a General Meeting of the Company. In terms of Article 117(3) of the Articles of Association of the Company, if the person appointed to the office of CEO is a director of the Company the said person shall be designated as Managing Director.

No additional remuneration is paid by the Company to the CEO in respect of his role as an executive director of the Company and member the Project Management Advisory Committee. Neither does the CEO receive any remuneration in respect of his directorship on the subsidiary companies Tigné Contracting Limited, T14 Investments Limited and Manoel Island Investments Limited.

Remuneration Report and Statement - Continued

Remuneration Policy – CEO - Continued

Code Provision 12.26K and Appendix 12.1 of the Capital Markets Rules

In addition to the information provided above and with reference to Appendix 12.1 of the Capital Markets Rules, it is noted that the total remuneration paid to the CEO, Mark Portelli, for the period under review was as indicated below. The table hereunder also represents the annual change of the Company's performance, and of average remuneration on a full-time equivalent basis of the Company's employees over the two most recent financial years.

Fixed remuneration FY 2025 €	Variable remuneration FY 2025 €	Total remuneration FY 2025 €	Total remuneration FY 2024 €	% Annual change of remuneration (2025 vs 2024)	% Annual change of remuneration (2024 vs 2023)	% Annual change of remuneration (2023 vs 2022)	% Annual change of remuneration (2022 vs 2021)
154,350	-	154,350	204,351	-24.5%	+3.4%	+6.2%	0.0%
		% Annual change of the Company's consolidated performance (2025 vs 2024) based on net profit after tax	% Annual change of the Company's consolidated performance (2024 vs 2023) based on net profit after tax	% Annual change of the Company's consolidated performance (2023 vs 2022) based on net profit after tax	% Annual change of the Company's consolidated performance (2022 vs 2021) based on net profit after tax		
		-1006.8%	-148.7%	+33.3%	-508.0%		
% Annual change of the average remuneration of the Company's employees on a full-time basis (2025 vs 2024)		% Annual change of the average remuneration of the Company's employees on a full-time basis (2024 vs 2023)		% Annual change of the average remuneration of the Company's employees on a full-time basis (2023 vs 2022)		% Annual change of the average remuneration of the Company's employees on a full-time basis (2022 vs 2021)	
-5.7% ^{Note 1}		+5.6%		+9.7%		+2.1%	

Note 1: The percentage annual change of the average remuneration of the Company's employees on a full-time basis (2025 vs 2024), has been computed after excluding any contractual severance payments which are due in defined circumstances and which have been accrued for in the 2025 financial statements.

The variable remuneration was arrived at after an assessment of the level of attainment of targets set as explained earlier on in this report. No other fees were payable or paid to the CEO during the financial year under review.

Remuneration Policy - Senior Management

The term 'Senior Management' shall refer to the list of officers as set out within the Directors' report and except where otherwise expressly stated includes the CEO.

In proposing the overall remuneration for Senior Management and any reviews thereto, the Company takes into account the Company's need to attract, retain and motivate individuals who possesses the necessary experience, qualities and attributes for these key executive roles within the Company by offering a base salary and other employment terms that are competitive within the market. The Company generally engages its Senior Management on the basis of indefinite contracts of employment after a period of probation, rather than on fixed term contracts. Accordingly, the applicable notice periods, after probation, are those provided for in the relevant legislation.

Remuneration Report and Statement - Continued

Remuneration Policy – Senior Management - Continued

The terms and conditions of employment of Senior Management are specified in their respective indefinite contracts of employment. Senior Management are entitled to a base or fixed salary as well as to an annual performance bonus which is established by reference to the attainment of pre-established annual financial and non-financial targets and/or performance criteria or key performance indicators. Neither the reviews of the base or fixed salary nor the performance bonus is linked directly or indirectly to the performance of the share price of the Company.

The annual performance bonus is the only variable component of the remuneration of Senior Management. The link between the fixed salary and the performance annual bonus shall be appropriate and reasonable. The annual performance bonus of Senior Management (to the exclusion of the CEO) is approved by the Remuneration and Nomination Committee in consultation with the CEO.

None of the Company's Senior Management, through their employment with the Company, is entitled to any share options and/or profit-sharing arrangements or pension benefits.

The individual contracts of employment of all Senior Management, excluding the contract of employment of the CEO, contain provisions for severance payments in certain defined circumstances. These payments would be in addition to payments that may be applicable in accordance with legal requirements.

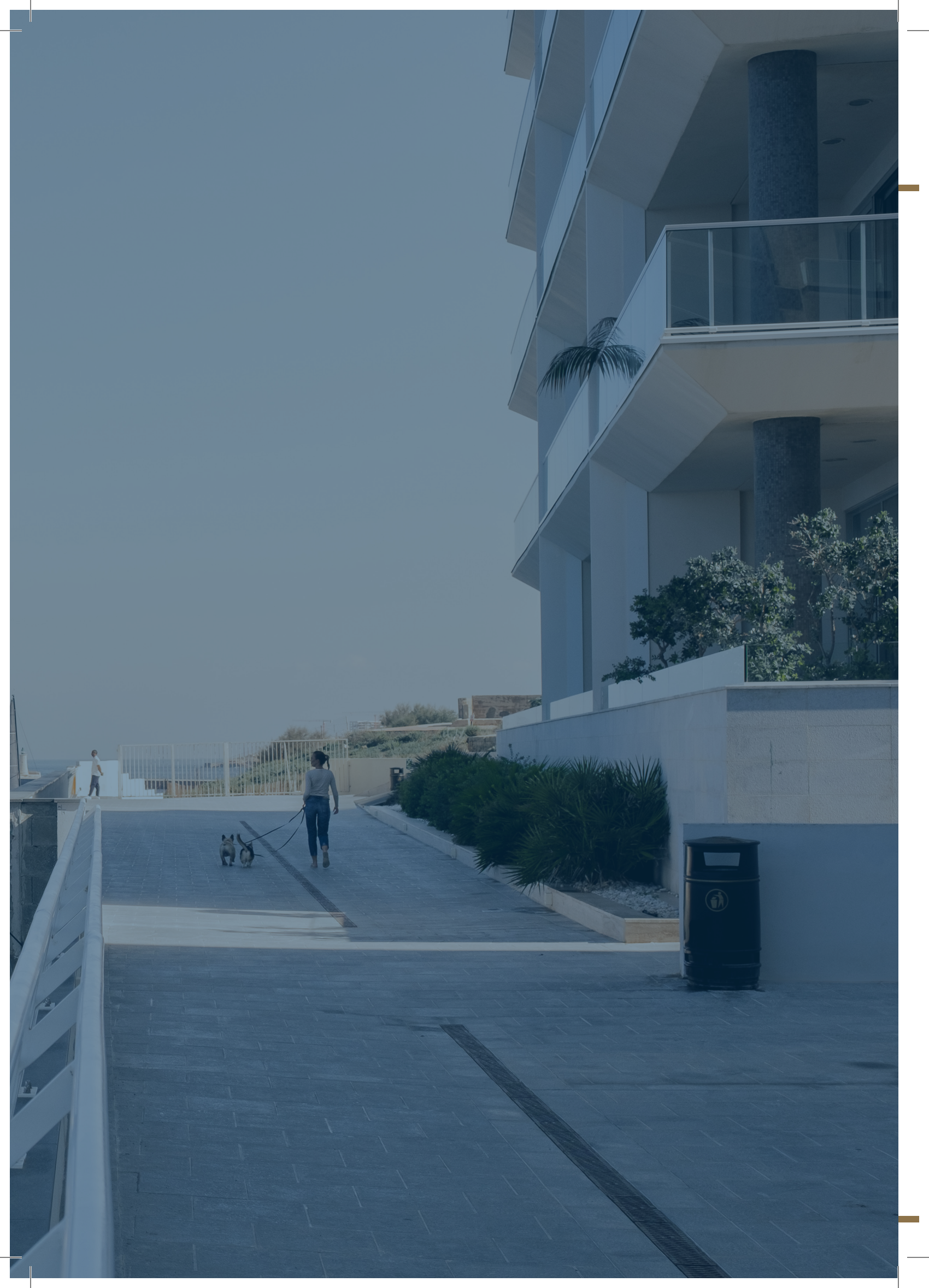
All employees of the Company are entitled to health and life insurance, whilst Senior Management and some other executives of the Company are entitled to reimbursement of telephone expenses. Any reasonable travel and business expenses incurred by Senior Management in connection with the business of the Company is met by the Company.

Total emoluments received by Senior Management during the period under review are as detailed below, in terms of Code Provision 8.A.5 of the Capital Markets Rules.

Fixed remuneration FY2025	Variable remuneration FY2025	Total FY2025	Total FY2024	Total FY2023	% Change 2025 vs 2024	% Change 2024 vs 2023	% Change 2023 vs 2022	% Change 2022 vs 2021
€	€	€	€	€				
389,250	-	389,250	520,051	502,169	-22.5%	+3.6%	+6.2%	0.0%

This Directors' Remuneration Report in terms of Chapter 12 of the Capital Markets Rules is being put forward to an advisory vote of the 2025 Annual General Meeting in accordance with the requirements of the Capital Markets Rule 12.26 L.

In accordance with the requirements emanating from Appendix 12.1 of the Capital Markets Rules, the contents of the Directors' Remuneration Report have been reviewed by the external auditor to ensure compliance with such requirements.



FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION

As at 31 December

	Notes	GROUP		COMPANY	
		2025 €	2024 €	2025 €	2024 €
ASSETS					
Non-current assets					
Property, plant and equipment	5	378,870	1,721,703	302,945	1,608,491
Right-of-use assets	6	551,417	12,167,813	505,212	12,167,813
Investment property	7	3,636,174	36,231,697	114,519	36,231,697
Investments in subsidiaries	8	-	-	37,293,391	11,709,316
Investment in joint venture	9	28,222,740	27,437,668	-	-
Financial investments	10	446,462	454,548	446,462	454,548
Deferred tax assets	21	-	675,632	-	675,632
Total non-current assets		33,235,663	78,689,061	38,662,529	62,847,497
Current assets					
Inventories – Development project	11	149,545,255	163,329,070	149,545,255	163,329,070
Trade and other receivables	12	2,351,072	3,411,257	1,095,852	1,468,967
Cash and cash equivalents	13	1,984,159	13,247,505	659,674	13,172,811
Current assets excluding assets					
Classified as held for sale		153,880,486	179,987,832	151,300,781	177,970,848
Non-current assets classified as held for sale	7	22,555,923	-	1,980,923	-
Total current assets		176,436,409	179,987,832	153,281,704	177,970,848
Total assets		209,672,072	258,676,893	191,944,233	240,818,345

STATEMENTS OF FINANCIAL POSITION - Continued

As at 31 December					
		GROUP		COMPANY	
	Notes	2025	2024	2025	2024
		€	€	€	€
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	14	42,831,984	42,831,984	42,831,984	42,831,984
Share premium	14	15,878,784	15,878,784	15,878,784	15,878,784
Property revaluation reserve	15	-	1,211,132	-	-
Investment fair value reserve	16	14,422	22,508	14,422	22,508
Other reserves	17	452,277	555,160	23,060	23,060
(Accumulated losses)/ Retained earnings		(7,714,754)	32,886,815	(31,930,942)	10,738,302
Total equity		51,462,713	93,386,383	26,817,308	69,494,638
Non-current liabilities					
Trade and other payables	18	-	20,714,025	-	20,714,025
Borrowings	19	-	59,752,376	-	59,752,376
Lease liabilities	20	657,122	15,439,575	657,122	15,439,575
Deferred tax liabilities	21	2,421,118	3,401,718	11,452	3,401,718
Total non-current liabilities		3,078,240	99,307,694	668,574	99,307,694
Current liabilities					
Trade and other payables	18	87,687,357	64,512,350	97,122,936	70,545,547
Borrowings	19	67,104,009	-	67,104,009	-
Lease liabilities	20	88,697	1,265,262	26,202	1,265,262
Current tax liabilities		251,056	205,204	205,204	205,204
Total current liabilities		155,131,119	65,982,816	164,458,351	72,016,013
Total liabilities		158,209,359	165,290,510	165,126,925	171,323,707
Total equity and liabilities		209,672,072	258,676,893	191,944,233	240,818,345

The notes on pages 55 to 121 are an integral part of these financial statements.

The Financial Statements on pages 45 to 121 were authorised for issue by the Board on 29 April 2026. The financial statements were signed on behalf of the entity's Board of Directors by Alec A. Mizzi (Chairman) and Mark Portelli (Director) as per the Directors' Declaration on the ESEF Annual Financial Report submitted in conjunction with the 2025 Annual Report and Consolidated Financial Statements.

INCOME STATEMENTS

	Notes	Year ended 31 December			
		GROUP		COMPANY	
		2025	2024	2025	2024
		€	€	€	€
Revenue	22	3,411,726	3,345,422	2,606,467	3,345,422
Cost of sales	23	(2,757,072)	(1,437,134)	(2,598,111)	(1,437,134)
Gross profit		654,654	1,908,288	8,356	1,908,288
Other operating income	28	63,851	62,517	63,851	62,517
Adjustment to carrying amount of inventories to reflect realisable values, net of related items	11, 6, 20	(27,366,040)	(2,000,000)	(27,366,040)	(2,000,000)
Impairment charge on property, plant and equipment	5	(1,134,926)	-	(1,134,926)	-
Fair value changes on investment property, net of related items	7, 6, 20	(9,863,825)	-	25,660	-
Impairment charge on investment in subsidiary	8	-	-	(8,553,380)	-
Administrative expenses	23	(3,722,437)	(2,885,497)	(3,692,313)	(2,860,164)
Operating loss		(41,368,723)	(2,914,692)	(40,648,792)	(2,889,359)
Finance income	26	134,042	293,762	134,042	293,762
Finance costs	27	(2,652,063)	(2,802,530)	(2,603,926)	(2,801,950)
Dividend income	29	50,000	-	950,000	2,150,000
Share of profit of investment accounted for using the equity method of accounting	9	1,787,955	1,722,778	-	-
Loss before tax		(42,048,789)	(3,700,682)	(42,168,676)	(3,247,547)
Tax income/(expense)	30	236,088	(76,145)	(500,568)	(76,145)
Loss for the year		(41,812,701)	(3,776,827)	(42,669,244)	(3,323,692)
Earnings per share	31	(0.195)	(0.018)		

The notes on pages 55 to 121 are an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

	Notes	Year ended 31 December			
		GROUP		COMPANY	
		2025	2024	2025	2024
		€	€	€	€
Loss for the year		(41,812,701)	(3,776,827)	(42,669,244)	(3,323,692)
Other comprehensive income					
<i>Items that may be subsequently reclassified to profit or loss</i>					
Share of other comprehensive income attributable to joint venture accounted for using the equity method of accounting	17	(102,883)	(230,569)	-	-
(Losses)/gains from changes in fair value of financial investments measured at fair value through other comprehensive income	16	(8,086)	1,416	(8,086)	1,416
Total other comprehensive income		(110,969)	(229,153)	(8,086)	1,416
Total comprehensive income for the year		(41,923,670)	(4,005,980)	(42,677,330)	(3,322,276)

The notes on pages 55 to 121 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

Group	Notes	Share capital €	Share premium €	Property revaluation reserve €	Investment fair value reserve €	Other reserves €	Retained earnings €	Total €
Balance at 1 January 2024		42,831,984	15,878,784	1,211,132	21,092	785,729	38,591,081	99,319,802
Comprehensive income								
Loss for the year		-	-	-	-	-	(3,776,827)	(3,776,827)
Other comprehensive income								
<i>Items that may be subsequently reclassified to profit or loss</i>								
Share of other comprehensive income attributable to joint venture accounted for using the equity accounted for using the equity	9, 17	-	-	-	-	(230,569)	-	(230,569)
Fair valuation of financial investments measured at fair value through other comprehensive income:								
Net changes in fair value arising during the year	16	-	-	-	1,416	-	-	1,416
Total other comprehensive income		-	-	-	1,416	(230,569)	-	(229,153)
Total comprehensive income		-	-	-	1,416	(230,569)	(3,776,827)	(4,005,980)
Transaction with owners								
Dividends paid to shareholders	32	-	-	-	-	-	(1,927,439)	(1,927,439)
Total transactions with owners		-	-	-	-	-	(1,927,439)	(1,927,439)
Balance at 31 December 2024		42,831,984	15,878,784	1,211,132	22,508	555,160	32,886,815	93,386,383

STATEMENTS OF CHANGES IN EQUITY - Continued

Group	Notes	Share capital	Share premium	Property revaluation reserve	Investment fair value reserve	Other reserves	Retained earnings/ (Accumulated losses)	Total
		€	€	€	€	€	€	€
Balance at 1 January 2025		42,831,984	15,878,784	1,211,132	22,508	555,160	32,886,815	93,386,383
Comprehensive income								
Loss for the year		-	-	-	-	-	(41,812,701)	(41,812,701)
Other comprehensive income								
<i>Items that may be subsequently reclassified to profit or loss</i>								
Share of other comprehensive income attributable to joint venture accounted for using the equity method of accounting	9, 17	-	-	-	-	(102,883)	-	(102,883)
Fair valuation of financial investments measured at fair value through other comprehensive income:								
Net changes in fair value arising during the year	16	-	-	-	(8,086)	-	-	(8,086)
Total other comprehensive income		-	-	-	(8,086)	(102,883)	-	(110,969)
Total comprehensive income		-	-	-	(8,086)	(102,883)	(41,812,701)	(41,923,670)
Other movements								
Realisation of reserve upon adjustments to the carrying amount of property	15	-	-	(1,211,132)	-	-	1,211,132	-
Total other movements		-	-	(1,211,132)	-	-	1,211,132	-
Balance at 31 December 2025		42,831,984	15,878,784	-	14,422	452,277	(7,714,754)	51,462,713

STATEMENTS OF CHANGES IN EQUITY - Continued

Company	Notes	Share capital €	Share premium €	Investment fair value reserve €	Other reserves €	Retained earnings €	Total €
Balance at 1 January 2024		42,831,984	15,878,784	21,092	23,060	15,989,433	74,744,353
Comprehensive income							
Loss for the year		-	-	-	-	(3,323,692)	(3,323,692)
Other comprehensive income							
<i>Items that may be subsequently reclassified to profit or loss</i>							
Fair valuation of financial investments measured at fair value through other comprehensive income:							
Net changes in fair value arising during the year	16	-	-	1,416	-	-	1,416
Total other comprehensive income		-	-	1,416	-	-	1,416
Total comprehensive income		-	-	1,416	-	(3,323,692)	(3,322,276)
Transactions with owners							
Dividends paid to shareholders	32	-	-	-	-	(1,927,439)	(1,927,439)
Total transactions with owners		-	-	-	-	(1,927,439)	(1,927,439)
Balance at 31 December 2024		42,831,984	15,878,784	22,508	23,060	10,738,302	69,494,638

STATEMENTS OF CHANGES IN EQUITY - Continued

Company	Note	Share capital €	Share premium €	Investment fair value reserve €	Other reserves €	Retained earnings/ (Accumulated losses) €	Total €
Balance at 1 January 2025		42,831,984	15,878,784	22,508	23,060	10,738,302	69,494,638
Comprehensive income							
Loss for the year		-	-	-	-	(42,669,244)	(42,669,244)
Other comprehensive income							
Items that may be subsequently reclassified to profit or loss							
Fair valuation of financial investments measured at fair value through other comprehensive income:							
Net changes in fair value arising during the year	16	-	-	(8,086)	-	-	(8,086)
Total other comprehensive income		-	-	(8,086)	-	-	(8,086)
Total comprehensive income		-	-	(8,086)	-	(42,669,244)	(42,677,330)
Balance at 31 December 2025		42,831,984	15,878,784	14,422	23,060	(31,930,942)	26,817,308

The notes on pages 55 to 121 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

Year ended 31 December					
		GROUP		COMPANY	
	Notes	2025 €	2024 €	2025 €	2024 €
Cash flows from operating activities					
Cash used in operations	33	(15,603,246)	(8,544,992)	(16,004,994)	(6,169,334)
Net interest paid		(2,166,814)	(2,307,250)	(2,165,478)	(2,306,670)
Net income tax paid		(68,880)	(56,860)	(23,028)	(56,860)
Net cash used in operating activities		(17,838,940)	(10,909,102)	(18,193,500)	(8,532,864)
Cash flows from investing activities					
Purchase of property, plant and equipment	5	(19,421)	(42,011)	(13,452)	(32,929)
Dividends received	9	950,000	2,400,000	50,000	-
Investment in subsidiary	8	-	-	(1,200)	-
Net cash generated from/(used in) investing activities		930,579	2,357,989	35,348	(32,929)
Cash flows from financing activities					
Proceeds from bank borrowings	19	16,640,053	3,950,168	16,640,053	3,950,168
Repayment of bank borrowings	19	(9,380,367)	(1,825,000)	(9,380,367)	(1,825,000)
Principal elements of lease payments	20	(1,614,671)	-	(1,614,671)	-
Dividends paid	32	-	(1,927,439)	-	(1,927,439)
Net cash generated from financing activities		5,645,015	197,729	5,645,015	197,729
Net movement in cash and cash equivalents		(11,263,346)	(8,353,384)	(12,513,137)	(8,368,064)
Cash and cash equivalents at beginning of year		13,247,505	21,600,889	13,172,811	21,540,875
Cash and cash equivalents at end of year	13	1,984,159	13,247,505	659,674	13,172,811

The notes on pages 55 to 121 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of material accounting policies

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

1.1 Basis of preparation

These consolidated Financial Statements include the Financial Statements of MIDI p.l.c. and its subsidiaries ("the Group"). These Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the EU and with the requirements of the Maltese Companies Act (Cap. 386). They have been prepared under the historical cost convention as modified by the fair valuation of the land and buildings class of property, plant and equipment, investment property and specific financial assets. 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's accounting policies (see Note 3 – Critical accounting estimates and judgements).

1.1.1 Developments during 2025 and after the end of the reporting period

Context and overview of the Group's financial results and operations

The Group has registered a loss after tax of €42 million for the financial year ended 31 December 2025 (2024: loss after tax of €3.78 million). The Group's total assets exceeded its total liabilities by €51.46 million (2024: €93.39 million) while its current assets exceeded current liabilities by €21.3 million as at 31 December 2025 (2024: €114 million).

The 2025 Group's results have been heavily impacted by the financial reporting implications emanating from the rescission of the Emphyteutical Grant in respect of Manoel Island and Fort Tigné and by the decision of the Board to dispose of a number of investment properties in an expedited manner to ensure the Group has the necessary liquidity to meet its July 2026 bond repayment obligations.

The losses reported for the financial year ended 31 December 2025 comprise the net adjustment to the carrying amount of inventory attributable to Manoel Island, net of related items amounting to €27.4 million, which reflects the difference between the carrying amount of inventory and the reimbursement receivable from the Government of Malta, net of related items. The results also include the net fair value losses arising on investment properties amounting to €9.9 million, reflecting the offers received for the properties the Group has placed on the market with a view to selling them immediately to enhance its liquidity position.

During 2025, the Group continued with the development of the final residential block at Tigné Point referred to as Q3 – Fortress Gardens and which comprises of 63 apartments and 2 commercial units. As at 31 December 2025, 59 units were subject to a promise of sale agreement.

Given that the Group had no properties held for sale in the ordinary course of business during 2025, it only registered revenues amounting to €26k from its development and sale of property segment. In its property and rental management segment, rental operations remained on the same level as those registered in 2024, with revenues generated amounting to €3.4 million (2024: €3.2 million). This segment includes the Group's rental operations of its Pjazza retail outlets and foreshore restaurants, car parking operations, operator concession fees earned from the Manoel Island Yacht Marina and the operating activities associated with the provision of HVAC supply and access control services.

The Group's 2025 financial results also include its 50% share of the financial results of Mid Knight Holdings Limited ("MKH"), a jointly controlled entity accounted for on the basis of the equity method of accounting. The Group's share of MKH's profits for 2025 amounted to €1.78 million compared to €1.72 million registered in 2024.

1. Summary of material accounting policies - Continued

1.1 Basis of preparation - Continued

1.1.1 Developments during 2025 and after the end of the reporting period - Continued

Context and overview of the Group's financial results and operations - Continued

The significant adjustment to the carrying amount of inventories and fair value losses attributable to investment property impacted the Group's net asset value per share which has, as at 31 December 2025, decreased to €0.240, when compared to €0.436 as at 31 December 2024.

Developments during 2025 affecting the Group's legal title to, and the value of, its property portfolio

In 2000, MIDI p.l.c. was granted a 99-year Emphyteutical Concession over Manoel Island and Tigné Point for mixed-use development, together with the exclusive right to develop and operate a yachting centre and an undertaking by Government to grant MIDI a casino concession. The project was originally required to be substantially completed by 31 March 2023, with a three-year cure period until 31 March 2026. The Deed expressly provided for automatic extensions of the completion date where delays arose from circumstances beyond the MIDI's control. MIDI contends that the various delays encountered resulted in such automatic extensions.

As publicly reported by the Group during the past years, the proposed development of Manoel Island suffered a number of unforeseen setbacks outside the Group's control, falling into three broad categories: delays in the issuance of development permits and authorisations; delays arising from archaeological discoveries requiring the redesign of the development; and delays arising from protracted administrative and appellate processes initiated by third parties. MIDI p.l.c. has argued and publicly stated, that the cumulative effect of these delays falling within the three categories described above, applied across the full timeline of the Manoel Island project, is the basis for the Group's position that the correct completion date under the Deed, properly construed, inferred to an automatic extension of at least 10 years as at June 2025.

In June 2025, Government withdrew its support for the Manoel Island project and publicly declared its intention to convert the island into a national park. The Board concluded at an early stage that, given the change of stance of Government, pursuing development through litigation alone would be an inadequate and ultimately futile strategy, regardless of the merits of the Group's legal position, as a development of this scale and complexity would not succeed without the active support of Government at every level.

The change in policy occurred at an extremely sensitive time, approximately 12 months before the Company's Bond redemption date. The Group had planned to repay the Bonds through a combination of proceeds from the future development of Manoel Island — on the basis of which a term sheet for a new bank facility had already been secured — together with internal resources and proceeds of property sales at Tigné Point. The sudden and unexpected withdrawal of the Government of Malta's support derailed this plan.

Government filed two judicial letters, with the latest one filed on 24 September 2025, invoking the rescission mechanism of the Emphyteutical Deed, requiring MIDI to remedy the alleged defaults within six months, failing which Government threatened to rescind the entire Emphyteutical Concession (Manoel Island and Tigné Point) by the end of March 2026.

1. Summary of material accounting policies - Continued

1.1 Basis of preparation - Continued

1.1.1 Developments during 2025 and after the end of the reporting period - Continued

Developments during 2025 affecting the Group's legal title to, and the value of, its property portfolio - Continued

The judicial letters paralysed the Group's ability to complete 59 promise of sale agreements at Tigné Point, compromised the security for the Bonds, and placed the entirety of the Group's property portfolio in jeopardy — none of which bore any rational connection to the alleged defaults concerning Manoel Island, which was the sole subject matter of Government's stated grievance. The Board recorded clearly that it regarded the Group's legal position on the extension point as a strong one, supported by the terms of the Deed. The decision not to litigate was made on practical and financial grounds alone — specifically, the impossibility of obtaining a judgment within the Bond redemption timeframe — and not because of any weakness in the Group's legal case. The Group's obligations to its bondholders crystallise on 27 July 2026, and the Board of Directors considered that no Maltese court proceedings of the nature required to challenge a threatened rescission of an emphyteutical concession could realistically be concluded within such a timeframe. The judgment would have arrived too late to prevent insolvency. The Group formally requested, on more than one occasion, that Government limit the dispute to Manoel Island. Government's rejection of this request left the Company with no practical alternative but to pursue a settlement, notwithstanding the unfavourable terms of such settlement.

The Board's strategy in relation to the reimbursement claim from the Government of Malta was based on the carrying amount of the inventories attributable to Manoel Island as recognised in the Group's statement of financial position. Since the inception of the project, the Manoel Island inventories have been accounted for at cost in the Group's financial statements, comprising the purchase consideration for the land, expenditure incurred in connection with its subsequent development, costs of development works, design and other studies related to the project, as well as all other directly attributable expenditure and borrowing costs, including imputed interest specifically attributable to the Manoel Island development phase.

The Group limited its claim to the recovery of the actual costs incurred, with the objective of obtaining a reimbursement that approximates the carrying amount of the Manoel Island inventories and of Fort Tigné to safeguard shareholders' interests. Fort Tigné was also the subject of the negotiations with Government during 2025 and, following the approval of the Extraordinary General Meeting on 28 April 2026, together with Manoel Island, will form part of the reversion of property to the Government of Malta pursuant to the Settlement Deed which will be entered into following the approval of these financial statements. Prior to the dispute with Government, the total carrying amount of Manoel Island (accounted for as inventory), net of the amount payable to the Government of Malta, and Fort Tigné (accounted for as investment property), net of the related right-of-use assets and corresponding lease liabilities, amounted to €70.1 million.

The Board has publicly stated that the Group's claim, which was reviewed by the independent auditors appointed by the Lands Authority, confirmed the total claimable consideration and expenses related to the Manoel Island development project and Fort Tigné, amounted to €66.4 million. The eventual net reimbursement offered by Government fell short of this amount, with an offer of €42.7 million. Consequently, the difference between the net carrying amount of the property subject to reversion to Government and the final reimbursement offer, equivalent to €27.4 million, has been accounted for as a loss in the Group's income statement, principally to adjust the carrying amount of inventory to realisable value, net of related items. A further impairment charge of €1.1 million was accounted for on the carrying amount of the elements of the Group's property, including the Group's head office on Manoel Island, which will no longer be available for use. Such loss equates to a reduction in the Group's net assets of €0.132 per ordinary share. As Government's offer is well below the Group's amount verified, the Directors considered the offer not to be fair and equitable.

1. Summary of material accounting policies - Continued

1.1 Basis of preparation - Continued

1.1.1 Developments during 2025 and after the end of the reporting period - Continued

Developments during 2025 affecting the Group's legal title to, and the value of, its property portfolio - Continued

The Board regarded the reimbursement amount as inadequate but, given the absence of any viable alternative and the serious consequences the Group would have otherwise faced, reluctantly accepted it in the circumstances.

In the Board's view, the terms ultimately agreed upon do not reflect the merits of the respective positions of the parties, but rather the significant disparity in negotiating power that prevailed throughout the negotiation process, which was materially compounded by the Government's refusal to limit the dispute to Manoel Island and its insistence on threatening what the Group considers to be the unwarranted and legally unfounded rescission of the entire Emphyteutical Concession, including over Tigné Point, thereby placing all of the Group's assets and security for bondholders and banks at risk, and severely undermining its ability to negotiate on equitable terms.

On 19 March 2026, the Group entered into a standstill agreement with the Government of Malta by virtue of which both Parties agreed that they shall neither institute any further judicial proceedings relating to the subject matter of the Judicial Letters or the Emphyteutical Concession, nor give any fresh notice of rescission or termination, nor take any action to enforce rescission or demand any damages, penalties or other remedies in connection therewith.

The Parliament of Malta has approved the terms of the Settlement Deed, the Partial Rescission and the transactions contemplated by means of a special resolution of the House of Representatives of Malta taken during the sitting of 24 March 2026 in terms of the Government Lands Act (Chapter 573 of the Laws of Malta).

Therefore, the Board's recommendation to the shareholders, in favour of the Proposed Transaction, which was eventually approved during the Extraordinary General Meeting on 28 April 2026, was made solely in discharge of its fiduciary duty to act in the best interests of the Group and all those who depend on it, and must be understood as a pragmatic response to a situation which was forced upon the Group, not as an endorsement of the terms offered by Government.

The irrevocable and unconditional partial rescission and termination of the Deed will be effected by the Settlement Deed which the Government of Malta and the Group have undertaken to enter into on a date subsequent to the approval of the 2025 financial statements and before 27 July 2026, the date when the Group's €50,000,000 4% Secured Bonds mature. Pursuant to this, the Emphyteutical Concession over Manoel Island and Fort Tigné shall be rescinded whilst the Emphyteutical Concession over Tigné Point (excluding Fort Tigné) shall remain firm, valid and unimpaired and in full force and effect.

The Group's ability to repay its financial obligations

The Settlement Deed which the Group, following the Extraordinary General Meeting and the approval of these financial statements, will enter into with the Government of Malta, is intended to resolve the dispute, restoring Tigné Point free from any claims relating to Manoel Island, and enabling the Group to conclude outstanding property sales and to rely on its Tigné Point assets as effective security. Once the Settlement Deed is signed, the Group will be in a position to deliver the Q3 apartments, which are currently subject to a promise of sale agreement, to their prospective owners and also repay in full the bank borrowings associated with this phase of development.

Since the effect of the judicial letters extends beyond Manoel Island to Tigné Point, the sale of property owned by MIDI at Tigné Point, including Q3 apartments, was impaired. Before the notice of rescission was served, under the terms of the already contracted 59 promise of sale agreements the Group had undertaken to transfer the property and give standard warranties including that the property was free from claims and litigation – which it could not do following receipt of the notice of rescission.

In order to facilitate the conclusion of deeds of sale at Tigné Point prior to the entering into of the Settlement Deed with Government, the Group is working with the Lands Authority — as authorised by the Parliamentary Approval — to procure letters of comfort confirming that the rights of third-party buyers will be acknowledged by

1. Summary of material accounting policies - Continued

1.1 Basis of preparation - Continued

1.1.1 Developments during 2025 and after the end of the reporting period - Continued

The Group's ability to repay its financial obligations - continued

Government and that the relevant deeds of sale may proceed. The Board is confident that such letters of comfort will be issued in a timely manner, and in a form acceptable to buyers and their financiers.

Given the notice of rescission during 2025, the Group also commenced a process to dispose of other assets in order to generate funds to meet its liabilities and to counter the financial pressures created by the threatened rescission. The Group sounded the market in connection with the potential sale of specific investment properties. As already publicly disclosed by the Board, the conditions for the Group negotiating these sales were far from ideal due to the public nature of the Company's current dispute with Government which, together with the urgency to conclude the sale process created by the impending maturity of the Bonds, inevitably weakened its negotiating stance. At a more macro level, the negotiations have also been impacted by the conditions in the local market for commercial real estate that is being affected by a marked increase in the supply of commercial properties in recent years.

The carrying amount of the Group's investment property as at 31 December 2025 was adjusted to reflect the offers that were received for those properties which the Group has placed on the market. This resulted in a total net fair value loss of €9.9 million with respect to the carrying amount of investment property, which equates to an overall reduction of 27.7% in relation to the values at which they were carried as at 31 December 2024. The eventual Settlement Deed will also enable the Group to conclude the sale of these assets, a number of which are subject to a promise of sale agreement.

The Bond principal amount of €50 million, together with the final interest payment of €2 million, falling due on the same date on 27 July 2026, will be repaid through a combination of: (i) the net reimbursement from Government of €42.7 million upon entering into the Settlement Deed which will be concluded after the approval of the 2025 financial statements; and (ii) the net proceeds to be generated from the sale of a number of the Group's properties, in particular, from the conclusion of the outstanding deeds of sale for the residential and commercial units at Q3 at Tigné Point.

As a consequence of the above, and upon entering into the Settlement Deed, the Group will have settled all its obligations with its Bond holders and bankers.

1.1.2 Appropriateness of the Going Concern Assumption

Following the signing of the Settlement Deed, the MIDI Group will operate a restructured business model, which will essentially entail the co-ownership of Mid Knight Holdings Limited (which owns 'The Centre' office block), the two foreshore restaurants on Tigné Point and a number of car spaces. Dividend income is expected to be received from Mid Knight Holdings Limited and rental income is contractually due from the restaurants. Tigné Point is an established, income-generating residential and commercial development in Sliema, with a proven track record of property sales and a developed commercial and leisure offering.

The Group also continues to hold its 10% investment in Manoel Island Yacht Marina.

The Group also has an obligation to provide heating, ventilation and air conditioning ("HVAC") services to The Point shopping centre and The Centre and the residents of particular blocks on Tigné Point.

Moreover, MIDI, currently has obligations to maintain specific public infrastructure and public areas connected to a number of phases of development it has completed and has been in discussion with the Lands Authority on the discharge of such responsibilities under the terms of the Deed.

As mentioned previously, and further to the execution of the Settlement Deed, the restoration of clean title to Tigné Point, free from any association with the Manoel Island dispute, will allow the Group to conclude the outstanding Q3 promise of sale agreements and the sale of property at Tigné Point. The Group will consequently account

1. Summary of material accounting policies - Continued

1.1 Basis of preparation - Continued

1.1.2 Appropriateness of the Going Concern Assumption - Continued

for the profits generated from the respective Q3 sales in the Group's 2026 financial statements which will, to an extent, mitigate the reduction in the Net Asset Value resulting from the rescission of the emphyteutical concession attributable to Manoel Island and Fort Tigné and the fair value losses on the Group's Investment property.

The Parliament of Malta's approval on 24 March 2026 for the rescission of the Emphyteutical Deed provides assurance that the Tigné Point properties are outside the scope of the dispute, and the Settlement Deed will, upon signing, definitively restore clean title to Tigné Point.

Forecasted Group's financial results for 2026 indicate that revenues generated from the Q3 development and other income will amount to circa €105.87 million, resulting in a profit before tax of circa €21.6 million and a profit after tax amounting to circa €11.2 million. The Group's profit forecast indicates a projected increase in the Group's net asset value from €51.48 million to €62.72 million as at 31 December 2026. The net asset value per share is consequently forecasted to increase from €0.24 to €0.29.

Management has prepared financial projections which project the excess liquidity forecasted to be available to the Group post Settlement Deed, that will be signed after the approval of the 2025 financial statements and before the bond redemption date. The forecast also comprises the completion of the Q3 project and the sale of property on Tigné Point. These projections, which amongst other factors, are principally based on the fact that the Settlement Deed will be entered into, indicate that the Group will have the necessary financial resources to repay all of its financial obligations, including the Bond which matures on 27 July 2026 and all current bank facilities.

Taking cognisance of the factors referred to above, the Directors are of the firm view that the use of the going concern assumption in the preparation of the 2025 financial statements is considered appropriate, and in the management's and Board's opinion, no material uncertainty exists which may cast significant doubt about the Group's ability to continue operating as a going concern in the foreseeable future.

1.1.3 Standards, interpretations and amendments to published standards effective in 2025

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

1. Summary of material accounting policies - Continued

1.1 Basis of preparation - Continued

1.1.4 Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are not yet effective for the Group's current accounting period.

The Group has not early adopted these revisions to the requirements of IFRSs as adopted by the EU, and the Directors are of the opinion that there are no requirements which will have a material impact on the Group's financial statements in the period of initial application, other than what is described below.

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

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

Management is currently assessing the implications of applying IFRS 18 on the Group and Company's financial statements.

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

1.2 Consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

1. Summary of material accounting policies - Continued

1.2 Consolidation - Continued

Subsidiaries - Continued

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

1.3 Business combinations among entities under common control

For business combinations among and mergers between entities under common control, the Company uses the predecessor method of accounting.

Under the predecessor method of accounting, the assets and liabilities of the acquired or merged entity are incorporated into the stand-alone financial statements of the acquiring or surviving company at the predecessor carrying values, which are the carrying amounts of assets and liabilities of the acquired entity from the consolidated financial statements of the highest entity that has common control and for which consolidated financial statements are prepared. The assets and liabilities are taken over, for financial reporting purposes, as at the beginning of the earliest period presented within the financial statements.

No goodwill arises in predecessor accounting and any difference between the consideration given and the aggregate carrying amount of the assets and liabilities attributable to the acquired or merged entity as at the beginning of the earliest financial period presented within the financial statements, is included in retained earnings.

The acquired or merged entity's financial results are incorporated into the stand-alone financial statements of the acquiring or surviving company as if both entities had always been merged, with the result that the financial statements of the acquiring or surviving company reflect both entities' full years' results for all periods presented within the financial statements even though the merger may have occurred part way through a financial year.

1.4 Functional and presentation currency

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

1. Summary of material accounting policies - Continued

1.5 Property, plant and equipment

All property, plant and equipment is initially recorded at historical cost. Land and buildings, are shown at fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Valuations are carried out on a regular basis such that the carrying amount of property does not differ materially from that which would be determined using fair values at the end of the reporting period. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation and impairment losses.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Borrowing costs which are incurred for the purpose of acquiring or constructing a qualifying asset are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway. Capitalisation of borrowing costs is ceased once the asset is substantially complete, and is suspended if the development of the asset is suspended.

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

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

Land is depreciated over the remaining term of property interest. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

	%
Buildings	1
Plant and integral assets:	
Electrical and plumbing installations	3 - 8
Machinery and operational equipment	2 - 15
Plant and equipment	5 - 25
Other integral assets	2
Office equipment, furniture, fittings and other assets	10 - 33.33
Motor vehicles	20

Assets in course of construction are not depreciated. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

1. Summary of material accounting policies - Continued

1.5 Property, plant and equipment - Continued

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1.8).

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

1.6 Investment property

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

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

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

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

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

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

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

1. Summary of material accounting policies - Continued

1.6 Investment property - Continued

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation under IAS 16. Any resulting increase in the carrying amount of the property is recognised in profit or loss to the extent that it reverses a previous impairment loss; with any remaining increase recognised in other comprehensive income, directly to revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged to other comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to profit or loss.

Upon the disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

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

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

1.7 Non-current assets classified as held for sale

Non-current assets are classified as held for sale if the carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable and expected to be completed within one year from the date of classification as held for sale. The Group measures its non-current assets classified as held for sale at the lower of its carrying amount and fair value less costs to sell.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the asset is recognised at the date of derecognition. The asset is not depreciated while it is classified as held for sale and is presented separately from the other assets in the statement of financial position.

1.8 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1. Summary of material accounting policies - Continued

1.9 Investment in joint venture

The Group's interest in jointly-controlled entity is accounted for using the equity method and is initially recorded at cost. The Group's share of the joint venture post-formation profits and losses is recognised in profit or loss and its share of post-formation movements in reserves is recognised in equity. The cumulative movements are adjusted against the carrying amount of the investment. When the Group's share of losses in the joint venture equals or exceeds its interest in the entity, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Investment in jointly-controlled entity is accounted for at cost less impairment losses in the Company's separate Financial Statements. Provisions are recorded where, in the opinion of the Directors, there is an impairment in value. Where there has been an impairment in the value of an investment, it is recognised as an expense in the period in which the diminution is identified. The results of the joint venture are reflected in the Company's separate financial statements only to the extent of dividends receivable. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

1.10 Financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through Other Comprehensive Income ("OCI") or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI"). The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. The Group recognises a financial asset in statement of financial position when it becomes a party to the contractual provisions of the instrument.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

1. Summary of material accounting policies - Continued

1.10 Financial assets - Continued

(iii) Measurement - Continued

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories prescribed by IFRS 9 into which the Group can classify its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. The amortised cost is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, and adjusted for any credit loss allowance. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment losses are presented as separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

The Group has classified its debt investments in the FVOCI category.

Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Cash and cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Accordingly, cash and cash equivalents comprise cash in hand, deposits held at call with banks and term placements with banks having an original term of three months or less.

1. Summary of material accounting policies - Continued

1.10 Financial assets - Continued

(iii) Measurement - Continued

Equity instruments

The Group subsequently measures all equity investments at fair value. The Group's management has elected to present fair value gains and losses on equity investments in OCI and therefore there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. IFRS 9 requires the measurement of credit loss allowances on financial instruments using the expected credit loss ("ECL") impairment model utilising a forward-looking approach that emphasises shifts in the credit risk attached to a financial instrument, and consequently the probability of future credit losses, even if no loss events have yet occurred. IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition. The key driver of the measurement of ECLs therefore relates to the level of credit risk for each exposure and, as a result, an assessment of the change in credit risk over the expected life of an asset is a core element in determining the staging criteria under IFRS 9.

The three stages under IFRS 9 are as follows:

Stage 1 - Financial instruments that have not had a significant increase in credit risk ("SICR") since initial recognition, or that have "low credit risk" at the reporting date are classified in Stage 1. 12-month ECLs are recorded to measure the expected losses that result from default events that are possible within 12 months after the reporting date;

Stage 2 - Financial instruments that have experienced a SICR since initial recognition are classified in Stage 2. Lifetime ECLs are recorded to measure the expected losses that result from all possible default events over the expected life of the financial instrument; and

Stage 3 - Financial instruments that demonstrate objective evidence of impairment, and which are considered to be in default or credit-impaired, are classified in Stage 3, also requiring the measurement of lifetime ECLs.

The Group has two types of financial assets that are subject to the expected credit loss model:

- debt securities carried at FVOCI; and
- trade and other receivables.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment losses are insignificant.

Debt investments

All of the Group's debt investments at FVOCI are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected losses. Management consider 'low credit risk' for listed bonds to be an investment grade credit rating with at least one major rating agency.

1. Summary of material accounting policies - Continued

1.10 Financial assets - Continued

(iv) Impairment - Continued

Trade and other receivables

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles and historical credit losses of the Group. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments. Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

1.11 Inventories – Development project

The main object of the Group is the development of a large area of land acquired; this development is intended principally for resale purposes and is accordingly classified in the Financial Statements as inventories. Any elements of the project which are identified for business operation within the Group's activities or long-term investment purposes are transferred at their carrying amount to property, plant and equipment or investment property when such identification is made, and the cost thereof can be reliably segregated.

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

- i. The costs incurred on development works, including demolition, site clearance, excavation, construction and other activities, together with the costs of ancillary activities such as site security.
- ii. The cost of various design and other studies conducted in connection with the project, together with all other expenses incurred in connection therewith.
- iii. Any borrowing costs, including imputed interest, attributable to the development phases of the project.

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

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

1.12 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. When shares are issued at a premium, the difference between the proceeds and the par value of the shares is recognised in the share premium account.

1. Summary of material accounting policies - Continued

1.13 Financial liabilities

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

1.13.1 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

1.13.2 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised as part of borrowing costs over the period of the borrowings and borrowing costs accounted for as follows:

- i) Borrowing costs that are directly attributable to the development project are capitalised as part of the cost of the project and are included in its carrying amount. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare any distinct part of the project for its sale or intended use are completed. Borrowing costs which are incurred for the purpose of acquiring or constructing qualifying property, plant and equipment or investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway and capitalisation ceases once the asset is substantially complete or suspended if the development of the asset is suspended.
- ii) All other borrowing costs are recognised in profit or loss as incurred.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

1.14 Offsetting financial instruments

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

1.15 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred

1. Summary of material accounting policies - Continued

1.15 Current and deferred tax - Continued

tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

1.16 Revenue recognition

Revenue includes rental income, service charges and property management charges, and sale of developed residential units.

Revenue on sale of developed residential units is recognised when control over the unit has been transferred to the customer, which is considered to be at a point in time, when the customer has taken possession of the unit.

Rental income from operating leases is recognised on a straight-line basis over the lease term. When the Group provides incentives to its tenants, the cost of the incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income.

Revenue from service and property management charges is recognised in the accounting period in which control of the services are passed to the customer, which is when the service is rendered. For certain service contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

Revenue is measured at the transaction price agreed under the contract.

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

1. Summary of material accounting policies - Continued

1.17 Leases

1.17.1 Group is the lessee

IFRS 16 requires an entity to assess whether a contract is, or contains, a lease at the inception date. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. Leases are recognised as a right-of-use asset and a corresponding liability at the commencement date, being the date at which the leased asset is available for use by the Group.

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

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

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

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

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received; and
- makes adjustments specific to the lease, term and security.

Lease payments are allocated between principal and finance cost. The finance cost is computed so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Finance costs are recognised in profit or loss over the lease period, unless they are capitalised as part of the carrying amount of inventories if the right-of-use assets are attributable to inventories.

Right-of-use assets are initially measured at 'cost' which, where applicable, comprises the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are subsequently measured at cost, less accumulated depreciation and any accumulated impairment losses, except as highlighted below. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Depreciation is recognised in profit or loss unless it is capitalised as part of the carrying amount of inventories if the right-of-use assets are attributable to inventories. Since the Group applies the fair value model to its investment property, it also applies that fair value model to right-of-use assets that meet the definition of investment property.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

1. Summary of material accounting policies - Continued

1.17 Leases - Continued

1.17.2 Group is the lessor

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as an expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

1.18 Dividend distribution

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

2. Financial risk management

2.1 Financial risk factors

The activities of the Group, of which the Company forms part, potentially expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk, and liquidity risk. The Group's overall risk management, covering risk exposures for all group undertakings, focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the respective company's financial performance. The parent company's Board of Directors provides principles for overall group risk management, as well as policies covering risks referred to above and specific areas such as investment of excess liquidity. The Group did not make use of derivative financial instruments during the year.

A. Market risk

i. Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which are denominated in a currency that is not the respective entity's functional currency. The Group's revenues, operating and development expenditure and financial assets and liabilities, including financing, are denominated in euro. Accordingly, the Group is not significantly exposed to foreign exchange risk and a sensitivity analysis for foreign exchange risk disclosing how profit or loss and equity would have been affected by changes in foreign exchange rates that were reasonably possible at the end of the reporting period is not deemed necessary.

ii. Cash flow and fair value interest rate risk

The Group's significant instruments which are subject to fixed interest rates comprise bonds issued to the general public (Note 19). In this respect, the Group is potentially exposed to fair value interest rate risk in view of the fixed interest nature of these instruments, which are however measured at amortised cost. The Group's interest rate risk principally arises from bank borrowings issued at variable rates (Note 19) which expose the Group to cash flow interest rate risk. Management monitors the impact of changes in market interest rates on borrowing costs in respect of these liabilities. Based on this analysis, management considers the potential impact of a defined interest rate shift that is reasonably possible at the end of the reporting period to be immaterial. The Group's operating cash flows are substantially independent of changes in market interest rates.

2. Financial risk management - Continued

2.1 Financial risk factors - Continued

B. Credit risk

The Group is not significantly exposed to credit risk arising in the course of its principal activity relating to sale of residential units in view of the manner in which promise of sale agreements are handled through receipt of payments on account at established milestones up to delivery (see Note 18). The Group monitors the performance of the purchasers throughout the term of the related agreement in relation to meeting contractual obligations and ensures that contract amounts are fully settled prior to delivery.

Credit risk arises from cash and cash equivalents, other deposits with banks, investment in debt securities and receivables, which constitute the Group's major financial assets, and which are subject to the IFRS 9 expected credit loss model.

The Group's significant exposures to credit risk as at the end of the reporting periods are analysed as follows:

	GROUP		COMPANY	
	2025	2024	2025	2024
	€	€	€	€
<i>Financial assets measured at amortised cost:</i>				
Trade and other receivables (Note 12)	2,255,448	3,359,961	812,051	1,189,142
Cash and cash equivalents (Note 13)	1,984,159	13,247,505	659,674	13,172,811
	4,239,607	16,607,466	1,471,725	14,361,953

The Group is not exposed to significant credit risk in respect of debt securities which comprise Malta Government Securities listed on the Malta Stock Exchange (Note 10) taking into account the level of such investments. Accordingly, the expected credit loss is deemed to be insignificant.

The Group's exposures to credit risk are analysed in the statement of financial position and in the respective notes to the Financial Statements. The maximum exposure to credit risk at the end of the reporting period in respect of these financial assets is equivalent to their carrying amount. The Group does not hold any collateral as security in this respect except as outlined below.

The Group holds security deposits (Note 18) effected under operating lease arrangements by a number of tenants, which contain the potential expected credit losses on billing in advance.

The Group's receivables mainly comprise receivables in respect of rental operations and the provision of HVAC-related services. With respect to rental operations, the Group invoices its customers quarterly in advance and assesses the credit quality of its customers, taking into account financial position, past experience and other factors. With respect to HVAC-related services, customers are invoiced on a bi-monthly basis. The Group has policies in place to ensure that sales of services are effected to customers with an appropriate credit history. The Group monitors the performance of these financial assets on a regular basis. These receivables are principally in respect of transactions with entities for which there is no recent history of default. Management does not expect any material losses from non-performance by these debtors.

2. Financial risk management - Continued

2.1 Financial risk factors - Continued

B. Credit risk - Continued

The expected loss rates are based on the payment profiles of sales over the historical period available to the Group. Management also considers any adjustment to the historical loss rates to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The closing credit loss allowances for trade and other receivables as at 31 December 2025 were €57,000 (2024: €57,000).

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified expected credit loss was also insignificant.

The Company's receivables include amounts owed by joint venture and other related parties arising from transactions with these entities. The Company monitors intra-group credit exposures at individual entity level and ensures timely performance in the context of overall group liquidity management.

As at the end of the financial reporting period, the Group had no significant past due or credit impaired financial assets.

C. Liquidity risk

The Group is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally trade and other payables, borrowings and lease liabilities (refer to Notes 18, 19 and 20). One of the Group's principal liabilities consists of the liability towards the Government in respect of the temporary emphyteusis, which comprises cash payments and obligations through the performance of restoration and infrastructural works at Manoel Island and Tigné Point. The matters highlighted within Note 1.1.1 have impacted the Group's liquidity management process.

Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the Group's obligations. The Group's liquidity risk is managed actively by management. Management monitors liquidity risk by means of cash flow forecasts on the basis of expected cash flows from development and operation of the different phases of the project at Tigné Point and Manoel Island, when applicable. This includes reviewing the matching or otherwise of expected cash inflows and outflows arising from expected maturities of financial instruments, including specific funding in relation to the distinct project phases.

The Group reviews on a periodic basis its financing arrangements to ensure that it is in a position to meet its operational and cash flow commitments, also taking cognisance of the prevailing circumstances and the matters described in Notes 1.1.1 and 1.1.2.

The Group has assessed its financial requirements beyond the current period to 31 December 2026, particularly in light of its bond redemption scheduled for July 2026, which the Group anticipates to be in a position to repay from the liquidity generated from the sale of property, including Q3, and the compensation receivable from Government upon signing of the Settlement Deed. Bank borrowings, which are intrinsically linked to the Q3 project, will be settled through proceeds from the Q3 project. Liquidity risk is not deemed significant in the opinion of the Directors, taking into account the short-term funding arrangements referred to together with the Group's long-term liquidity management programme. More details are disclosed in Note 1.1.1 in this respect.

The Group's trade and other payables (Note 18), including the liability towards the Government and payments received on account are principally repayable within one year from the end of the reporting period. Payments received on account under promise of sale agreements do not give rise to cash outflows but would be utilised upon delivery of the related apartments in the expected time periods.

2. Financial risk management - Continued

2.1 Financial risk factors - Continued

C. Liquidity risk - Continued

The table below analyses the Group's principal financial liabilities giving rise to cash outflows into relevant maturity groupings based on the remaining period at year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. In relation to the amounts payable to Government as at 31 December 2024, amounts which at that time were to be satisfied through the performance of restoration works on major historical sites and the construction of public infrastructure works have been included in the table below

As referred to previously in Note 1.1.1, the amounts due to the Government of Malta as at 31 December 2025 will be extinguished by virtue of the Settlement Deed, which following the approval at the Extraordinary General Meeting, will be entered into, and which, amongst other things will have the effect of reversion of Manoel Island and Fort Tigné back to the Government of Malta, the extinguishment of the amounts payable to Government and the receipt by the Group of the net reimbursement amount of €42.7 million.

Group	Less than one year €	Between 1 and 2 years €	Between 2 and 5 years €	Over 5 years €	Total €
At 31 December 2025					
Bank borrowings	17,895,423	-	-	-	17,895,423
4% secured euro bonds 2026	52,000,000	-	-	-	52,000,000
Due to Government in relation to purchase of land	40,253,690	-	-	-	40,253,690
Lease liabilities	40,976	49,028	147,085	3,735,685	3,972,774
Other non-current liabilities	39,808	17,559	61,954	27,989	147,310
At 31 December 2024					
Bank borrowings	334,229	8,106,992	-	-	8,441,221
4% secured euro bonds 2026	2,000,000	52,000,000	-	-	54,000,000
Due to Government in relation to purchase of land	40,253,690	-	-	-	40,253,690
Lease liabilities	1,308,991	1,022,649	3,436,102	88,479,621	94,247,363
Other non-current liabilities	16,864	39,808	78,736	28,765	164,173

2. Financial risk management - Continued

2.1 Financial risk factors - Continued

C. Liquidity risk - Continued

Company	Less than one year €	Between 1 and 2 years €	Between 2 and 5 years €	Over 5 years €	TOTAL €
At 31 December 2025					
Bank borrowings	17,895,423	-	-	-	17,895,423
4% secured euro bonds 2026	52,000,000	-	-	-	52,000,000
Due to Government in relation to purchase of land	40,253,690	-	-	-	40,253,690
Lease liabilities	39,553	45,900	137,700	3,497,312	3,720,465
Other non-current liabilities	30,900	-	-	-	30,900

Company	Less than one year €	Between 1 and 2 years €	Between 2 and 5 years €	Over 5 years €	Total €
At 31 December 2024					
Bank borrowings	334,229	8,106,992	-	-	8,441,221
4% secured euro bonds 2026	2,000,000	52,000,000	-	-	54,000,000
Due to Government in relation to purchase of land	40,253,690	-	-	-	40,253,690
Lease liabilities	1,308,991	1,022,649	3,436,102	88,479,621	94,247,363
Other non-current liabilities	16,864	39,808	78,736	28,765	164,173

2.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (as shown in the statement of financial position) less cash and cash equivalents, other term placements with banks and debt investments. Total capital is calculated as equity, as shown in the statement of financial position, plus net debt.

2. Financial risk management - Continued

2.2 Capital risk management - Continued

	GROUP		COMPANY	
	2025	2024	2025	2024
	€	€	€	€
Total borrowings (Note 19)	67,104,009	59,752,376	67,104,009	59,752,376
Less:				
- cash and cash equivalents (Note 13)	(1,984,159)	(13,247,505)	(659,674)	(13,172,811)
- financial investments (Note 10)	(246,462)	(254,548)	(246,462)	(254,548)
Net debt	64,873,388	46,250,323	66,197,873	46,325,017
Total equity	51,462,713	93,386,383	26,817,308	69,494,638
Total capital	116,336,101	139,636,706	93,015,181	115,819,655
Gearing ratio	55.8%	33.1%	71.2%	40.0%

The Group manages the relationship between equity from shareholders and borrowings, being the constituent elements of capital, as reflected above with a view to managing the cost of capital. The Group maintains its level of capital by reference to its financial obligations and commitments arising from operational and financing requirements in relation to the different phases of the development project, where deemed applicable.

The Group's projected equity levels are being assessed in the context of the future business activities of the Group taking cognisance of the developments and events referred to in Note 1.1.1, focusing on the relationship between the amount of borrowings and shareholders' equity. As outlined previously within Note 1.1.1, due to arrangements in place with the Government of Malta, by virtue of the eventual Settlement Deed with the Government of Malta, the Group will be in a position to extinguish the amount payable to the Government of Malta in respect of Manoel Island, repay its bond liabilities and also the bank borrowings upon the delivery of the Q3 project. Hence the Group's major liabilities will be settled and no future long-term funding will be required for the restructured business activities going forward.

In view of the Group's activities comprised within its liquidity and capital management programmes referred to above, the stage of the Group's business activities going forward and the extent of projected borrowings or financing required, the capital level as at the end of the financial reporting period is currently deemed adequate by the Directors.

2. Financial risk management - Continued

2.3 Fair values of financial instruments not measured at fair value

At 31 December 2025 and 2024, the carrying amounts of financial instruments, comprising cash at bank, receivables, payables and accrued expenses approximated their fair values in view of the nature of the instruments or their short-term maturity. The fair value of non-current financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair value of the Group's bank borrowings (Note 19) as at the end of the reporting period is not materially different from the carrying amounts.

The current market interest rates utilised for discounting purposes, which were almost equivalent to the respective instruments' contractual interest rates, are deemed observable and accordingly, these fair value estimates have been categorised as Level 2 within the fair value measurement hierarchy required by IFRS 7, 'Financial Instruments: Disclosures'.

As at 31 December 2024, the Directors had assessed the fair value of the amount due to Government in relation to purchase of land (see Note 18) by reference to the original discount rate applied upon completion of the deed (see Note 11) adjusted by changes recorded since then in the yields to maturity of Malta Government securities with tenor similar to the repayment terms of the liability towards the Government. On this basis, the fair value at 31 December 2024 of the amount due to Government with respect to the purchase of land amounted to €38.2 million. As referred to previously in Note 1.1.1, the amounts due to the Government of Malta will be extinguished by virtue of the Settlement Deed, which following the approval at the Extraordinary General Meeting, will be entered into during 2026. Accordingly, the fair value as at 31 December 2025 is not deemed to be materially different from the carrying amount as of the same date.

The current market interest rates utilised for fair value estimation were considered observable and accordingly these fair value estimates had been categorised as Level 2.

Information on the fair value of the bonds issued to the public is disclosed in Note 19 to the Financial Statements. The fair value estimate in this respect is deemed Level 1 as it constitutes a quoted price in an active market.

3. Critical accounting estimates and judgement

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the Directors, the accounting estimates and judgements made in the course of preparing these Financial Statements are not subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

As referred to in Note 7 to the financial statements, specific elements of the Group's and Company's investment property are fair valued on the basis of valuation techniques. The Group's inventories – development project (Note 11) are carried at the lower of cost and net realisable value, where the latter is deemed relevant. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

4. Activities of the Group – segment information

Operating segments are reported in a manner consistent with the Group’s own internal reporting. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group’s other components, and for which discrete financial information is available. An operating segment’s operating results are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segment and to assess its performance executing the function of the chief operating decision-maker (“CODM”).

MIDI had entered into a 99-year emphyteutical grant with the Government of Malta on 15 June 2000 for the development of the Manoel Island and Tigné Point project.

As referred to previously in Note 1.1.1 - Developments during 2025 and after the end of the reporting period, in June 2025, Government withdrew its support for the Manoel Island project and the Board concluded that, given the change of stance of Government, a development of this scale and complexity would not succeed without the active support of Government. By virtue of the Settlement Deed, which will be entered into following approval at the Extraordinary General Meeting, Manoel Island and Fort Tigné will revert back to the Government, and the business of the Group will be modified accordingly.

During the years ended 31 December 2025 and 2024, the Group had two operating segments:

- development and sale of property, which comprises primarily the construction and sale of residential units within Tigné Point and up until June 2025, the Manoel Island project; and
- property rental and management, which involves the leasing and management of retail space at Pjazza Tigné and the catering units situated at the Foreshore as well as car park operations, services pertaining to HVAC and building technology services.

The Board of Directors assesses the performance of the segments on the basis of segment operating results, before financing costs and tax impact. The financial information for the reportable segments in relation to the years ended 31 December 2025 and 2024, is as follows:

	Development and sale of property		Property rental and management		GROUP	
	2025	2024	2025	2024	2025	2024
	€	€	€	€	€	€
Segment revenue	26,000	128,000	3,385,726	3,217,422	3,411,726	3,345,422
Segment results						
- Operating (loss)/profit	(30,627,076)	(3,538,795)	(10,741,647)	624,103	(41,368,723)	(2,914,692)
- Segment total assets	150,318,289	175,605,144	28,700,422	41,256,396	179,018,711	216,861,540
- Segment total liabilities	130,522,276	135,215,273	27,687,083	30,075,237	158,209,359	165,290,510

4. Activities of the Group – segment information - Continued

A reconciliation of segment total assets and liabilities, to the amounts presented in the consolidated financial statements, is as follows:

	GROUP	
	2025	2024
	€	€
Total assets		
Total assets for reportable segments	179,018,711	216,861,540
Unallocated items	30,653,361	41,815,353
Consolidated total assets	209,672,072	258,676,893
Total liabilities		
Total liabilities for reportable segments	158,209,359	165,290,510
Consolidated total liabilities	158,209,359	165,290,510

The Group's revenues are derived from operations carried out principally in Malta. Considering the nature of the Group's activities, its non-current assets are predominantly located in Malta.

In 2025, the Group generated revenue amounting to €657,726 and €444,462 from two customers representing 20% and 14% of the Group's revenue respectively which are attributable to the property rental and management segment. In 2024, the Group generated revenue amounting to €598,734 and €442,625 from two customers representing 18% and 13% of the Group's revenue respectively which are attributable to the property rental and management segment.

Other disclosures in terms of the requirement of IFRS 8, 'Operating Segments' were not deemed necessary in the context of the amounts disclosed in the table above and the nature of such requirements, taking into account the business of the respective segment.

5. Property, plant and equipment

Group	Land and buildings €	Plant and integral assets €	Office equipment, furniture and fittings €	Total €
At 1 January 2024				
Cost	1,376,582	7,971,536	2,250,464	11,598,582
Accumulated depreciation and impairment losses	(651,900)	(6,932,264)	(2,097,816)	(9,681,980)
Net book amount	724,682	1,039,272	152,648	1,916,602
Year ended 31 December 2024				
Opening net book amount	724,682	1,039,272	152,648	1,916,602
Additions	-	24,200	17,811	42,011
Depreciation charge	(8,878)	(190,022)	(38,010)	(236,910)
Closing net book amount	715,804	873,450	132,449	1,721,703
At 31 December 2024				
Cost	1,376,582	7,995,736	2,268,275	11,640,593
Accumulated depreciation and impairment losses	(660,778)	(7,122,286)	(2,135,826)	(9,918,890)
Net book amount	715,804	873,450	132,449	1,721,703
Year ended 31 December 2025				
Opening net book amount	715,804	873,450	132,449	1,721,703
Additions	-	13,452	5,969	19,421
Impairment loss	(706,926)	(428,000)	-	(1,134,926)
Disposals	-	-	(24,500)	(24,500)
Depreciation charge	(8,878)	(170,651)	(25,749)	(205,278)
Depreciation released on disposals	-	-	2,450	2,450
Closing net book amount	-	288,251	90,619	378,870
At 31 December 2025				
Cost	1,376,582	8,009,188	2,249,744	11,635,514
Accumulated depreciation and impairment losses	(1,376,582)	(7,720,937)	(2,159,125)	(11,256,644)
Net book amount	-	288,251	90,619	378,870

5. Property, plant and equipment - Continued

As previously noted in Note 1.1.1 - Developments during 2025 and after the end of the reporting period, pursuant to the Settlement Deed which will be entered into between the Government of Malta and the Group, following the approval at the Extraordinary General Meeting, the Group will no longer be in a position to continue occupying the premises located on Manoel Island in view of the reversion of Manoel Island to the Government. These premises, which prior to the dispute with Government served as the Group's offices, had been recognised in these financial statements under land and buildings. The Directors resolved to write down the carrying amount of this asset to its nil recoverable amount by recognising an impairment charge, which has been reflected in both the Group's consolidated income statement and the Company's separate income statement.

The Directors had assessed the fair value of the land and buildings at 31 December 2024, which fair value was deemed to fairly approximate the carrying amounts. No adjustments to carrying amounts had been recognised in respect of the property since initial recognition, taking cognisance of the nature and use of the property in the conditions prevailing at the time.

Plant and integral assets represent the investment in an HVAC plant. As at 31 December 2025, the Directors reviewed the estimated recoverable amount of the Group's plant and equipment and recognised an impairment charge of €428,000 in respect of the HVAC plant, reflecting its value in use. The value in use is estimated on the basis of average annual net operating cash inflows of €100,000 and a discount rate of 8%.

Hence, the Group's land and buildings are stated at amounts which are equivalent to those presented on the historical cost basis, as follows:

	2025	2024
	€	€
Cost	1,376,582	1,376,582
Accumulated depreciation and impairment losses	(1,376,582)	(660,778)
Net book amount	-	715,804

Group borrowings are secured on the Group's property, plant and equipment (Note 19).

5. Property, plant and equipment - Continued

Company	Land and buildings €	Plant and integral assets €	Office equipment, furniture and fittings €	Total €
At 1 January 2024				
Cost	1,376,582	7,971,536	1,055,461	10,403,579
Accumulated depreciation and impairment losses	(651,900)	(6,932,264)	(1,037,910)	(8,622,074)
Net book amount	724,682	1,039,272	17,551	1,781,505
Year ended 31 December 2024				
Opening net book amount	724,682	1,039,272	17,551	1,781,505
Additions	-	24,200	8,729	32,929
Depreciation charge	(8,878)	(190,022)	(7,043)	(205,943)
Closing net book amount	715,804	873,450	19,237	1,608,491
At 31 December 2024				
Cost	1,376,582	7,995,736	1,064,190	10,436,508
Accumulated depreciation and impairment losses	(660,778)	(7,122,286)	(1,044,953)	(8,828,017)
Net book amount	715,804	873,450	19,237	1,608,491

5. Property, plant and equipment - Continued

Company	Land and buildings €	Plant and integral assets €	Office equipment, furniture and fittings €	Total €
At 1 January 2025				
Cost	1,376,582	7,995,736	1,064,190	10,436,508
Accumulated depreciation and impairment losses	(660,778)	(7,122,286)	(1,044,953)	(8,828,017)
Net book amount	715,804	873,450	19,237	1,608,491
Year ended 31 December 2025				
Opening net book amount	715,804	873,450	19,237	1,608,491
Additions	-	13,452	-	13,452
Impairment loss	(706,926)	(428,000)	-	(1,134,926)
Depreciation charge	(8,878)	(170,651)	(4,543)	(184,072)
Closing net book amount	-	288,251	14,694	302,945
At 31 December 2025				
Cost	1,376,582	8,009,188	1,064,190	10,449,960
Accumulated depreciation and impairment losses	(1,376,582)	(7,720,937)	(1,049,496)	(10,147,015)
Net book amount	-	288,251	14,694	302,945

6. Right-of-use assets

The Group recognised lease liabilities and right-of-use assets in relation to future ground rent payable to the Government of Malta under the terms of the emphyteutical deed attributable to land at Manoel Island and Tigné Point, acquired from the Government for the purposes of the development project by virtue of a 99-year emphyteutical grant entered into on 15 June 2000 (Note 11), which ground rent is deemed to be within scope of IFRS 16. These liabilities were measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease arrangement. The discount rate applied to the lease liabilities was 7.75%, which is the rate emanating from the deed for the acquisition of the land on title of temporary emphyteusis, entered into with the Government.

Ground rent payable by the Group in respect of which right-of-use assets and lease liabilities have been recognised, covers land and property which is classified as Investment Property or Inventories – Development project.

Ground rent payable in respect of portions of property which are classified as investment property gives rise to right-of-use assets attributable to investment property, which meet the definition of investment property. Ground rent payable in respect of portions of property which are categorised as inventories gives rise to right-of-use assets attributable to inventories.

6. Right-of-use assets - Continued

Group and Company	Investment property €	Inventories - Development project €	Total €
At 1 January 2024			
Cost	1,245,056	11,793,319	13,038,375
Accumulated depreciation	-	(723,947)	(723,947)
Carrying amount	1,245,056	11,069,372	12,314,428
Year ended 31 December 2024			
Opening carrying amount	1,245,056	11,069,372	12,314,428
Derecognition upon sale	-	(6,387)	(6,387)
Depreciation charge	-	(140,228)	(140,228)
Closing carrying amount	1,245,056	10,922,757	12,167,813
Group			
	Investment property €	Inventories - Development project €	Total €
At 31 December 2024			
Cost	1,245,056	11,786,932	13,031,988
Accumulated depreciation	-	(864,175)	(864,175)
Carrying amount	1,245,056	10,922,757	12,167,813
Year ended 31 December 2025			
Opening carrying amount	1,245,056	10,922,757	12,167,813
Derecognition due to adjustment to carrying amount of inventories to reflect realisable values	-	(10,969,102)	(10,969,102)
Derecognition due to fair value changes on investment property reclassified as held for sale	(498,585)	-	(498,585)
Other adjustments	(664,526)	664,526	-
Depreciation charge	-	(148,709)	(148,709)
Closing carrying amount	81,945	469,472	551,417
At 31 December 2025			
Cost	81,945	538,212	620,157
Accumulated depreciation	-	(68,740)	(68,740)
Carrying amount	81,945	469,472	551,417

6. Right-of-use assets - Continued

Company	Investment property €	Inventories - Development project €	Total €
At 31 December 2024			
Cost	1,245,056	11,786,932	13,031,988
Accumulated depreciation	-	(864,175)	(864,175)
Carrying amount	1,245,056	10,922,757	12,167,813
Year ended 31 December 2025			
Opening carrying amount	1,245,056	10,922,757	12,167,813
Derecognition upon transfer of properties to subsidiary	(472,006)	-	(472,006)
Derecognition due to adjustment to carrying amount of inventories to reflect realisable value	-	(10,969,102)	(10,969,102)
Derecognition due to fair value changes on investment property reclassified as held for sale	(72,784)	-	(72,784)
Other adjustments	(664,526)	664,526	-
Depreciation charge	-	(148,709)	(148,709)
Closing carrying amount	35,740	469,472	505,212
At 31 December 2025			
Cost	35,740	538,212	573,952
Accumulated depreciation	-	(68,740)	(68,740)
Carrying amount	35,740	469,472	505,212

The Group reflects the depreciation charge on the right-of-use assets arising on property elements categorised as inventories and the finance costs on the related lease liabilities within the carrying amount of inventories through capitalisation of such amounts. As disclosed within Note 11, the depreciation charge on the right-of-use assets attributable to inventories, amounted to €148,709 for the year ended 31 December 2025 (2024: €140,228) and the interest expense on the related lease liabilities, amounted to €1,055,697 (2024: €1,046,348).

The fair value of the right-of-use assets attributable to investment property as at 31 December 2025 is fairly close to the carrying amount of the assets.

There were no additions to the right-of-use assets during the financial year ended 31 December 2025.

Upon the sale of property elements within Inventories to third parties, in line with the respective deed of sale, the ground rent attributable to the respective portion of the sold property becomes the burden of the new owner. Consequently, this gives rise to the derecognition of the related portion of the right-of-use asset recognised by the Company in respect of Inventories – Development project. The other adjustments refer to reclassifications of right-of-use assets between investment property and inventories, which have been accounted to align the right-of-use assets in line with the current use of specific elements of the Group's property.

6. Right-of-use assets - Continued

In view of the adjustments to the carrying amounts of inventories attributable to Manoel Island and of specific investment properties including Fort Tigné (refer to Note 1.1.1), the reversion of both Manoel Island and Fort Tigné to the Government upon the signing of the Settlement Deed reflecting the rescission of the emphyteutical grant in this respect, and the active plans to dispose of specific investment properties, the right-of-use assets with carrying amounts as at 31 December 2025 of €11.0 million and €0.5 million on Inventories – Development project and Investment property respectively, attributable to Manoel Island and investment properties including Fort Tigné, as disclosed in the table above, and the corresponding lease liabilities (Note 20) have been derecognised.

The net impact of the derecognition of the right-of-use assets and the related lease liabilities has been presented in conjunction with the adjustments to the carrying amounts of inventories and investment property on the face of the statement of profit or loss to reflect the substance of the impacts of the Settlement Deed and implied arrangement with Government, and to reflect the impacts of the planned disposals.

7. Investment property

	GROUP		COMPANY	
	2025	2024	2025	2024
	€	€	€	€
Year ended 31 December				
Opening carrying amount	36,231,697	36,231,697	36,231,697	36,231,697
Transfer to subsidiary	-	-	(34,136,255)	-
Fair value changes on investment property	(10,039,600)	-	-	-
Reclassification to non-current assets classified as held for sale	(22,555,923)	-	(1,980,923)	-
Closing carrying amount	3,636,174	36,231,697	114,519	36,231,697
Year ended 31 December				
Investment property	3,636,174	36,231,697	114,519	36,231,697
Non-current assets classified as held for sale	22,555,923	-	1,980,923	-
Carrying amount	26,192,097	36,231,697	2,095,442	36,231,697
At 1 January and at 31 December				
Cost	23,444,232	32,430,558	1,875,605	32,430,558
Fair value gains	2,747,865	3,801,139	219,837	3,801,139
Carrying amount	26,192,097	36,231,697	2,095,442	36,231,697

7. Investment property - Continued

By virtue of a public deed dated 9 July 2025, the Company transferred specific investment properties forming part of the Tigné Point development to its subsidiary, T14 Investments Limited, by way of a non-cash capital contribution. No consideration was received by the Company, and the transaction resulted in a corresponding increase in the Company's investment in subsidiary (Note 8).

As previously explained within Note 1.1.1 - Developments during 2025 and after the end of the reporting period, during 2025, the Group also commenced a process to dispose of specific investment properties in order to generate funds to meet its liabilities. The Group sounded the market in connection with the potential sale of these investment properties. As already publicly disclosed by the Board, the conditions for the Group negotiating these sales were far from ideal due to the public nature of the dispute with Government, which inevitably weakened its negotiating stance, as well as the urgency to conclude the sale process created by the impending maturity of the Bonds. At a more macro level, the negotiations have also been impacted by the conditions in the local market for commercial real estate, that is being affected by a marked increase in the supply of commercial properties in recent years.

The carrying amount of the Group's investment property as at 31 December 2025 has been adjusted to reflect the offers that were received for the properties that the Group has placed on the market, with a view to immediate sale. The Group has entered into promise of sale agreements in respect of certain property elements. Net fair value losses of €9.9 million have been reflected in profit or loss in respect of the carrying amount of investment property.

These losses comprise the net credit impact of the derecognition of the right-of-use assets and corresponding lease liabilities (see Notes 6 and 20) attributable to the specific investment properties, which have been reclassified to non-current assets classified as held for sale, in respect of which fair value losses have been registered. The Settlement Deed will enable the Group to conclude the sale of these assets, a number of which are already subject to a promise of sale agreement as highlighted.

In view of the promises of sale entered into by the Group and the planned disposal of specific investment properties, the Group has reclassified these specific investment properties as non-current assets classified as held for sale under the requirements of IFRS 5.

Rental income from investment property is disclosed in Note 4, presented as segment revenue attributable to the property rental and management segment.

Fair valuation of property as at 31 December 2024

All the recurring property fair value measurements at 31 December 2024 used significant unobservable inputs and were accordingly categorised within Level 3 of the fair valuation hierarchy.

At the end of the preceding reporting period management updated internally developed valuation models which were based on the discounted cash flow and comparable sales value approaches, for the purpose of ascertaining whether the carrying amount of the key components within the Group's property portfolio were significantly different from estimated fair values.

As at 31 December 2024, the valuation of the public car parking was performed using the sales comparison approach. The significant input to this approach was a sales price per car space related to transactions in comparable properties located in proximity to the Company's property.

As at 31 December 2024, the valuation of the property elements rented out for retail and other commercial business purposes, was based on the utilisation of a discounted cash flow approach focusing on contracted rental income streams and projected rentals covering the period subsequent to contract terms.

7. Investment property - Continued

Fair valuation of property as at 31 December 2024 - Continued

The fair value of the other investment properties was determined on the basis of a sales price per square metre, by reference to the sales value of comparable properties within close proximity. This value was adjusted taking into consideration the permits, ancillary facilities in the close proximity of the property and existing commitments.

No adjustment to the overall carrying amount of the investment property portfolio was deemed necessary at the end of the 2024 reporting period.

The information on the significant unobservable inputs (Level 3) utilised within the Company's internal valuation models as at 31 December 2024 is included below.

Description by class of property	Fair value as at 31 December 2024	Valuation technique	Significant unobservable input
	€		
Public car park space	18,204,518	sales comparison approach	sales price per car space of €30,000
Property used for retail and other commercial business	16,046,256	discounted cash flows	aggregate average rental income of circa €876,000, growth rate of circa 3% and discount rate which has been assumed to be in the region of 7.5%
Other property	1,980,923	sales comparison approach	average sales price per square metre of €1,429

Fair valuation of property as at 31 December 2025

The fair value of the investment property as at 31 December 2025 was adjusted to reflect the impacts of the Group's disposal process commenced during the year, taking into account the offers received and the promise of sale agreements actually entered into.

The carrying amounts of the public car park space at €10,875,000 and of the property used for retail and other commercial business at €9,700,000 reflect the adjustments necessary to take into account the terms of promise of sale agreements or non-binding offers received.

No adjustments were effected to the carrying amount of the Other property referred to in the table above, taking cognisance of the terms of the Settlement Deed.

7. Investment property - Continued

Fair valuation of property as at 31 December 2025 - Continued

With respect to the remaining commercial property which the Group still intends to hold, the valuation is based on the utilisation of a discounted cash flow approach focusing on contracted rental income streams and projected rentals covering the period subsequent to contract terms. In this respect, the information on the significant unobservable inputs (Level 3) utilised within the Company's internal valuation model as at 31 December 2025 is included in the table below.

Description by class of property	Fair value as at 31 December 2025	Valuation technique	Significant unobservable input
	€		
Property used for retail and other commercial business	3,522,000	discounted cash flows	aggregate average rental income of circa €176,000, growth rate of circa 3% and discount rate which has been assumed to be in the region of 7.5%

In relation to the property referred to within the table above, the higher the projected rental income streams and the growth rate, the higher the valuation. The inverse applies for changes in the discount rate. Group borrowings are secured on the Group's investment property (Note 19).

8. Investments in subsidiaries

	COMPANY	
	2025	2024
	€	€
Cost and carrying amount		
At beginning of the year	11,709,316	11,709,316
Additions	1,200	-
Transfer of property to subsidiary by way of capital contribution	34,136,255	-
Impairment charge	(8,553,380)	-
At end of year	37,293,391	11,709,316

8. Investments in subsidiaries - Continued

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

Group undertaking	Registered office	Class of shares held	Percentage of shares (and voting rights held)	
			2025	2024
Tigné Contracting Limited	North Shore, Manoel Island, Gżira, Malta	Ordinary shares	99.9%	99.9%
T14 Investments Limited	North Shore, Manoel Island, Gżira, Malta	Ordinary shares	99.9%	99.9%
Manoel Island Investments Limited	North Shore, Manoel Island, Gżira, Malta	Ordinary shares	100%	-

During 2025, the Company incorporated a new subsidiary, Manoel Island Investments Limited, a company registered in Malta, through an investment of €1,200.

As disclosed within Note 7, during 2025 the Company transferred certain investment properties forming part of the Tigné Point development to its subsidiary, T14 Investments Limited, by way of a non-cash capital contribution. No consideration was received by the Company, and the transaction resulted in a corresponding increase of €34.1 million in the Company's investment in subsidiary, as reflected in the table above.

In view of the developments relating to the planned disposal of specific investment properties referred to in Notes 1.1.1 and 7, the Group recognised fair value losses on the properties transferred by the Company to T14 Investments Limited. Accordingly, as at 31 December 2025, the carrying amount of the Company's investment in its subsidiary was written down by way of an impairment charge of €8.55 million so as to align this carrying amount to the underlying net asset value of T14 Investments Limited, which owns the properties that were subject to the fair value losses recognised within the Group's financial statements.

All shareholdings are held directly by MIDI p.l.c., to execute its group business as outlined in Note 4 also through these entities. The impact of the non-controlling interest in Tigné Contracting Limited and T14 Investments Limited on the Group's financial results and financial position is insignificant.

9. Investment in joint venture

	GROUP	
	2025	2024
	€	€
Year ended 31 December		
Opening carrying amount	27,437,668	28,095,459
Share of profit for the year	1,787,955	1,722,778
Share of other comprehensive income	(102,883)	(230,569)
Dividends receivable	(900,000)	(2,150,000)
Closing carrying amount	28,222,740	27,437,668
At 31 December		
Cost	2,000,000	2,000,000
Share of profits and reserves	26,222,740	25,437,668
Carrying amount	28,222,740	27,437,668

The Group's shares in the joint venture represent:

Jointly controlled entity	Registered office	Class of shares held	Percentage of shares (and voting rights held)	
			2025	2024
Mid Knight Holdings Limited	North Shore, Manoel Island, Gżira, Malta	Ordinary shares	50%	50%

The Group entered into a joint venture through T14 Investments Limited (a fully-owned subsidiary of MIDI p.l.c.) in Mid Knight Holdings Limited (the joint venture), which it jointly controls with Benny Holdings Limited. The principal business objective of Mid Knight Holdings Limited, which is not listed, was the development, management and administration of an office block and business centre on the T14 site located at Tigné Point in Sliema, 'The Centre'.

The Board of Mid Knight Holdings Limited commissioned an independent architect and civil engineer firm, QP, to prepare an open market valuation of its main asset, 'The Centre' as at 31 December 2025. The fair value of the property has been established by using a comparative approach, focusing on current selling prices and rental values of similar commercial properties in similar localities. In addition to the comparative approach, the fair value of the property is also assessed by reference to a Discounted Cash Flow approach, by considering the projected annual rental revenues and operating costs, applying a long-term growth rate and a discount rate to compute net present value. The jointly-controlled entity's management updates these discounted cash flow assessments on a yearly basis. The estimated fair value of the Temporary Utile Dominium of this property emanating from this assessment did not give rise to adjustments to the carrying amount of the property of Mid Knight Holdings Limited as at 31 December 2025.

The share of results accounted for in the Company's consolidated financial statements on the basis of the equity method of accounting, represents the share of profit of Mid Knight Holdings Limited principally arising from its rental operations and related property activities, and the share of other comprehensive income recognised by the jointly-controlled entity in respect of fair value changes of a derivative contract designated as a hedging instrument in a cash flow hedge.

9. Investment in joint venture - Continued

The dividends declared by Mid Knight Holdings Limited are payable to T14 Investments Limited, a fully owned subsidiary of the Company. During 2025, the Directors of T14 Investments Limited declared a final dividend of €900,000 (2024: €2,150,000) to the Company. Further details are included in Note 29.

As at 31 December 2025, the Directors reviewed the estimated recoverable amount of the investment and no impairment indicators were identified.

Summarised financial information in respect of Mid Knight Holdings Limited is set out below:

	2025	2024
	€	€
Summarised balance sheet		
Current assets		
Cash and cash equivalents	1,878,830	2,771,229
Other current assets	594,629	287,977
Total current assets	2,473,459	3,059,206
Non-current assets	85,316,565	84,826,782
Current liabilities		
Financial liabilities (excluding trade payables)	1,561,202	1,580,892
Other current liabilities	3,327,794	3,484,338
Total current liabilities	4,888,996	5,065,230
Non-current liabilities		
Financial liabilities (excluding trade payable)	20,240,197	27,730,071
Other non-current liabilities	6,215,315	6,215,351
Total non-current Liabilities	26,455,548	27,945,422
Net assets	56,445,480	54,875,336
	2025	2024
	€	€
Reconciliation to carrying amounts		
Operating net assets	54,875,336	56,190,919
Profit for the year	3,575,910	3,445,555
Other comprehensive income	(205,766)	(461,138)
Dividends paid	(1,800,000)	(4,300,000)
Closing net assets	56,445,480	54,875,336

9. Investment in joint venture - Continued

	2025	2024
	€	€
Group's share in %	50%	50%
Group's share in €	28,222,740	27,437,668
Carrying amount	28,222,740	27,437,668

	2025	2024
	€	€
Summarised statement of comprehensive income		
Revenue	5,330,449	5,170,774
Cost of sales	67,648	64,737
Gain from disposal of investment property	-	2,806
Depreciation and amortisation	35,866	20,096
Interest expense	689,647	576,196
Income tax expense	828,951	977,610
Profit for the year	3,575,909	3,445,555

Cash flow hedges		
Gains from changes in fair value of derivative instrument	87,619	77,730
Gains reclassified to profit or loss as reclassification adjustments	(293,385)	(538,868)
Other comprehensive income	(205,766)	(461,138)
Total comprehensive income	3,370,143	2,984,417

10. Financial investments

	GROUP AND COMPANY	
	2025	2024
	€	€
Year ended 31 December		
Opening carrying amount	454,548	453,132
(Losses)/gains from changes in fair value (Note 16)	(8,086)	1,416
Closing carrying amount	446,462	454,548
At 31 December		
Cost	432,040	432,040
Fair value gains (Note 16)	14,422	22,508
Carrying amount	446,462	454,548

The Group's financial investments which are measured at fair value through other comprehensive income, consist of equity investments and debt securities.

- a) Equity investments amounting to €200,000 (2024: €200,000) represent an interest in an unlisted local private company, Manoel Island Yacht Yard Limited. This equity investment is not held for trading and the Group has irrevocably elected at initial recognition to recognise such investment in the category of financial assets measured at fair value through other comprehensive income.

At the end of the reporting period, the cost of these investments approximates fair value and no movements have been reflected directly in equity in other comprehensive income.

- b) Debt securities with a cost amounting to €232,040 (2024: €232,040), comprise Malta Government securities listed on the Malta Stock Exchange which are subject to fixed rates of interest ranging from 4.5% to 5.2% and have maturity dates between 2028 and 2031. These investments have been classified at fair value through other comprehensive income, in view of the fact that the assets are held to collect contractual cash flows and to sell such assets. The fair value of the debt securities at the end of the reporting period, amounting to €246,462 (2024: €254,548), is based on the market value of the instruments as quoted on the Malta Stock Exchange. Accordingly, the fair value of these financial assets, based on quoted prices in an active market, is categorised as Level 1 within the fair value measurement hierarchy required by IFRS 7.

Considering the nature and amount of such investments, the Directors' view is that no further information on fair values is required under IFRS, apart from that provided in this note.

The expected credit loss on the debt securities is considered to be insignificant.

11. Inventories – Development project

The main object of the Group has been the development of a large area of land at Manoel Island and Tigné Point, acquired from the Government of Malta for this purpose by virtue of a 99-year emphyteutical grant entered into on 15 June 2000. This development has been intended in the main for resale purposes.

The contract of acquisition of the land provided for a premium of €92.17 million payable over an extended period of time, which was discounted to its present value amount of €42.62 million at date of purchase. The rate applied in discounting to present value the future outflows comprising the purchase consideration was 7.75% based upon the effective pre-tax return rate provided for in the deed of acquisition (refer to Note 18).

During the year ended 31 December 2025, the Company neared completion of the final residential block at Tigné Point referred to Q3 – Fortress Gardens which comprises of 63 apartments and underground parking as well as 2 commercial units. As at the end of December 2025, 59 units were subject to a promise of sale agreement. Development works during the year ended 31 December 2025, reflected within the table below, were mainly focused on this final residential development.

As disclosed in Note 1.1.1 - Developments during 2025 and after the end of the reporting period, in June 2025 Government withdrew its support for the Manoel Island project and publicly declared its intention to convert the island into a national park.

The Board's strategy in relation to the reimbursement claim from the Government of Malta was based on the carrying amount of the inventories attributable to Manoel Island as recognised in the Group's statement of financial position. Since the inception of the project, the Manoel Island inventories have been accounted for at cost in the Group's financial statements, comprising the purchase consideration for the land, expenditure incurred in connection with its subsequent development, costs of development works, design and other studies related to the project, as well as all other directly attributable expenditure and borrowing costs, including imputed interest specifically attributable to the Manoel Island development phase.

The Group limited its claim to the recovery of the actual costs incurred, with the objective of obtaining a reimbursement that approximates the carrying amount of the Manoel Island inventories and of Fort Tigné. Fort Tigné was the subject of the negotiations with Government during 2025 and, following the approval of the Extraordinary General Meeting, together with Manoel Island, will form part of the reversion of property to the Government of Malta pursuant to the Settlement Deed which will be entered into following the approval of these financial statements, in line with the negotiations conducted during 2025 and the settlement agreement ultimately reached. In adopting this approach, the Board sought to safeguard the value of the Group's shareholders' interests. Prior to the dispute with Government, the total carrying amount of Manoel Island (accounted for as inventory), net of the amount payable to the Government of Malta (see Note 18), and Fort Tigné (accounted for as investment property), net of the related right-of-use assets (Note 6) and corresponding lease liabilities (Note 20), amounted to €70.1 million.

The Board has publicly stated that the Group's claim, which was reviewed by the independent auditors appointed by the Lands Authority, confirmed the total claimable consideration and expenses related to the Manoel Island development project and Fort Tigné, amounted to €66.4 million. The eventual reimbursement offered by Government fell short of this amount, with an offer of €42.7 million. Consequently, the difference between the net carrying amount of the property subject to reversion to Government and the final reimbursement offer, equivalent to €27.4 million, has been accounted as a loss in the Group's income statement, principally to adjust the carrying amount of inventory to realisable values, net of related items. The adjustment to inventory reflected in the table below is before the net credit adjustment arising upon the derecognition of right-of-use assets and related lease liabilities attributable to Manoel Island (refer to Notes 6 and 20).

11. Inventories – Development project - Continued

Costs incurred on the project up to 31 December 2025 and 2024 comprised:

	GROUP		COMPANY	
	2025	2024	2025	2024
	€	€	€	€
Purchase cost of land (see note above):				
- At beginning and end of year	19,353,259	19,353,259	19,353,259	19,353,259
Cost of design works and other studies, demolition, excavation, construction and restoration works and other expenses incurred				
- At 1 January	89,528,730	77,689,074	89,528,730	77,689,074
- Additions for the year	16,177,683	13,699,428	16,177,683	13,699,428
- Depreciation of right-of use of assets (Note 6)	148,709	140,228	148,709	140,228
- Adjustment to the carrying amount to reflect realisable values	(20,481,263)	(2,000,000)	(20,481,263)	(2,000,000)
At 31 December	85,373,859	89,528,730	85,373,859	89,528,730
Borrowing costs attributable to the project:				
- At 1 January	54,447,081	53,327,140	54,447,081	53,327,140
- Interest on lease liabilities (Note 20)	1,055,697	1,046,348	1,055,697	1,046,348
- Bank and other interest	67,269	73,593	67,269	73,593
- Adjustment to the carrying amount to reflect realisable values	(10,751,910)	-	(10,751,910)	-
At 31 December	44,818,137	54,447,081	44,818,137	54,447,081
	149,545,255	163,329,070	149,545,255	163,329,070

12. Trade and other receivables

	GROUP		COMPANY	
	2025	2024	2025	2024
	€	€	€	€
Current				
Receivables in respect of rental operations net of credit loss allowances	597,502	747,836	119,962	747,836
Trade receivables - net of credit loss allowances	204,612	153,976	204,612	153,976
Amounts owed by joint venture	963,433	955,807	63,433	55,807
Amounts owed by other related parties	24,627	2,284	14,154	2,284
Amounts owed by third parties	339,824	1,500,058	339,824	143,259
Indirect taxation	103,886	-	103,886	-
Prepayments and other receivables	117,188	51,296	249,981	365,805
	2,351,072	3,411,257	1,095,852	1,468,967

Amounts owed by joint venture and other related parties are unsecured, interest-free, and repayable on demand. Receivables in respect of rental operations include an amount of €16,795 (2024: €17,534) which is due from related parties.

13. Cash and cash equivalents

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

	GROUP		COMPANY	
	2025	2024	2025	2024
	€	€	€	€
Cash at bank and in hand	1,500,089	12,763,435	175,604	12,688,741
Cash pledged as guarantees	484,070	484,070	484,070	484,070
Cash and cash equivalents	1,984,159	13,247,505	659,674	13,172,811

The cash and cash equivalents include amounts of €97,640 (2024: €97,640) which represent amounts held in trust arrangement earmarked for repayment of the matured bonds. This balance represents funds earmarked for the eventual repayment of the 7% EURO bonds 2016-2018 and 7% GBP bonds 2016-2018 which were redeemed by the Company on 15 December 2016, but to date remain unpaid to the bondholders or their heirs due to *causa mortis* and court orders.

14. Share capital

	GROUP AND COMPANY	
	2025	2024
	€	€
Authorised		
450,000,000 Ordinary shares of €0.20 each	90,000,000	90,000,000
Issued and fully paid		
214,159,922 Ordinary shares of €0.20 each	42,831,984	42,831,984

The Company had issued and allotted 67,369,922 ordinary shares with a nominal value of €0.20 each, fully paid up, which were offered at an Issue Price of €0.45 each, to the public. Pursuant to the Prospectus dated 1 November 2010, the share premium attributable to these issued shares, reflecting the difference of €0.25 between the Issue Price and the nominal value, amounting to €16,842,481, is presented separately in the statement of financial position. Share issue costs, amounting to €963,697, have been deducted from the share premium.

15. Property revaluation reserve

	GROUP	
	2025	2024
	€	€
Revaluation of land and buildings		
At 1 January	1,211,132	1,211,132
Realisation through transfer to retained earnings upon adjustments to the carrying amount of property	(1,211,132)	
At 31 December	-	1,211,132

The property revaluation reserve, which arose on property elements previously classified as property, plant and equipment, was non-distributable. In view of the developments described within Note 1.1.1, specifically, the planned disposal of elements of the Group's property portfolio and the resulting fair value losses reflected in respect of such properties, the revaluation surplus recognised in prior years on one of these properties was realised through transfer to retained earnings.

16. Investment fair value reserve

	GROUP AND COMPANY	
	2025	2024
	€	€
At 1 January	22,508	21,092
(Losses)/gains from changes in fair value of financial investments (Note 10)	(8,086)	1,416
At 31 December	14,422	22,508

The fair value reserve reflects the cumulative net changes in fair value of financial investments measured at fair value through other comprehensive income held by the Group and Company, which changes are recognised directly in equity in other comprehensive income.

The reserve is non-distributable.

17. Other reserves

	GROUP		COMPANY	
	2025	2024	2025	2024
	€	€	€	€
Merger reserve	-	-	23,060	23,060
Share of other comprehensive income attributable to the jointly-controlled entity	452,277	555,160	-	-
Total other reserves	452,277	555,160	23,060	23,060

The movements and description of the nature of each category are analysed as follows:

Merger reserve

By virtue of an agreement, MIDI p.l.c. transferred the 9,900 shares it held in its former subsidiary Tigné Point Marketing Limited of €2.329373 each to Tigné Contracting Limited, another subsidiary, for a consideration of €23,060. Pursuant to the said transfer of shares, the entirety of the issued share capital of Tigné Point Marketing Limited was held by Tigné Contracting Limited. MIDI p.l.c. holds 99.99% of the issued share capital in Tigné Contracting Limited. Subsequently, Tigné Point Marketing Limited and Tigné Contracting Limited have been amalgamated by a merger by acquisition in terms of the Companies Act (Cap. 386 of the Laws of Malta). Upon the merger by acquisition taking effect, Tigné Contracting Limited as the acquiring company succeeded to all the assets, rights, liabilities and obligations of Tigné Point Marketing Limited which in turn ceased to exist.

The consideration receivable by the Company from Tigné Contracting Limited had been recognised directly in equity as 'other reserves' upon the merger of the two entities.

17. Other reserves - Continued

Share of other comprehensive income attributable to the jointly-controlled entity

	GROUP	
	2025	2024
	€	€
At beginning of year	555,160	785,729
Share of:		
Gains from changes in fair value of derivative contract designated as hedging instrument in a cash flow hedge	43,810	38,865
Gains reclassified from equity to profit or loss as reclassification adjustments	(146,693)	(269,434)
At end of year	452,277	555,160

The jointly-controlled entity of the Group, Mid Knight Holdings Limited (Note 9) entered into a receive-floating, pay-fixed interest rate swap that is designated as a hedging instrument in a cash flow hedge to hedge its exposure to variable interest amounts on its floating rate borrowings due to fluctuations in EURIBOR interest rates until 1 March 2029. The notional amount of the derivative contract as at 31 December 2025 amounted to €17 million (2024: €17 million). In this respect, the jointly-controlled entity recognised within the hedging reserve the changes in fair value of the hedging instrument as at 31 December taking cognisance of reclassification adjustments to profit or loss until year end, and the Group reflected its share of this other comprehensive income directly within equity in these consolidated financial statements, utilising the equity method of accounting.

18. Trade and other payables

	GROUP		COMPANY	
	2025	2024	2025	2024
	€	€	€	€
Current				
Payments received on account	39,255,135	16,707,896	39,140,510	16,707,896
Due to Government in relation to purchase of land (Note 11)	40,253,690	40,253,690	40,253,690	40,253,690
Amounts owed to subsidiaries	-	-	13,291,534	8,977,830
Amounts owed to other related parties	15,865	3,964	15,865	3,964
Indirect taxation	208,824	142,996	-	108,036
Other payables	1,039,210	1,070,458	890,213	823,000
Accruals and deferred income	6,914,633	6,333,346	3,531,124	3,671,131
At 31 December	87,687,357	64,512,350	97,122,936	70,545,547

	GROUP AND COMPANY	
	2025	2024
	€	€
Non-current		
Payments received on account	-	20,533,400
Other payables	-	180,625
	-	20,714,025

Amounts owed to subsidiaries and other related parties are unsecured, interest-free, and repayable on demand.

18. Trade and other payables - Continued

Payments received on account represent deposits and amounts received from prospective purchasers on account of the purchase price of residential property pursuant to the signing of a promise of sale agreement, together with other intermediate payments pending the completion of the residential property and ensuing signing of the final deed of sale pertaining thereto. The carrying amount of these payments at 31 December 2025 amounted to €39,053,296 (2024: €37,236,296), which are being presented entirely as current liabilities taking cognisance of the expected delivery dates. The Group offers prospective purchasers (or their bankers) a special hypothec on the residential property limited to a maximum of 10% on the refundable amount of payments made in terms of the relative promise of sale. The Group's bankers have undertaken to postpone their hypothecary and privileged rights in favour of the aforementioned security provided to prospective purchasers (or their bankers).

As highlighted within Note 1.1.1, the effect of the judicial letters extends beyond Manoel Island to Tigné Point, thereby impairing the sale of property owned by MIDI at Tigné Point, including in the last remaining apartment block at Tigné Point, Q3. Before the notice of rescission was served, the Group had already contracted 59 promise of sale agreements in terms of which it had undertaken to transfer the property and give standard warranties including that the property was free from claims and litigation – something which it could not do following receipt of the notice of rescission.

The amount due to Government in relation to the purchase of land includes:

- (a) an amount, originally contracted at €11.65 million, which was being satisfied through the performance of restoration works on major historical sites forming part of the project;
- (b) an amount, originally contracted at €20.96 million, which was being satisfied through the construction of all the public infrastructure works required at Manoel Island and Tigné Point;
- (c) the balance which was being settled in cash.

Various costs incurred in respect of (a) and (b) above up to 31 December 2025 are included in Inventories – Development project and the amounts referred to would have been deducted from the amount due to Government when the completion stages stipulated in the relative lease agreement would have been attained. The Company has also carried out substantial works pertaining to (a) and (b) and which have already been deducted from amounts due to Government. The amounts due to Government with respect to the acquisition of land are secured by a first ranking special privilege on the emphyteutical concession at Tigné Point and Manoel Island, and a general hypothec over the Company's property (see also Note 19).

As referred to previously the amounts due to the Government of Malta as at 31 December 2025 will be extinguished by virtue of the Settlement Deed, which following the approval of the Extraordinary General Meeting, will be entered into, and which, amongst other things will have the effect of reversion of Manoel Island and Fort Tigné back to the Government of Malta, the extinguishment of the amounts payable to the Government and the receipt by the Group of the net reimbursement amount of €42.7 million.

Non-current other payables as at 31 December 2024 represented deposits received from a number of tenants under operating lease arrangements. These amounts are refundable upon the expiry of the respective lease terms and are subject to interest at a rate of 3% per annum. Amounts owed to related parties in this respect are disclosed in Note 36. As at 31 December 2025, these balances were presented as current payables based on the developments connected to the sale of property referred to previously in Note 1.1.1 and the applicable contractual terms.

19. Borrowings

	GROUP AND COMPANY	
	2025	2024
	€	€
Year ended 31 December		
Opening carrying amount	59,752,376	57,535,261
Repayments of bank loans	(9,380,367)	(1,825,000)
Additional bank loans	16,640,053	3,950,168
Amortisation of bond issue costs	91,947	91,947
Closing carrying amount	67,104,009	59,752,376
Non-current		
500,000 4% Secured Euro Bonds 2026	-	49,854,418
Bank loans	-	9,897,958
	-	59,752,376
Current		
500,000 4% Secured Euro Bonds 2026	49,946,365	-
Bank loans	17,157,644	-
	67,104,009	-
Total borrowings	67,104,009	59,752,376

The Company issued €50,000,000 4% secured euro bonds redeemable in 2026, which bonds were subscribed and admitted to listing on 3 August 2016. The bond issue's principal and interest are secured by a number of the Group's immovable properties as well as the Company's investment in Mid Knight Holdings Limited via its subsidiary T14 Investments Limited.

The quoted market price for the 4% secured euro bonds 2026 as at 31 December 2025 was €96.00 (31 December 2024: €99.80).

The bonds are measured at the amount of net proceeds adjusted for the amortisation of directly attributable and incremental transaction costs, consisting of bond issue costs incurred in the preparation and implementation of the bond issue, using the effective interest method as follows:

19. Borrowings - Continued

	GROUP AND COMPANY	
	2025	2024
	€	€
Face value of bonds		
500,000 4% Secured Euro Bonds 2026	50,000,000	50,000,000
Gross amount of bond issue costs	(1,709,201)	(1,709,201)
Amortisation up to end of year (refer to table below)	1,655,566	1,563,619
Unamortised bond issue costs	(53,635)	(145,582)
Amortised cost and closing carrying amounts of bonds	49,946,365	49,854,418

	GROUP AND COMPANY	
	2025	2024
	€	€
Accumulated amortisation of bond issue costs:		
At beginning of year	1,563,619	1,471,672
Amortisation charge for the year	91,947	91,947
At end of year	1,655,566	1,563,619

During the year, the Company effected withdrawals from its banking facility amounting to €16,640,053 (2024: €3,950,168) and repayments amounting to €9,380,367 (2024: €1,825,000), giving rise to a loan balance of €17,157,644 as at 31 December 2025 (2024: €9,897,958). This facility is secured by a general hypothec over the Group's assets and by a special hypothec over the Q3 residential property, currently under development. These general and special hypothecs rank after prior charges in favour of Government.

Bank borrowings are subject to floating rates of interest. The weighted average effective interest rates applied to bank borrowings as at the end of the reporting period were as follows:

	GROUP AND COMPANY	
	2025	2024
Bank Loans	4.3%	4.3%

Maturity of non-current borrowings as at 31 December:

	GROUP AND COMPANY	
	2025	2024
	€	€
Between one and two years	-	59,752,376
	-	59,752,376

20. Lease liabilities

The lease liabilities, in respect of the 99-year emphyteutical grant until 2099 (see Note 6), associated with the recognised right-of-use assets are analysed below:

	GROUP		COMPANY	
	2025	2024	2025	2024
	€	€	€	€
Lease liabilities				
Current	88,697	1,265,262	26,202	1,265,262
Non-current	657,122	15,439,575	657,122	15,439,575
	745,819	16,704,837	683,324	16,704,837

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

Group	INVESTMENT	INVENTORIES	TOTAL
	PROPERTY	DEVELOPMENT	
	€	€	€
At 1 January 2024	1,451,641	14,103,664	15,555,305
Derecognition upon sale (Note 6)	-	(6,387)	(6,387)
Interest charge	109,571	1,046,348	1,155,919
At 31 December 2024	1,561,212	15,143,625	16,704,837
At 1 January 2025	1,561,212	15,143,625	16,704,837
Derecognition due to adjustment to carrying amount of inventories to reflect realisable values (refer to Note 6)	-	(14,836,235)	(14,836,235)
Derecognition due to fair value changes on investment property reclassified as held for sale (refer to Note 6)	(674,360)	-	(674,359)
Other adjustments	(762,488)	762,488	-
Payments effected	(124,079)	(1,490,591)	(1,614,671)
Interest charge	110,550	1,055,697	1,166,247
At 31 December 2025	110,835	634,984	745,819

20. Lease liabilities - Continued

Company	INVESTMENT PROPERTY €	INVENTORIES DEVELOPMENT PROJECT €	TOTAL €
At 1 January 2024	1,451,641	14,103,664	15,555,305
Derecognition upon sale (Note 6)	-	(6,387)	(6,387)
Interest charge	109,571	1,046,348	1,155,919
At 31 December 2024	1,561,212	15,143,625	16,704,837
At 1 January 2025	1,561,212	15,143,625	16,704,837
Derecognition upon transfer of properties to subsidiary	(591,610)	-	(591,610)
Derecognition due to adjustment to carrying amount of inventories to reflect realisable values (refer to Note 6)	-	(14,836,235)	(14,836,235)
Derecognition due to fair value changes on investment property reclassified as held for sale (refer to Note 6)	(98,444)	-	(98,444)
Other adjustments	(762,488)	762,488	-
Payments effected	(124,080)	(1,490,591)	(1,614,671)
Interest charge	63,750	1,055,697	1,119,447
At 31 December 2025	48,340	634,984	683,324

The other adjustments refer to reclassifications of lease liabilities between investment property and inventories, which have been accounted to align the lease liabilities in line with the current use of specific elements of the Group's property.

The income statements reflect the following amounts relating to leases:

	GROUP		COMPANY	
	2025 €	2024 €	2025 €	2024 €
Interest expense included in finance costs - investment property (Note 27)	110,550	109,571	63,750	109,571

The interest expense on the lease liabilities, capitalised within inventories, amounted to €1,055,697 (2024: €1,046,348). The total cash payments for leases in 2025 were €1,614,671 (2024: nil).

21. Deferred taxation

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 35% (2024: 35%), with the exception of deferred taxation on fair value gains attributable to investment property which is computed utilising a tax rate of 10% (2024: 10%) on the basis applicable to property disposals.

The movement on the deferred income tax account is analysed as follows:

	GROUP		COMPANY	
	2025	2024	2025	2024
	€	€	€	€
At beginning of year	2,726,086	2,706,801	2,726,086	2,706,801
Transfer of deferred tax liability arising on fair valuation of investment property upon transfer of properties to subsidiary (see Note below)	-	-	(3,192,174)	-
Charged/(credited) to profit or loss (Note 30):				
- depreciation on property, plant and equipment	-	774	-	774
- fair value losses on investment property	(980,600)	-	(198,092)	-
- unutilised tax losses reflected during the year	-	(294,234)	-	(294,234)
- unutilised tax losses utilised during the year	-	312,745	-	312,745
- reversal in respect of unutilised tax losses	593,680	-	593,680	-
- reversal in respect of unutilised capital allowances	72,167	-	72,167	-
- reversal in respect of temporary differences arising on depreciation of property, plant and equipment	9,785	-	9,785	-
At end of year	2,421,118	2,726,086	11,452	2,726,086

The deferred tax balances analysed in the table below, arose from:

- temporary differences arising between the tax base and carrying amount of property, plant and equipment attributable to depreciation;
- fair value changes arising on investment property;
- unutilised tax losses; and
- unutilised capital allowances

21. Deferred taxation - Continued

	GROUP		COMPANY	
	2025	2024	2025	2024
	€	€	€	€
Deferred tax balances attributable to:				
- temporary differences arising on depreciation of property, plant and equipment	-	(9,785)	-	(9,785)
- unutilised tax losses	-	(593,680)	-	(593,680)
- unutilised capital allowances	-	(72,167)	-	(72,167)
- fair valuation of property	2,421,118	3,401,718	11,452	3,401,718
Net amount	2,421,118	2,726,086	11,452	2,726,086

Movements in deferred tax attributable to temporary differences arising on depreciation of property, plant and equipment, unutilised tax losses, unutilised capital allowances and changes in fair value of investment property are all recognised in profit or loss.

Deferred tax balances at 31 December are presented in the statement of financial position as follows:

	GROUP		COMPANY	
	2025	2024	2025	2024
	€	€	€	€
Deferred tax assets	-	(675,632)	-	(675,632)
Deferred tax liabilities	2,421,118	3,401,718	11,452	3,401,718
	2,421,118	2,726,086	11,452	2,726,086

The Company transferred specific investment properties to a subsidiary during the current financial year (Note 7), and simultaneously transferred the deferred tax liability on the fair valuation of these properties to the subsidiary. This liability was reflected as a payable to the subsidiary within the Company's statement of financial position, comprising in substance compensation for the tax impacts to the subsidiary of fair value changes recognised by the Company, upon eventual sale by the subsidiary.

The recognised deferred tax liabilities as at 31 December 2025 are expected to be settled principally within twelve months from the end of the reporting period.

At 31 December 2025, unrecognised deferred tax assets attributable to the Group, arising on unutilised tax losses and unutilised capital allowances, amounted to €146,708 (2024: €146,708) and €2,371,012 (2024: €2,357,533), respectively. Tax losses have no expiry date and capital allowances are forfeited upon cession of the trade.

22. Revenue

The Group's revenue includes revenue from the development and sale of property and income from property rental and management of certain areas within the project (Note 4).

23. Expenses by nature

	GROUP		COMPANY	
	2025	2024	2025	2024
	€	€	€	€
Properties management fees and similar service charges	1,283,641	446,365	1,219,495	446,365
Car park management fees	183,985	140,239	89,172	140,239
Expenses relating to heating, ventilation, and air conditioning (HVAC) services	1,180,235	508,512	1,180,235	508,512
Bad debts written off	-	37,149	-	37,149
Depreciation of property, plant and equipment (Note 5)	205,278	236,910	184,072	205,943
Employee benefit expense (Note 24)	2,057,506	1,601,604	2,057,506	1,601,604
Operating lease rentals payable:				
- vehicles	10,756	18,341	10,756	18,341
Directors' emoluments (Note 25)	102,004	118,992	102,004	118,992
Marketing expenses	45,199	27,550	45,199	27,550
Utilities	190,683	122,605	190,683	122,605
Security services	173,718	175,382	173,718	175,382
Legal and professional fees	570,632	409,789	562,377	403,793
Other expenses	475,872	479,193	475,207	490,823
Total cost of sales and administrative expenses	6,479,509	4,322,631	6,290,424	4,297,298

23. Expenses by nature - Continued

Auditor's fees

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

	GROUP		COMPANY	
	2025	2024	2025	2024
	€	€	€	€
Annual statutory audit	78,614	71,400	72,109	65,500

During the current year, fees amounting to €36,733 (2024: €13,380) and €36,733 (2024: €13,380) have been charged to the Group and Company respectively, by connected undertakings of the Group's auditor, in respect of tax advisory services and other advisory services.

24. Employee benefit expense

	GROUP AND COMPANY	
	2025	2024
	€	€
Wages and salaries	2,388,664	1,876,401
Social security costs	73,601	80,190
	2,462,265	1,956,591
Amounts reflected in Inventories – Development project	272,231	258,835
Amounts expensed in profit or loss	2,057,506	1,601,604
Amounts incurred on behalf of third parties	99,528	63,152
Amounts recharged to joint venture	33,000	33,000
	2,462,265	1,956,591

Average number of persons employed by the Group and Company during the year:

	GROUP AND COMPANY	
	2025	2024
Technical and administration	34	37

25. Directors' emoluments

	GROUP AND COMPANY	
	2025	2024
	€	€
Salaries and other emoluments (included in Note 24 – Employee benefit expense)	154,350	204,351
Directors' fees (included in Note 23 – Expenses by nature)	102,004	118,992

26. Finance income

	GROUP AND COMPANY	
	2025	2024
	€	€
Interest income from:		
- bank deposits	125,194	282,740
- investment in debt securities	8,848	11,022
	134,042	293,762

27. Finance costs

	GROUP		COMPANY	
	2025	2024	2025	2024
	€	€	€	€
Interest and related expense recognised in profit or loss on:				
- Bank loans and overdrafts	364,076	452,985	364,076	452,985
- Bonds issued to the general public:				
- coupon interest payable	2,002,746	2,002,186	2,002,746	2,002,186
- amortisation of difference between net proceeds and redemption value	91,947	91,947	91,947	91,947
- Interest on lease liabilities	110,550	109,571	63,750	109,571
- Bank and other charges	82,744	145,841	81,407	145,261
	2,652,063	2,802,530	2,603,926	2,801,950

Finance costs capitalised are disclosed in Note 11 to these Financial Statements.

28. Other operating income

	GROUP AND COMPANY	
	2025	2024
	€	€
Service and administration fees	62,989	60,842
Management fees receivable	862	1,675
	63,851	62,517

29. Dividend income

The Company's dividend income comprises a distribution of €900,000 (2024: €2,150,000) received from T14 Investments Limited, a subsidiary of MIDI p.l.c..

In 2025, the Group's dividend income represented a dividend of €50,000 received from Manoel Island Yacht Yard Limited. No such dividend was received in 2024.

30. Tax (income)/expense

	GROUP		COMPANY	
	2025	2024	2025	2024
	€	€	€	€
Current taxation:				
Current tax expense	68,881	369,605	23,028	369,605
Deferred taxation (Note 21):				
Current year (credit)/expense	(304,969)	(293,460)	477,540	(293,460)
Tax (income)/expense	(236,088)	76,145	500,568	76,145

30. Tax (income)/expense - Continued

The tax on the loss of the Group and the Company differs from the theoretical amount that would arise using the basic tax rate as follows:

	GROUP		COMPANY	
	2025	2024	2025	2024
	€	€	€	€
Loss before taxation	(42,048,789)	(3,700,682)	(42,168,676)	(3,247,547)
Tax at 35%	(14,717,076)	(1,295,239)	(14,759,037)	(1,136,641)
Tax effect of:				
- expenses not deductible for tax purposes	15,581,395	2,416,691	15,192,962	2,407,621
- application of different tax rate to property disposals	(6,500)	(32,000)	(6,500)	(32,000)
- application of different tax rate to rental income	(61,136)	-	-	-
- application of different tax rate to interest income	(27,237)	(58,753)	(27,237)	(58,753)
- application of different tax treatment to dividend received	(17,500)	-	(332,500)	(752,500)
- recognition of deferred tax asset attributable to unutilised tax losses and capital allowances	(12,622)	(294,234)	-	(294,234)
- reversal of deferred tax asset attributable to unutilised tax losses, capital allowances and temporary differences arising from depreciation of property, plant and equity	675,632	-	675,632	-
- reversal of deferred tax liability due to fair value losses attributable to investment property	(980,600)	-	(198,092)	-
- share of profit of joint venture	(625,784)	(602,972)	-	-
- maintenance allowance claimed in respect of rental income	(44,660)	(57,348)	(44,660)	(57,348)
Tax (income) / expense in accounts	(236,088)	76,145	500,568	76,145

31. Earnings per share

Earnings per share is calculated by dividing the results attributable to equity holders of the Company by the weighted average number of ordinary shares of MIDI p.l.c. in issue during the year.

	GROUP	
	2025	2024
Loss attributable to equity holders of the Company	(€41,812,701)	(€3,776,827)
Weighted average number of ordinary shares in issue	214,159,922	214,159,922
Earnings per share	(€0.195)	(€0.018)

The Company has no instruments or arrangements which give rise to dilutive potential ordinary shares, and accordingly, diluted earnings per share is equivalent to basic earnings per share.

32. Dividends

	GROUP AND COMPANY	
	2025	2024
	€	€
Net dividends paid on ordinary shares	-	1,927,439
Net dividends per share	-	0.009

The Board of Directors has resolved not to recommend a dividend payment in respect of the financial year ended 31 December 2025.

33. Cash used in operations

Reconciliation of operating loss to cash used in operations:

	GROUP		COMPANY	
	2025	2024	2025	2024
	€	€	€	€
Operating loss	(41,368,723)	(2,914,692)	(40,648,792)	(2,889,359)
Adjustments for:				
Depreciation of property, plant and equipment (Note 5)	205,278	236,910	184,072	205,943
Adjustment to the carrying amount of inventories to reflect realisable values, net of related items	27,366,040	2,000,000	27,366,040	2,000,000
Loss on disposal of property, plant and equipment (Note 5)	22,050	-	-	-
Fair value changes on investment property, net of related items	9,863,825	-	(25,660)	-
Impairment charges on property, plant and equipment (Note 5)	1,134,926	-	1,134,926	-
Impairment charge on investments in subsidiaries	-	-	8,553,380	-
Changes in working capital:				
Trade and other receivables	1,060,185	(345,452)	1,273,115	2,148,423
Trade and other payables	2,506,834	6,251,263	2,551,586	6,138,680
Inventories – Development project	(16,393,661)	(13,773,021)	(16,393,661)	(13,773,021)
Cash used in operations	(15,603,246)	(8,544,992)	(16,004,994)	(6,169,334)

34. Commitments

As at 31 December 2024, in addition to settling the liabilities associated with the purchase price of the land (see Note 18), the emphyteutical grant entered into with the Government provided for a series of development obligations relating to the contents of the project and the timescales over which it should be completed. Note 1.1.1 discloses the developments in respect of the project and the new arrangements in place with Government as a consequence of the settlement arrangement entered into by virtue of which Manoel Island and Fort Tigné will revert to Government. A reimbursement amount will be forwarded to the Group upon signing of the Settlement Deed and the amount payable to Government will be extinguished accordingly, reflecting the rescission of the emphyteutical grant in respect of Manoel Island and Fort Tigné.

As at 31 December 2025, the Group had outstanding contractual commitments for project development works for the approximate amount of €12.3 million (2024: €20.4 million), which includes the amounts disclosed in Note 36.

34. Commitments - Continued

Operating lease commitments – where the Group/Company is the lessor

The future minimum lease payments receivable under non-cancellable operating leases, which are primarily entered into by the Company in relation to rental operations, are as follows:

	GROUP		COMPANY	
	2025	2024	2025	2024
	€	€	€	€
Not later than 1 year	1,536,059	1,596,443	637,928	1,596,443
Later than 1 year and not later than 5 years	2,275,247	2,063,731	437,483	2,063,731
Over 5 years	64,823	116,340	5,795	116,340
	3,876,129	3,776,514	1,081,206	3,776,514

The operating lease agreements entered into by the Company typically run for a significant number of years. These contracts generally provide that the lease payments increase by a predetermined percentage every year, which increases have been reflected in the figures above. A number of these arrangements also provide for contingent rentals based on outlet turnover levels.

Operating lease commitments – where the Group/Company is the lessee

The future minimum lease payments payable under motor vehicle and other non-cancellable operating leases, subject to normal commercial terms and conditions, are as follows:

	GROUP AND COMPANY	
	2025	2024
	€	€
Not later than 1 year	6,797	6,797
Later than 1 year and not later than 5 years	5,664	12,461
	12,461	19,258

The Group and Company have recognised right-of-use assets for leases, except for short-term and low-value leases, in accordance with the requirements of IFRS 16 (Note 6). The lease arrangements in place for motor vehicles fall within the definition of short-term leases for the purposes of IFRS 16.

As previously explained within Note 1.1.1 - Developments during 2025 and after the end of the reporting period, during 2025, the Group also commenced a process to dispose of specific investment properties in order to generate funds to meet its liabilities. Upon entering into the deed of sale in 2026, the Group will no longer be a lessor, and accordingly, the respective operating lease commitments will be extinguished.

35. Contingencies

- (a) In terms of the Emphyteutical Deed, the Company is responsible for the construction and installation of the public infrastructure including drainage, water, electricity and telecommunications distribution systems, which on completion of each phase shall pass on to Government. The Company maintains that the circumstances from when the Emphyteutical Deed was entered into have now changed whereby state monopoly over telecommunication infrastructure has been removed and that accordingly telecommunication infrastructure should not revert back to Government upon completion of each phase. The Group has sought assurances from Government in respect of this matter, however as of date of approval of financial statements, such process has not been formally concluded. The Directors do not believe that this matter has any significant financial impact on the Group.
- (b) The Company has received claims from property buyers mainly related to damages allegedly incurred by them due to latent defects in their apartments and other differences. To date some of the pending claims were pursued in court; however, the amount of the claims, where quantified, were not deemed material by the Company's Directors.
- (c) The Company has received a claim from a property buyer who maintains that the operational procedure implemented by the Company with regards to the use and levying of membership fees for the Tigné Point pool is not in line with the claimant's interpretations of the relevant contractual provision. The Court has been asked to (i) determine that the claimant's interpretation is valid and correct and should be the one implemented going forward, (ii) declare that the Company has breached the contractual provision by adopting its own contribution mechanism for the years 2020 - 2022 and (iii) liquidate the excess amount paid to be reimbursed accordingly. The Company believes the outcome of this case will ultimately be immaterial to the financial statements.
- (d) At 31 December 2025, the Group has contingent liabilities amounting to €350,000 (2024: €350,000), €85,000 (2024: €85,000), €5,000 (2024: €5,000) and €44,070 (2024: €44,070) in respect of guarantees issued by the bank in the ordinary course of business in favour of the PA, the ERA, the Building Regulation Office and the Building and Construction Authority, respectively.
- (e) At 31 December 2025, the Company has contingent liabilities in respect of guarantees given to the bank to secure the banking facilities of its related party for the amount of €119,400 (2024: €119,400).
- (f) A legal intimation has been received by the Company in connection with the non-progression of a proposed business transaction. As at the date of approval of these financial statements, no legal proceedings have been commenced in connection with this matter. The Directors are of the opinion that a material outflow of resources in relation to this matter is remote.

36. Related party transactions

All companies forming part of the respective groups of companies of which Alf. Mizzi & Sons Limited, Gasan Enterprises Limited, MAPFRE MSV Life p.l.c., Polidano Brothers Limited, Vassallo Builders Group Limited and Lombard Bank Malta p.l.c. form part, are considered by the Directors to be related parties together with First Gemini p.l.c., by virtue of the shareholding that the companies and persons referred to have in MIDI p.l.c.. All entities owned, controlled or significantly influenced by the Company's ultimate shareholders, together with the Company's Directors, close members of their families and all entities owned, controlled or significantly influenced by these individuals, are the principal related parties of the Group.

As explained in Note 9, the Company has a 50% shareholding in Mid Knight Holdings Limited, a joint venture through T14 Investments Limited (a fully-owned subsidiary).

The following transactions were carried out with related parties:

	GROUP		COMPANY	
	2025	2024	2025	2024
	€	€	€	€
<i>i) Sale of goods and services</i>				
Sale of services to other related parties	359,279	387,430	359,279	387,430
<i>ii) Purchase of goods and services</i>				
Purchase of services from subsidiaries	-	-	11,700,894	11,081,162
Purchase of services from other related parties	96,667	84,685	96,667	84,435

At the end of the reporting period, the Group had no outstanding contractual commitments with related parties for project development (2024: €1,664,964).

	GROUP		COMPANY	
	2025	2024	2025	2024
	€	€	€	€
<i>iii) Rental income</i>				
Revenue earned during the current financial year from other related parties	171,084	166,101	99,369	166,101
Balances as at 31 December included with other non-current liabilities (Note 18)	35,000	35,000	-	35,000
<i>iv) Bank loans from shareholders</i>				
Balances at 31 December	17,157,644	9,897,931	17,157,644	9,897,931
Net interest charged during the year	431,345	452,985	431,345	452,985

36. Related party transactions - Continued

As at 31 December 2025, the Group and Company had banking facilities for the amount of €17,157,644 (2024: €9,897,958) sanctioned by related parties (terms and conditions are reflected in Note 19).

	GROUP		COMPANY	
	2025	2024	2025	2024
	€	€	€	€
<i>v) Bank deposits with shareholders</i>				
Balances at 31 December	1,265,575	10,071,289	846	10,071,289
Interest income earned	125,195	104,518	125,195	104,518

Movements in the assets referred to above are analysed in the statements of cash flows.

	GROUP AND COMPANY			
	Face value of bonds Held at 31 december		Interest payable during the years	
	2025	2024	2025	2024
	€	€	€	€
<i>vi) Bonds held by related parties</i>				
Held by related parties in own name	261,500	261,500	10,460	10,460

The Directors are the Group's key management personnel and transactions with these related parties consist solely of Directors' remuneration as disclosed in Note 25.

Wages and salaries recharged to subsidiaries are disclosed in Note 24.

The Company received gross dividends amounting to €900,000 (2024: €2,150,000) from its subsidiary T14 Investments Limited.

The transactions undertaken with related parties, disclosed above, were carried out on commercial terms in the normal course of business and are subject to scrutiny by the Board of Directors.

Balances outstanding as at the year end with respect to Group subsidiaries and other related parties are disclosed in Notes 12 and 18 to the Financial Statements. Interest receivable and payable in this respect are also disclosed in Notes 26 and 27, respectively.

The Group also enters into other transactions with other related parties, such as the placement of insurance risks, but the related transaction amounts are not considered to have a material impact on the financial results and financial position of the Group.

37. Statutory information

MIDI p.l.c. is a public limited liability Company and is incorporated and registered in Malta, with its registered address at North Shore, Manoel Island, Gżira, Malta.

FIVE YEAR RECORD

FIVE YEAR RECORD

GROUP					
SUMMARISED RESULTS					
	2025	2024	2023	2022	2021
	€'000	€'000	€'000	€'000	€'000
Revenue	3,412	3,345	4,071	3,415	9,417
Cost of sales	(2,757)	(1,437)	(1,234)	(1,339)	(5,052)
Gross profit	655	1,908	2,837	2,076	4,365
Changes in fair value attributable to investment property	-	-	-	(1,050)	-
Adjustment to carrying amount of inventories to reflect realisable values, net of related items	(27,366)	(2,000)	(1,110)	-	-
Impairment charge on property, plant and equipment	(1,135)	-	-	-	-
Fair value changes on investment property, net of related items	(9,864)	-	-	-	-
Administrative expenses	(3,723)	(2,885)	(2,904)	(2,484)	(2,547)
Other operating income	64	63	50	51	46
Operating loss	(41,369)	(2,914)	(1,127)	(1,407)	1,864
Net finance costs	(2,518)	(2,509)	(2,527)	(2,701)	(2,446)
Other income	50	-	39	-	50
Share of profit of investment accounted for using the equity method of accounting	1,788	1,723	1,559	1,984	2,031
Result before tax	(42,049)	(3,700)	(2,056)	(2,124)	1,499
Overall result for the year	(41,813)	(3,777)	(1,518)	(2,276)	558
SUMMARISED FINANCIAL POSITION					
	2025	2024	2023	2022	2021
	€'000	€'000	€'000	€'000	€'000
Shareholders' funds	51,463	93,386	99,320	101,275	102,388
Borrowings	67,104	59,752	57,535	62,667	59,579
Total capital employed	118,567	153,138	156,855	163,942	161,967
Non-current assets	33,236	78,689	79,707	83,176	83,023
Current assets	176,436	179,988	175,036	148,675	142,674
Liabilities (excluding borrowings)	(91,105)	(105,539)	(97,888)	(67,909)	(63,730)
Total assets less liabilities (excluding borrowings)	118,567	153,138	156,855	163,942	161,967

INDEPENDENT AUDITOR'S REPORT



Independent auditor's report

To the Shareholders of MIDI p.l.c.

Report on the audit of the financial statements

Our opinion

In our opinion:

- The Group financial statements and the Parent Company financial statements (the “financial statements”) of MIDI p.l.c. give a true and fair view of the Group and the Parent Company’s financial position as at 31 December 2025, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (‘IFRSs’) as adopted by the EU; and
- The financial statements have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

Our opinion is consistent with our additional report to the Audit Committee.

What we have audited

MIDI p.l.c.’s financial statements comprise:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

Independence

We are independent of the Group and the Parent Company in accordance with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to audits of financial statements of an EU Public Interest Entity in Malta and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with these Codes.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the parent company and its subsidiaries are in accordance with the applicable law and regulations in Malta and that we have not provided non-audit services that are prohibited under Article 18A of the Accountancy Profession Act (Cap. 281).

The non-audit services that we have provided to the parent company and its subsidiaries, in the period from 1 January 2025 to 31 December 2025 are disclosed in Note 23 to the financial statements.

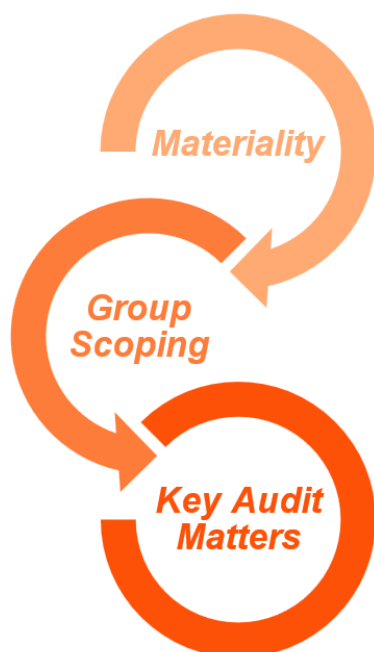
Emphasis of Matter

We draw attention to Note 1.1.1 to the financial statements which describes the Directors' assessment of the impacts of the developments that occurred during the year ended 31 December 2025 and until the date of this audit report.

This matter is considered to be of fundamental importance to the understanding of the financial statements due to its nature and significance. Our opinion is not modified in respect of this matter.

Our audit approach

Overview



Overall group materiality: €500,000, which represents approximately 1% of consolidated net assets.

The audit carried out by the group auditor covered all the significant components within the Group.

- Fair valuation of investment property relating to the Group and the Parent Company
 - Inventory valuation relating to the Group and the Parent Company
-

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.



Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement.

Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	€500,000
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How we determined it	Approximately 1% of consolidated net assets
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Rationale for the materiality benchmark applied	We chose net assets as the benchmark because in our view, it is the benchmark against which the underlying value of the Group is most commonly measured by the users, and is a generally accepted benchmark. We chose 1% which is within the range of quantitative materiality thresholds that we consider acceptable.
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We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €50,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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.

Key audit matter

How our audit addressed the key audit matter

Fair valuation of investment property relating to the Group and the Parent Company

The Group's and Parent Company's assets comprise properties held for long-term rental yields or for capital appreciation, which are classified as investment property and are measured at fair value.

As publicly disclosed by the Group, during June and September of 2025, the Government of Malta and the Transport Authority filed two Judicial Letters against the Group alleging breach of the Emphyteutical Concession.

In order to counter the financial pressures created by the threatened rescission, the Group commenced a process to seek to dispose of other assets in order to generate funds to meet its liabilities. The Group hence sounded the market in connection with the potential sale of a number of investment properties.

As explained further and in detail below - under the section 'Inventory valuation relating to the Group and the Parent Company', Fort Tigné, which is reflected within the Group's Investment Property portfolio, will revert to Government upon entering into the deed of partial rescission. The arrangement includes reimbursement which in the case of Fort Tigné approximates the respective carrying amount.

In view of the developments referred to, the carrying amount of the Group's investment property which was earmarked for disposal and/or rescission as at 31 December 2025, was adjusted to reflect the offers received or amounts reflected within promise of sale agreements for those properties that the Group had placed on the market.

The main asset of Mid Knight Holdings Limited, the Group's jointly controlled entity, comprises an office block and business centre known as 'The Centre' which is rented out to third parties. The asset is accounted for as investment property in the joint venture's financial statements and is measured at fair value.

We have reviewed the promise of sale agreements entered into by the Group and the offers received for the properties placed on the market with a view to immediate sale, on the basis of which the carrying amounts of the specific investment properties as at 31 December 2025 were adjusted, and corresponding fair value changes were recognised within profit or loss.

In respect of the property components which were not placed on the market with a view to immediate sale, we reviewed management's internally developed valuation models refreshed as at the end of the current reporting period, which were utilised by management to assess and adjust the carrying amounts of specific Group investment properties.

We reviewed the independent valuation report in respect of investment property owned by Mid Knight Holdings Limited, the joint venture, which has been commissioned during the current year.

We confirmed that the valuation approach for each property and the valuation models utilised in determining the fair value of property were in accordance with professional valuation standards.

We engaged our in-house valuation experts to review the valuation report for the office block and business centre of Mid Knight Holdings Limited and management's internal valuation models referred to above which have been updated by management as at the end of the current financial year, and to critique and challenge the principal assumptions used therein.

The principal assumptions within the external valuation report and internal valuation models include the projected cashflows and the discount rate applied. Third party evidence and other data was obtained to corroborate the assumptions. We tested the mathematical accuracy of the calculations.

During the year, the Board of Mid Knight Holdings Limited commissioned an independent property valuation based on an assessment of open market value performed by a professional valuer, which confirmed that the carrying amount of the property was not significantly different from the estimated fair value. This process has considered current and projected economic scenarios and also developments at property tenant level.

With respect to other components of the Group's investment property which have not been designated as held for sale, management updated the internally developed valuation models which are based on discounted cash flows, for the purpose of ascertaining whether the carrying amounts are significantly different from estimated fair values. Management considers developments at tenant and specific property level, and also the estimated impacts of the prevailing economic conditions. An adjustment to the carrying amount of a component of property, which the Group intends to retain, was deemed necessary as at end of the reporting period.

We focused on this area because of the developments which occurred during the year, the significance of the carrying value of the Group's and joint venture's property in the respective statements of financial position, together with the judgemental nature of the assumptions used in the valuation models including the projected rental income streams and the discount rates applied.

The current macro-economic conditions and geopolitical uncertainties have given rise to a certain degree of estimation uncertainty with respect to key assumptions underlying the valuation of investment property.

Relevant references in the Annual report and Consolidated Financial Statements:

- Summary of material accounting policies: Notes 1.1.1, 1.1.2 and 1.6
- Investment property: Note 7
- Investment in joint venture: Note 9

We have also assessed the developments at tenant level and in the plans specific to the respective investment property component, and the impact which these have on the carrying amount of the assets as at the end of the reporting period. Our valuation experts have considered the prevailing macro-economic and market conditions giving rise to a certain degree of economic uncertainty.

We discussed the external valuation report and the outcome of management's assessments with the Audit Committee.

After considering management's adjustments to the carrying amounts of investment property arising from the promise of sale agreements entered into and the offers received, together with management's refreshed internal valuation models and the independent valuation report, we concluded, based on our audit work, that there were no significant differences between the adjusted carrying amounts and estimated fair values as at 31 December 2025. The outcomes of the internal and external assessments were within a reasonable range of values.

Inventory valuation relating to the Group and the Parent Company

The carrying amount of inventory at Group and Parent Company level includes the land, development and borrowing costs attributable to Manoel Island. In view of the developments which occurred during the current financial year, subsequent to the approval of Parliament on 24 March 2026 and of the MIDI p.l.c.'s shareholders through the Extraordinary General Meeting on 28 April 2026, Manoel Island will revert to Government upon rescission of the emphyteutical grant on signing of the Settlement Deed.

The Group's inventory also includes a number of other areas within the Tigné Point project which, are either held for sale or under development as at 31 December 2025. The Group has disclosed that in June 2025, Government withdrew its support for the Manoel Island project and publicly declared its intention to convert the island into a national park. The Board concluded that a development of this scale and complexity would not succeed without the active support of Government.

Prior to change in the stance of Government, the total carrying amount of Manoel Island, net of the amount payable to the Government of Malta, and including the effects of the related right-of-use assets and corresponding lease liabilities, amounted to €70.1 million.

The reimbursement offered by Government in respect of Manoel Island is lower than the carrying amount referred to above and amounted to €42.7m. Consequently, the difference between the carrying amount of the inventories subject to rescission and reversion to Government, and the reimbursement amount, equivalent to €27.4m, has been reflected as a loss in the Group's profit or loss, to adjust the carrying amount of inventories to realisable values.

We understood and evaluated the assessments performed by management to ascertain whether inventory is carried at the lower of cost and net realisable value, for all inventory elements including the Manoel Island project.

In relation to the developments connected to Manoel Island project, we have taken cognisance of the announced agreement between the Government and the Group, in respect of the partial rescission of the emphyteutical grant, the reversion of Manoel Island and Fort Tigne back to the Government and the receipt by the Group of the reimbursement amount of €42.7m from Government.

We have reviewed evidence available to substantiate correspondence reflecting the final offer of €42.7m made to the Group by the Government on 13 March 2026, the standstill agreement entered into between both parties on 19 March 2026, the approvals of Parliament and MIDI p.l.c.'s shareholders through Extraordinary General Meeting of the partial rescission of the emphyteutical grant and settlement deed on 24 March 2026 and 28 April 2026 respectively, and the correspondence confirming that both parties will appear to enter into the final settlement deed.

With respect to phases of property held within inventory, other than Manoel Island, our procedures included a review of the projected financial information for the different project phases prepared by management with the objective of estimating recoverable amounts. We have also considered the effects of the recent developments on the carrying amount of the assets.

We have discussed with management and the Audit Committee the principal events, circumstances and assumptions underlying the adjustments accounted for within inventories.

A standstill agreement between the Government and the Group has been entered into on 19 March 2026, which suspends all time periods set out in the notice of rescission included in the Judicial Letters and prevents either party from taking further legal action hence enabling both parties to enter into the final settlement deed which will give effect to the irrevocable transfer of both Manoel Island and Fort Tigne to Government and the settlement of the reimbursement amount of €42.7m due to the Group.

For the project phases, other than Manoel Island, management assesses whether inventory is carried at the lower of cost and net realisable value, on the basis of projected financial information pertaining to the respective phases.

Taking cognisance of the developments referred to on projected market conditions, management's assessments indicate that no other impairment indicators have been registered as at 31 December 2025 in respect of other inventory elements.

We focused on this area due to the developments that occurred during 2025 and the significance of the carrying value of inventories recognised in the Group's and Parent Company's statements of financial position, particularly those relating to costs attributable to the Manoel Island project.

Relevant references in the Annual report and Consolidated Financial Statements:

- Summary of material accounting policies: Notes 1.1.1, 1.1.2 and 1.10
- Inventories – Development project: Note 11

Based on the adjustments to the carrying amount of inventories reflected within the 2025 financial statements and evidence we have obtained throughout our procedures including the consideration of management's assessments, nothing leads us to believe that any further impairment indicators exist in respect of the Group's inventory elements as at 31 December 2025, other than those identified and already reflected by management. We concluded, based on our audit procedures, that the outcome of the assessments in respect of carrying amounts of inventories as at 31 December 2025 is not unreasonable and that the disclosures in the financial statements are appropriate.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group is composed of MIDI p.l.c. (the Parent Company) and its subsidiaries: Tigne Contracting Limited, T14 Investments Limited and Manoel Island Investments Limited. It also holds an investment in a joint venture, Mid Knight Holdings Limited.



Full scope audit procedures were performed by PwC Malta on all significant components. This, together with the additional procedures performed on the consolidation at the Group level, was sufficient to allow us to conclude on our opinion on the Group financial statements as a whole.

Other information

The directors are responsible for the other information. The other information comprises the Directors' report, the Statement of compliance with the Principles of Good Corporate Governance, and the Remuneration Report and Statement (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Chairman's Message, the CEO's Review of Operations, and the Five Year Record, which are expected to be made available to us after that date.

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

When we read Chairman's Message, the CEO's Review of Operations and the Five Year Record, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance in accordance with International Standards on Auditing.

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

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

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

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 MIDI p.l.c. for the year ended 31 December 2025, entirely prepared in a single electronic reporting format.

Responsibilities of the directors

The Directors are responsible for the preparation of the Annual Financial Report, including the consolidated financial statements and the relevant mark-up requirements therein, by reference to Capital Markets Rule 5.56A, in accordance with the requirements of the ESEF RTS.

Our responsibilities

Our responsibility is to obtain reasonable assurance about whether the Annual Financial Report, including the consolidated financial statements and the relevant electronic tagging therein, complies 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 December 2025 has been prepared, in all material respects, in accordance with the requirements of the ESEF RTS.

Other reporting requirements

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

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

Area of the Annual Report and Consolidated Financial Statements 2025 and the related Directors' responsibilities

Our responsibilities

Our reporting

Directors' report

The Maltese Companies Act (Cap. 386) requires the Directors to prepare a Directors' report, which includes the contents required by Article 177 of the Act and the Sixth Schedule to the Act.

We are required to consider whether the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

We are also required to express an opinion as to whether the Directors' report has been prepared in accordance with the applicable legal requirements.

In addition, we are required to state whether, in the light of the knowledge and understanding of the Company and its environment obtained in the course of our audit, we have identified any material misstatements in the Directors' report, and if so to give an indication of the nature of any such misstatements.

In our opinion:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with the Maltese Companies Act (Cap. 386).

We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the *Other information* section.

Statement of compliance with the Principles of Good Corporate Governance

The Capital Markets Rules issued by the Malta Financial Services Authority require the Directors to prepare and include in the Annual Financial Report a Statement of Compliance with the Code of Principles of Good Corporate Governance within Appendix 5.1 to Chapter 5 of the Capital Markets Rules.

We are required to report on the Statement of Compliance by expressing an opinion as to whether, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified any material misstatements with respect to the information referred to in Capital Markets Rules 5.97.4 and 5.97.5, giving an indication of the nature of any such misstatements.

In our opinion, the Statement of Compliance has been properly prepared in accordance with the requirements of the Capital Markets Rules issued by the Malta Financial Services Authority.

We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the *Other information* section.

The Statement's required minimum contents are determined by reference to Capital Markets Rule 5.97. The Statement provides explanations as to how the Company has complied with the provisions of the Code, presenting the extent to which the Company has adopted the Code and the effective measures that the Board has taken to ensure compliance throughout the accounting period with those Principles.

We are also required to assess whether the Statement of Compliance includes all the other information required to be presented as per Capital Markets Rule 5.97.

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 corporate governance procedures or its risk and control procedures.

Remuneration Report and Statement

The Capital Markets Rules issued by the Malta Financial Services Authority require the Directors to prepare a Remuneration report, including the contents listed in Appendix 12.1 to Chapter 12 of the Capital Markets Rules.

We are required to consider whether the information that should be provided within the Remuneration report, as required in terms of Appendix 12.1 to Chapter 12 of the Capital Markets Rules, has been included.

In our opinion, the Remuneration report has been properly prepared in accordance with the requirements of the Capital Markets Rules issued by the Malta Financial Services Authority.

Other matters on which we are required to report by exception

We have nothing to report to you in respect of these responsibilities.

We also have responsibilities under the Maltese Companies Act (Cap. 386) to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us.

- the financial statements are not in agreement with the accounting records and returns.
- we have not received all the information and explanations which, to the best of our knowledge and belief, we require for our audit.

We also have responsibilities under the Capital Markets Rules to review the statement made by the Directors that the business is a going concern together with supporting assumptions or qualifications as necessary.

Other matter - use of this report

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



Appointment

We were first appointed as auditors of the Company on 31 December 1998. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of 28 years. The Company became listed on a regulated market on 23 January 2009.

Michael Formosa
Principal

For and on behalf of

PricewaterhouseCoopers

78, Mill Street

Zone 5, Central Business District

Qormi

Malta

29 April 2026

